November 12, 2026

Q3 2026

Nano One Materials Corp.

Management's Discussion & Analysis

For the three and nine months ended September, 30, 2026



TSX: NANO | OTCQB: NNOMF | FSE: LBMB

nanoOne

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MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

The following Management's Discussion & Analysis ("MD&A") of Nano One® Materials Corp. ("Nano One", "we", "our", the "Company") for the three and nine months ended September 30, 2026, should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026, that were prepared under International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and the audited annual consolidated financial statements for the year ended December 31, 2025, that were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") (the "financial statements"). The financial statements and this MD&A are presented in Canadian dollars. All quarterly financial information presented in this MD&A has been prepared in accordance with IAS 34, as issued by the IASB.

The information contained in this MD&A is presented as at **November 12, 2026** (the "MD&A Date"), unless otherwise indicated.

For the purposes of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of its common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The Board of Directors has approved the disclosure contained in this MD&A.

Additional information relating to the Company, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2025, is available on the Canadian Securities Administrators' SEDAR+ website at www.sedarplus.ca, and on the Company's website at www.nanoone.ca.

Abbreviations

AI	Artificial Intelligence	**LFP**	Lithium Iron Phosphate
BESS	Battery Energy Storage Systems	**LNMO**	Lithium Nickel Manganese Oxide
CAM	Cathode Active Material	**M**	Million or millions
ESS	Stationary Energy Storage Systems	**M2CAM**	Metal to Cathode Active Material
EV	Electric Vehicle	**NMC**	Lithium Nickel Manganese Cobalt
FEL	Front-End Loading	**OEM**	Original Equipment Manufacturer
GHG	Greenhouse Gas Emissions	**pCAM**	Precursor Cathode Active Material
ICFR	Internal Controls over Financial Reporting	**tpa**	Metric Tonnes Per Annum
ISBL	Inside Battery Limits		

Forward-Looking Statements

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements"), within the meaning of applicable Canadian securities laws, which are based upon the Company's current internal expectations, estimates, projections, assumptions, and beliefs. All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Such statements can be identified using forward-looking terminology such as "believe", "expect", "plan", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "scheduled", "forecast", "intend" or "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "should" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, goals, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this MD&A and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

Forward-looking statements in this MD&A may include, but are not limited to, statements with respect to: the performance of the Company's business and operations; shareholder value; the Company's ability to raise sufficient financing to continue its operations, and the related cost of capital; estimated future working capital and sources of capital; funds available; compliance with terms of loans and other financing arrangements including the ATM Program; compliance with government programs relating to various government funding awards; use of funds; future capital expenditures and other expenses; receipt of the total amounts of announced anticipated government funding; the intention to grow the business; OEM collaboration and strategies; operations and potential activities of the Company; access to land and utilities; the anticipated acceleration and demand of the industry and market acceptance of the Company's technology and products; the functions and intended benefits of the Company's technology and products; the commercial development and strategies of the Company's technology and products; strategic objectives and catalysts; facilities expansion and/or commercial production of CAM; entering into definitive agreements of any kind; the Company's pilot and demonstration lines, development projects, production trials, (pre) feasibility studies, and innovation activities; plans for construction and operation of production facilities for acceptance of the Company's product and licensing packages; the Company's go-to-market strategy of licensing the CAM Package jointly with Worley Chemetics and its Design-One-Build-Many licensing strategy; the development, sourcing optionality, anticipated benefits and targeted H2 2026 completion of the hybrid configuration; potential bundling of One-Pot with pre-qualified feedstocks and those related benefits to potential partners, licensees and customers; collaboration with materials producers; de-risking product supply chains for prospective licensees; general and global economic and regulatory changes; the competitive conditions of the industry and the Company's competitive position in the industry; intellectual property protection; anticipated joint development programs; the Company's short- and long-term business objectives and milestones, and the events that must occur to accomplish them; prospective partnerships and the anticipated benefits of those partnerships; the Company's marketing efforts and potential licensing, supply chain, and royalty arrangements; the purpose for expanding the Company's facilities and scalability of developed technology; and the anticipated future sales and revenue streams from product sales, technology licensing, joint ventures, and royalty arrangements; expected timing of commercialization milestones, including product qualification, initial sales, capacity expansion, and development project timelines; the imposition of tariffs, trade sanctions, quotas or other protectionist measures or the breakdown of trade relations; production and government tax incentives; collaboration with municipalities; the impact of public health crises; and profit margins of the Company's operations.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance, or achievements. There are risks, uncertainties, and other factors, some of which are beyond the Company's control, which could cause actual results, performance, or achievements of the Company, as applicable, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this MD&A and those factors identified in the section "Risks and Uncertainties" in this MD&A and in the section titled "Risk Factors" in the Company's most recently filed AIF on SEDAR+.

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BUSINESS OVERVIEW

Nano One's head office is located at Unit 101B, 8575 Government Street, Burnaby, British Columbia V3N 4V1, and the registered and records office is located at 2900 - 550 Burrard Street, Vancouver, British Columbia V6C 0A3. The Company's common shares trade on the Toronto Stock Exchange (the "TSX") under the symbol "NANO" and commenced trading on the U.S. OTCQB under the symbol "NNOMF" on July 14, 2025.

Nano One is a process technology company changing how the world makes cathode active materials for lithium-ion batteries. Applications include stationary energy storage systems (ESS), portable electronics, and electric vehicles (EVs). The Company's patented One-Pot™ process reduces costs, is easier to permit, lowers energy intensity, environmental footprint, and reliance on problematic supply chains. The Company is supporting the drive towards energy security, supply chain resilience, industrial competitiveness[1,2], and increased performance through process innovation. Production is being piloted and demonstrated in Candiac, Quebec, drawing on existing infrastructure and decades of commercial lithium iron phosphate (LFP) manufacturing experience. Strategic collaborations and partnerships with international companies like Sumitomo Metal Mining, Rio Tinto, and Worley are supporting a Design One Build Many licensing growth strategy—delivering cost-competitive, easier-to-permit, and faster-to-market battery materials production solutions worldwide. Nano One has received funding from the Government of Canada, the Government of the United States (U.S.), the Government of Québec, and the Government of British Columbia.

Technology and Intellectual Property

One-Pot Process and M2CAM® Technologies

Nano One's patented One-Pot processing technology vertically integrates pCAM with CAM processing and is engineered to make cathode materials directly from non-sulfate forms of battery metals, reducing reliance on foreign controlled supply of metal sulphates and pCAM, while also eliminating wastewater discharge and by-products[2]. This reduces operating and equipment costs, permitting risk, logistics, energy intensity, carbon footprint and enables the regionalization and diversification of raw material supply chains.

Life Cycle Assessment (LCA)

In 2023, Nano One announced the results of a third-party LCA report which showed that the One-Pot process could cut GHG emissions for NMC811 CAM and LFP CAM and significantly reduce water use for both chemistries[2]. These environmental improvements are augmented by the other benefits of the One-Pot process including reduced cost, complexity, and dependency on foreign supply chains of concern (refer to Company news release dated December 6, 2023).

[1] Nano One (2024), Cost Comparison with Worley, https://nanoone.ca/news/nano-one-provides-progress-update-on-its-alliance-with-worley-and-cost-comparison-demonstrating-the-case-for-one-pot-enabled-lfp-cathode-production/
[2] Nano One (2023), Independent Life-Cycle Assessment by Minviro, https://nanoone.ca/news/nano-one-could-reduce-ghgs-by-up-to-60-for-nmc-50-for-lfp-and-reduce-water-use-by-up-to-80/

Intellectual Property

Nano One's intellectual property (IP) was developed and is wholly owned by Nano One. The Company continues to expand patent coverage of its proprietary technology and has various patents which have been granted or approved across the globe. There are also many pending patent applications throughout the world.

COMMERCIALIZATION STRATEGY

Nano One aims to create shareholder value with a diversified portfolio of revenue streams, beginning with commercial sale of LFP produced at its Candiac Facility, targeting customers with defence and energy-storage applications, whose qualification requirements, volumes, and raw material sourcing strategies are aligned with Candiac's capacity and supply chains. In support of these supply chains, the Company announced on October 8, 2026, that six sources of lithium carbonate and phosphoric acid have been pre-qualified for One-Pot LFP CAM production across multiple jurisdictions. The Candiac Facility also enables A-, B-, and C-sample product qualification with large cell producers, as a pathway to higher volume production, project development, and process technology licensing opportunities. In response to global shifts in demand, the Company's focus has shifted to LFP and away from prior initiatives on nickel, manganese, and cobalt based CAM. As such, the previously announced joint development agreements with BASF and Umicore on nickel-based chemistries have terminated. The Company continues to track market trends and explore opportunities with its current partners and collaborators on the full range of cathode active material chemistries.

Technology Solutions Licensing

Nano One is pursuing a licensing growth strategy to address the emerging global need for supply chain and processing alternatives that enable diversified LFP ecosystems, localization, and resilience. The Company's One-Pot process is being marketed directly for license to existing CAM producers in emerging markets around the world who are looking for LFP CAM production technology solutions that offer a cost-competitive, scalable, easier-to-permit, and diversified alternative to existing supply chains. Further, the Company's continuous improvement approach will benefit its licensees with valuable process innovations that are differentiated, IP protected, and supported with continual focus on its cost competitiveness—protecting its production know-how and training.

As announced on July 23, 2026, the Company's licensing model offers two flexible adoption paths. Customers with a preferred engineering vendor can license the One-Pot technology directly from Nano One and engineer the production line through to a final investment decision, while customers seeking a more complete solution can procure the integrated CAM Package with Worley, which includes pre-qualified equipment vendors and feedstocks as well as Worley project execution support. Both paths are backed by the Candiac Facility, where customers can run sample validation cycles and access operator training built on the Company's LFP manufacturing know-how, lowering adoption barriers without requiring licensees to build their own Demonstration Line while the cell manufacturers they supply keep working with existing supply-chain partners.

The CAM Package was developed through the Company's partnership with Worley Chemetics and their colleagues at Worley Comprimo.

The Company is also advancing customer qualification with Sumitomo Metal Mining Co., Ltd. ("SMM"), a strategic project partner under the Company's NRCan-funded programs. On October 20, 2026, the Company announced positive feedback from SMM's cell manufacturer and automaker customers on One-Pot samples, with the Company's latest-generation LFP CAM ready for those customers as the next step in qualification, and potential savings of up to US$1 million per year for every 1,000 tpa of capacity based on SMM's evaluation of One-Pot.

A comparative analysis in collaboration with Worley (see December 4, 2024 news release) showed that the One-Pot process could enable at least 30% lower costs in total invested capital and up to 30% lower operational costs, using up to 80% less energy than the incumbent method[1]. The One-Pot process also eliminates sodium sulfate wastewater and could use up to 80% less process water and reduce GHG emissions by up to 50% depending on energy sources and jurisdiction[2].

In 2025, the Strategic Alliance also completed a layout of the modular plant with operability and maintainability in mind and subsequently accelerated engineering and qualification of vendor equipment to complete the CAM Package, supporting customer ambitions in this market during 2026 and beyond.

The comparative analysis estimated and compared the cost of two 25,000 tpa North American CAM production facilities that convert iron, phosphate, and lithium sources into LFP, one enabled with One-Pot technology from Nano One, and the other using incumbent high-volume production technology from China. The operating and capital cost estimates of the incumbent technology were done to a Class 5 level in accordance with the Association for the Advancement of Cost Engineering (AACE) and included the treatment of sodium sulfate wastewater in North America. Nano One and Worley are confident in the cost estimates which are based on equipment quotes from various major vendors, installation factors, indirect costs, and best practices in engineering, procurement and construction management (EPCM).

Design One Build Many

On February 18, 2026, the Company reiterated the continual advancement of its partnership with Worley, including an initial commercial-ready One-Pot LFP CAM Package that was targeted for completion and marketing in H1 2026—an objective the Company delivered on June 25, 2026 (see below).

Completion of One-Pot LFP Cathode Package and Advance to Market

On June 25, 2026, the Company, together with Worley Chemetics, announced the completion of a One-Pot LFP CAM Package engineered to a Class 3 cost estimate using qualified North American, European, and South African equipment—delivering on the Company's objective to complete and initiate marketing of a commercial-ready One-Pot LFP CAM Package in the first half of 2026.

The CAM Package covers the inside-battery-limits (ISBL) scope of a One-Pot LFP production line—the core process equipment that converts feedstock materials into LFP cathode. It includes process design and engineering, building layout and equipment specifications, qualified vendor quotes as well as capital and operating cost estimates. This provides the basis needed to market the technology to target customers worldwide. The package offers a de-risked path to production and shorter time to market, giving target customers greater cost and execution certainty to invest with confidence. The North American, European, and South African vendors qualified for the CAM Package were selected for their technical capabilities and long-standing operating history with the Nano One team. The package builds on Nano One and Worley's previously announced comparative analysis. The CAM Package is well positioned to meet growing market demand for localized LFP CAM production. Nano One and Worley are also developing a second, hybrid configuration of the CAM Package for jurisdictions where Chinese-sourced equipment is permitted or consistent with local incentive and content requirements. Under the hybrid configuration, Chinese vendors would supply only non-IP-sensitive equipment, with One-Pot reactors always fabricated by Worley Chemetics or established collaborators. The hybrid configuration is targeted for completion in H2 2026. Nano One is pursuing a go-to-market strategy for its One-Pot technology by licensing the CAM Package jointly with Worley Chemetics.

Production

Nano One has successfully demonstrated LFP made with the One-Pot technology in existing full commercial scale reactors, at the Candiac Facility, in a series of manually fed production runs. Results were announced on August 20, 2025, regarding the successful installation and commissioning of a custom-designed and proprietary agitator for the Company’s existing and commercial-sized 20,000 litre One-Pot reactor. The new agitators demonstrated improved cost performance at scale for the purposes of commercial production and its technology license offerings.

Nano One’s Pilot and Demonstration lines enable a staged approach that is deliberate, lean, and optimized for productivity. It aligns capital spending with real demand and allows for demonstration of performance to customers, as well as potential strategic and financial partners. As stated in the Company’s February 18, 2026, corporate update news release, Nano One had been targeting initial commercial LFP supply agreements for defence and energy-storage applications by the end of 2026. As announced on November 5, 2026, commercial product qualification work has been extended, and discussions toward commercial agreements—spanning joint development, qualification work, and supply arrangements—are continuing into 2027, with an initial LFP

commercial agreement now expected in Q1 2027. Nano One is focused on its first offtake and terms that will provide long-term benefit to the Company and its shareholders.

Results from these operations have led to decisions and plans that are now in motion to add automation, expand production capacity at the Candiac Facility, and address projected increases in customer demand. These plans are described below under “Demonstration Line”.

Pilot Line—200 tpa capacity

The Pilot Line has been operational since Q4 2023 having successfully de-risked the production of LFP with performance results consistent with lab scale. The Pilot Line is used for customer sampling and continuous process and product improvement, with an initial commercial agreement now expected in Q1 2027 (see November 5, 2026 news release). The Pilot Line is also used to inform FEL design studies and the LFP CAM Package with Worley. See “Demonstration Line” below. As outlined in the Company’s July 23, 2026 news release, the Pilot Line also supports sample validation to secure and supply smaller-volume offtakes for defence and energy-storage customers, running smaller batches that reduce cost. Nano One had incurred expenses of approximately $8,660,000 in building and commissioning the Pilot Line through to fiscal 2023 when it became operational.

Demonstration Line—~800 tpa (flexibility to reach 1,000+ tpa) and FEED Study

A Front-End Engineering and Design (FEED) study was completed in 2025, for capacity expansion at the Candiac Facility, and resulted in pre-feasibility level costing and nameplate capacity estimation.

The Demonstration Line is currently being operated manually in a full-scale reactor, with automation improvements underway to enable ~800 tpa of commissioned capacity. Detailed engineering for the expansion was completed at the end of September 2026, and construction is now underway and expected to be completed in Q1 2027, with commissioning targeted for Q2 2027. Approximately 95% of equipment by value—and 100% of IP-sensitive equipment—is sourced from Canada, the United States, and the European Union (see “Key Business Developments” below). This line will be focused on producing LFP cathode materials, growing commercial sales, and demonstrating full-scale One-Pot reactors fully automated and integrated with material drying, calcining, and packaging processes. The Demonstration Line also supports the volumes required for A-, B-, and C-sample product qualification with large cell producers looking to secure future supply through offtake agreements from large-scale LFP facilities enabled by Nano One's One-Pot technology.

A C-sample is required to demonstrate production readiness and generally consists of several one-tonne batches, providing end customers with confidence that material can be produced repeatably at or near production scale, off production-intent equipment and processes, with quality control and assurance systems in place. As described in the Company’s July 23, 2026 news release, the expansion integrates and automates an existing full-scale 20m³ reactor whose design can be replicated in modular fashion, and the Candiac Facility comprises multiple front-end One-Pot production lines feeding shared downstream processing equipment, with total facility capacity of approximately 800 tpa once the expansion is commissioned. The expanded capacity enables large-volume sampling that supports larger customer contracts, plant design licensing, and joint venture opportunities.

The Company has the ability to further expand the Demonstration Line by boosting capacity to 1,000+ tpa, to be achieved largely through further investment in automation and integration with improved existing equipment. The Company will consider future expansion based on customer demand growth.

Commercial Plant (Development Project) and FEL3 Study

The Company is also advancing the high-priority aspects of an FEL3 study (launched in Q1 2024) to be site agnostic and support its licensing, joint venture, Development Company partnerships, and independent production initiatives. The FEL3 study was launched with consideration being given to lower-cost alternative sites that would better accommodate growth, utility requirements, and future market needs. The Company reported that its FEL3 study was showing lower capital costs and operating expenses than its earlier FEL2 study. This further enhances the One-Pot value proposition and supports the technology licensing strategy and the Strategic Alliance with Worley (see above). The FEL3 study will also support the Design One Build Many growth strategy to develop, market, and sell technology solutions and licenses.

A financial decision to apply significant resources to the Development Project will require further progress on agreements for customer offtake, feedstock supply, and government support, as well as final site selection.

With regard to site selection for a Development Project, Nano One is evaluating the evolving market needs in North America and Europe with key considerations including cell suppliers to AI and data centres, automotive OEM timing, their LFP battery manufacturing and procurement strategies, government tariffs and production tax credit incentives, government incentives in the form of grants and forgivable loans, municipal collaboration, and access to low-cost land, sufficient utilities (power, water, natural gas), footprint for expansion to align with longer-term objectives and location preferences from collaborating stakeholders.

On August 26, 2026, the Company outlined its strategy to address these markets through licensing and Development Company ("DevCo") partnerships—joint-venture-style entities created to advance development, finance, build, and potentially operate LFP cathode plants—pursuing a capital-light structure to build industrial-scale operations. On September 11, 2026, the Company announced that it is advancing its first such vehicle, the Canada DevCo, with proposed plans for an initial facility producing 25,000 tpa of LFP CAM, expandable to up to 100,000 tpa. Site evaluations are underway, qualification of Canadian feedstock sources is ongoing, and discussions with potential strategic partners and customers are advancing, with each project intended to be financed on its own merits through a combination of government and private investment. The Canada DevCo will draw on operating experience from the Candiac Facility to support technical development, training, and operational readiness for future production facilities.

STRATEGIC OBJECTIVES

The Company entered 2026 having advanced the main catalysts set out in 2025 with the Candiac Facility moving toward revenue, the CAM Package (Worley licensing) advancing towards a go-to-market state, and Nano One's financial position structured to support the next phase of execution.

2026 Strategic Objectives

- **Product Sales:** Advance customer qualifications at Candiac toward initial commercial sales and multi-year purchase commitments, continue product and process improvements, and report on scale-up and optimization of Candiac production capabilities.
- **Technology Licensing:** Market the completed CAM Package as a ready-to-license One-Pot LFP ISBL design to strategic targets, complete the hybrid configuration targeted for H2 2026, and continue customer engagements for technology license-only sales.

Progress against these objectives is discussed under "Key Business Developments and Corporate Updates" below; as announced on November 5, 2026, an initial LFP commercial agreement is now expected in Q1 2027.

KEY BUSINESS DEVELOPMENTS AND CORPORATE UPDATES

Construction Commenced for Candiac Expansion and Commercial Update

On November 5, 2026, the Company announced that it had commenced construction for the Candiac Facility expansion and provided an update on commercial activities. Detailed engineering was completed at the end of September 2026, construction is expected to be completed in Q1 2027 with commissioning targeted for Q2 2027, and the facility will have approximately 800 tpa of LFP CAM production capacity following completion of the expansion. The Company also announced that discussions toward commercial agreements—spanning joint development, qualification work, and supply arrangements—are continuing into 2027, with an initial LFP commercial agreement now expected in Q1 2027, and that product performance advances in 2026 have broadened customer engagement across the defence and energy storage sectors, including active qualification with cell manufacturers and an automotive OEM.

Customer Sampling Update with Sumitomo Metal Mining (SMM)

On October 20, 2026, the Company provided an update on its strategic collaboration with SMM, announcing positive feedback from SMM's cell manufacturer and automaker customers on One-Pot samples, readiness of the Company's latest-generation LFP CAM for those customers as the next step in qualification, and potential savings of up to US$1 million per year for every 1,000 tpa of capacity based on SMM's evaluation of One-Pot (see "Technology Solutions Licensing" above).

Validated Feedstock Suppliers

On October 8, 2026, the Company provided an update on validated feedstock suppliers for LFP cathode production, with six sources of lithium carbonate and phosphoric acid pre-qualified for One-Pot LFP CAM

production.

Selection to Canada Investment Summit 2026
On September 14, 2026, the Company announced that it had been selected for the investment prospectus of the inaugural Canada Investment Summit 2026, where it showcased the Canada DevCo.

First Development Company (Canada DevCo)
On September 11, 2026, the Company announced that it is advancing the Canada DevCo, its first Development Company, as part of its strategy to deploy LFP cathode production in Canada (see "Commercial Plant (Development Project) and FEL3 Study" above).

Appointment of Director of Corporate Development
On September 1, 2026, the Company announced the appointment of Aleem Ladak as Director of Corporate Development.

Global LFP Strategy—Licensing and Development Company Partnerships
On August 26, 2026, the Company reaffirmed its strategy for meeting global demand for LFP CAM through its licensing and DevCo partnership strategies, pursuing a capital-light structure to build industrial-scale operations (see "Commercial Plant (Development Project) and FEL3 Study" above).

Battery-Quality Lithium Carbonate Validated with Standard Lithium
On August 13, 2026, the Company announced that it had produced LFP CAM and in-house battery test cells using battery-quality lithium carbonate supplied by Standard Lithium Ltd. from the pilot plant at its South West Arkansas Project, processed through the Company's One-Pot process at its Innovation Centre in Burnaby, British Columbia, as part of qualification work with raw material producers across multiple jurisdictions.

Capacity Expansion Progress Update
On July 23, 2026, the Company provided a further progress update on the capacity expansion project at the Candiac Facility. Detailed engineering was 85% complete as of mid-July 2026, with the project on schedule and on budget. Purchase orders for major equipment were completed in March 2026, with initial deliveries received at the Candiac Facility, and purchase orders for the remaining smaller equipment are expected to be completed by the end of August 2026. Approximately 95% of equipment by value—and 100% of IP-sensitive equipment—is sourced from Canada, the United States, and the European Union. Commissioning of the expanded Demonstration Line remains targeted for H1 2027.

2026 Annual General Meeting Results
On June 4, 2026, the Company provided a summary of the results from its 2026 AGM with all matters presented for shareholder approval at the meeting being approved.

Demonstration Line Progress Update
On March 17, 2026, the Company provided a progress update on its Demonstration Line at the Candiac Facility for an increased capacity of approximately 800 tpa. Detailed engineering work had progressed past 25% and purchase orders had been initiated for major equipment with suppliers in France, Germany, and other countries. Vendor selection was completed for the balance of major equipment packages and the activities were important steps toward construction readiness. Completion of procurement, installation and commissioning of the expanded Demonstration Line is targeted in H1 2027 (see "Demonstration Line" above).

CHANGE IN EXECUTIVE OFFICERS AND DIRECTORS

Effective February 17, 2026, changes to role titles for Alex Holmes, President and Chief Strategy Officer (formerly COO), and Denis Geoffroy, COO (formerly CCO), were completed.

Effective June 12, 2026, Dan Blondal, CEO, retired from the Company as an Officer and Director and Alex Holmes was appointed CEO and Director.

CEO Succession Process

The change in CEO reflects a planned succession process developed in concert with the Board of Directors and supports continuity as Nano One advances toward commercialization of its CAM technology. See June 1, 2026,

news release for details. Additionally, the Company issued a Letter to Nano One Stakeholders on June 3, 2026, including a link to a video interview. Dan Blondal continues to provide consulting services to the Company under an advisory agreement.

CEO Temporary Medical Leave of Absence

On September 16, 2026, the Company announced that Alex Holmes, Chief Executive Officer and a Company Director, is taking a temporary medical leave of absence, with his return expected in the coming months. The Board of Directors has appointed Anthony Tse, Board Chair of Nano One, to assume the duties of Chief Executive Officer on an interim basis.

GOVERNMENT FUNDING

The Company has active programs with NRCan, NGen, the U.S. Department of Defense (DoD), Government of Québec, and NRC IRAP (formerly SDTC). See "Capital Sources" for cumulative non-dilutive funding received and remaining undrawn government funding as at the MD&A Date.

The cumulative amounts of government assistance received by the Company since 2014 are as follows:

	Jurisdiction	**September 30, 2026** $	December 31, 2025 $	**Received in 2026** $
Government grants:				
Department of Defense (DoD)	USA	14,792,761	8,424,757	**6,368,004**
Investissement Québec (IQ)	Canada	10,629,304	7,503,313	**3,125,991**
Next Generation Manufacturing Canada (NGen)	Canada	1,252,768	1,078,102	**174,666**
Industrial Research Assistance Program (NRC-IRAP) including SDTC	Canada	18,274,526	16,950,536	**1,323,990**
Other Grants	Canada	2,200,213	2,177,293	**22,920**
Technoclimat	Canada	2,650,000	2,200,000	**450,000**
NRCan	Canada	4,237,798	-	**4,237,798**
Refundable tax credits:				
SR&ED and C3i	Canada	735,730	409,540	**326,190**
		54,773,100	38,743,541	**16,029,559**

New Funding Announced in 2026

NRCan Additional Funding of $4,310,000 to Support Capacity Expansion and Advance Commercialization ("NRCan Project")

Further to the Company's October 29, 2025, funding announcement of $5,000,000 in a non-repayable contribution from Natural Resources Canada (NRCan), the Company announced in Q1 2026 an additional $4,310,000 award from NRCan (for a total of $9,310,000). The funding provides support for an expanded project scope that includes two aspects of software integration for production and operations and advancing a feasibility study.

The funding supports the next phase of Nano One's scale-up at the Candiac Facility from its current Pilot Line to the Demonstration Line. This complements funding from the Government of Québec announced on December 9, 2024, and DPA Title III funding from the U.S. DoD announced on September 26, 2024. This latest tranche of government support marks continued progress toward commercializing One-Pot LFP production and building localized capacity in line with government priorities for industrial resilience and supply-chain independence. The contribution covers eligible operating and capital expenditures for scale-up, product development, and commercialization activities at both facilities. The announcement came as part of the G7 Energy and Environment Ministers meeting where measures were put in place to strengthen supply chains, reduce dependencies, and ensure access to the resources essential for clean energy, advanced manufacturing, and defence.

On March 3, 2026, the Company announced a separate $3,000,000 award from NRCan to support ongoing process optimization, supply chain diversification, and enhanced commercial offerings for the One-Pot production of LFP cathode active materials. Since October 2025, Nano One has secured $12,310,000 in support from NRCan for work that enables the Company to advance capacity expansion at its Candiac Facility.

MARKET CONDITIONS AND BUSINESS ENVIRONMENT

Market Conditions and Public Policy

Under Canada's 2025 G7 presidency, leaders adopted the *Global Critical Minerals Action Plan*, pledging to "catalyze public and private investment in minerals, including through innovation and licensing" and to build "responsible critical mineral processing" capacity across jurisdictions. The plan also emphasized "defence, clean energy, and digital technologies" as key sectors shaping demand and strategic priorities. In 2026, France took over the G7 presidency, continuing the work Canada led in 2025 and Japan in 2024.

At the June 2026 G7 Leaders meeting in France[3], the countries issued a statement highlighting the importance of the midstream of the battery supply chain and continued focus on building an ex-China system.

"*We, the leaders of the G7, recalling the Critical Minerals Action Plan we launched last year, recognize the strategic role of critical minerals value chains for our countries' economic prosperity and security, including our digital and energy sectors. In light of the high degree of market concentration, the need to reduce vulnerabilities regarding those resources and the growing use of arbitrary trade restrictions, we recall the urgency of diversifying our supply chains and building our collective resilience.*"

And they stated, "*We further recognize the importance of maintaining and strengthening our midstream and downstream industries' competitiveness, including in relation to critical minerals, by protecting critical technologies and commit to working within the G7 and with partners to coordinate on policy measures for technology control.*"

In 2025, China placed export restrictions on its processing technologies for LFP pCAM and LFP CAM production, equipment, technology, and LFP product to protect its LFP leadership position, competitive advantage, and control of LFP supply chain and its iron sulphate inputs. The 2025 restrictions on LFP processing technologies remain in place. On October 9, 2025, China announced broader export controls on lithium-ion battery supply chains[4], expanding earlier measures on graphite and high-performance LFP cathode material to a wider range of battery materials, technologies, and equipment, and targeting points in the supply chain where China holds the highest concentration of supply, including LFP cathode materials, LFP batteries, graphite anode materials, cathode material precursors, and battery production equipment. In November 2025, China announced a one-year suspension of the October controls[5], until November 2026, and in January 2026 it tightened export controls on dual-use goods destined for Japan. The IEA cautions that the risk of these controls being implemented in the future has not gone away[6].

The International Energy Agency's (IEA) Global Critical Minerals Outlook 2026[6]

"*If fully enacted, the proposed export controls by China would severely restrict the ability of the rest of the world to produce batteries in the near term, with major economic consequences, given the range of strategic sectors for which batteries have critical applications beyond transport and energy storage, including defence, aerospace, artificial intelligence (AI) data centres and even medical applications.*

LFP batteries are a case in point, with markets expanding rapidly. They represent over half of the global electric car battery market and over 90% of the battery energy storage market. While China currently dominates this segment, efforts are underway to develop LFP battery production outside China. However, new restrictions on LFP cathode materials could impede these initiatives, reinforcing China's dominance in this technology, with major implications for grids."

Governments in key jurisdictions for Nano One—including Canada, the U.S., Europe, and the Indo-Pacific region—have prioritized critical minerals and their derivatives, including battery materials for lithium-ion batteries.

[3] G7 Leaders' Declaration on Securing Supply Chains for Critical Minerals — G7 Évian 2026.
[4] China Ministry of Commerce and General Administration of Customs (2025). *Announcement No. 58: Export Controls on Lithium Batteries and Artificial Graphite Anode Materials*.
[5] China Ministry of Commerce and General Administration of Customs (2025). *Announcement No. 70: Suspension of Announcements Nos. 55–58, 61 and 62 of 2025.*
[6] IEA (2026), Global Critical Minerals Outlook 2026, https://www.iea.org/reports/global-critical-minerals-outlook-2026

LFP cathode materials are increasingly showcased and reflected in government policymaking and funding decisions because of its importance for energy storage, defence, and EVs. These market trends and emerging policies reinforce Nano One's engagement with key decision-makers, supported by on-shoring efforts and actions across multiple markets globally outside of Asia, which are all looking to grow local domestic, resilient, and sustainable supply in each of their respective regions.

Policy measures such as the 2025 U.S. National Defense Authorization Act (NDAA) prohibit batteries and battery components being procured from Prohibited Foreign Entities (PFEs) for U.S. military starting in 2028[7] while the U.S. Congress has maintained the 45X manufacturing tax credit at $35/kWh[8]. In October 2026, the U.S. Department of Energy released its Battery Strategy, which identified the midstream as a key area of focus for support[9]. Together, these incentives align with one of Nano One's key focus markets, the U.S., which recognizes the importance of critical minerals, dual use for military and civilian applications and prioritizing domestic suppliers. In February 2026, Prime Minister Carney announced an Auto Strategy[10] that represents a recalibration of Canada's automotive sector, aiming to secure jobs, expand EV production, and position Canada as a global leader in clean vehicle technologies while navigating trade and market challenges. Nano One's One-Pot technology solution is designed for this world: it is cost-competitive, simplifies supply chains, reduces waste and is supported by regionally sourced input materials.

Business Environment and LFP Market Opportunities

Nano One views a tremendous market opportunity in LFP, and its patented One-Pot process is designed to simplify production and address market issues relating to cost, supply chain bottlenecks, permitting, localization, and scale. This enables secure sources of raw material inputs and accelerates the adoption of LFP for stationary ESS, defence, AI data centres, and EV applications in North America and other jurisdictions.

Global battery demand continues to grow, with LFP chemistries capturing an increasing share of that growth, representing roughly half of global cell demand in all applications[11] and also the dominant chemistry in the ESS market segment, accounting for over 90% (see February 18, 2026 news release for source) of installations. North America is emerging as a key growth region, where LFP is gaining share in grid storage, data-centres, and cost-sensitive EV applications. This shift is reflected in a rapidly expanding LFP project pipeline. In the United States, planned LFP capacity increased from about 180 GWh to nearly 290 GWh in 2025, driven by a mix of new projects and the retooling of existing NCM gigafactories (see February 18, 2026 news release for source)—this will require a supply of more than 600,000 tonnes per annum of LFP CAM. In Canada, the emerging lithium battery cell-manufacturing base is also moving towards LFP, creating domestic supply chain opportunities for One-Pot LFP cathode production. Investments in these projects span multiple markets globally where customers and governments are looking to establish regionalized, domestically secured supply chains.

The One-Pot process eliminates wastewater and dependence on iron sulphate and iron phosphate which is uniquely concentrated in China. This lays a sustainable foundation for easy-to-permit LFP plants that could unlock industrial growth potential in the West. Nano One has vertically integrated precursor and cathode production to position it competitively on the world stage and Nano One's Design One Build Many licensing strategy is intended to drive widescale adoption, economies of scale, and much needed supply chain diversification. This positions Nano One favourably, with an easier-to-permit and competitively differentiated production process, to meet the emerging demand for LFP in North America, Europe, and the Indo-Pacific region. Nano One continues to advance engagements with lithium battery cell manufacturers, automotive OEMs, raw-material suppliers, equipment vendors, engineering firms, and government agencies, with counterparties at various stages of qualification and commercial discussions.

With a diverse set of emerging clients that serve Europe, the Indo-Pacific, and the U.S., Nano One can elect where it sells its LFP and licenses its technology, enabling the Company to navigate emerging markets and trade uncertainty with agility. This flexibility is bolstered by strong government support, strategic partners, and clearly defined near-, mid-, and long-term revenue pathways through production and licensing.

[7] U.S. Congress (2025). *National Defense Authorization Act for Fiscal Year 2026, Section 842: Prohibition on Acquisition of Advanced Batteries from Certain Foreign Sources.*
[8] U.S. Congress (2026), 26 U.S.C. § 45X(b)(1)(K): Advanced Manufacturing Production Credit for Battery Cells.
[9] U.S. Department of Energy (2026). *A National Strategy for American Leadership in Batteries.*
[10] Prime Minister of Canada (2026), New Strategy to Transform Canada's Auto Industry, https://www.pm.gc.ca/en/news/news-releases/2026/02/05/prime-minister-carney-launches-new-strategy-transform-canadas-auto
[11] International Energy Agency. (2026). *Global Energy Review 2026: Technology—Battery Storage.*

REVIEW OF FINANCIAL RESULTS

The Company operates in a single operating segment being the research, piloting, and pre-production demonstration of a patented process to produce LFP CAM for lithium-ion battery applications. The Company's non-current assets are located in Canada with the exception of certain patents (intangible assets) issued from patent regulators in foreign jurisdictions.

Q3 2026 compared to Q2 2026

Three months ended	**September 30, 2026 $**	June 30, 2026 $	Increase (decrease) $
Expenses			
Amortization and depreciation	36,227	37,566	(1,339)
Business development and investor relations	166,577	134,405	32,172
Finance costs	397,841	397,367	474
General and administrative expenses	351,790	746,432	(394,642)
Professional and consulting	486,155	836,444	(350,289)
Research and operational expenses, net	1,874,809	1,463,867	410,942
Share-based payments	511,480	448,923	62,557
Wages, benefits and fees, net	3,117,605	4,993,207	(1,875,602)
Other expense (income)	(150,153)	25,561	175,714
Loss from operating expenses	**(6,792,331)**	(9,083,772)	(1,940,013)
Loss on disposal of property, plant and equipment	-	(23,584)	(23,584)
Government grant income	3,423,110	4,653,985	(1,230,875)
Interest income	91,646	129,238	(37,592)
Loss and comprehensive loss	**(3,277,575)**	(4,324,133)	(1,046,558)

- ERP system expenses decreased in Q3 2026, and a significant foreign exchange gain was recognized within general and administrative given the increased exposure to USD/CAD foreign exchange rates with increased USD cash holdings. These factors drove a decrease in general and administrative for the Q3 2026.
- Professional and consulting fees were higher in Q2 2026 due to the transition and Go-Live of the Company's ERP system which was coupled with increased external IT and consulting costs. Additional legal, accounting and audit-related costs also arose during the preceding quarter as a result of the short form base shelf prospectus filed on June 12, 2026. Accordingly, professional fees decreased during Q3 2026 as a result of these activities being unique to Q2 2026.
- Research and operational increased due to engineering activities (concluded in September 2026), Demonstration Line expansion, and sample validation activities all increasing. Additionally, approximately $175,000 in government grants were recognized as a reduction to same-period costs during Q2 2026, whereby no such amounts were recognized during Q3 2026.
- Factors driving a decrease in wages and benefits include: (i) a reduction to the short-term incentive (STI) compensation accrual recognized in Q3 2026; (ii) retroactive wage adjustments and incremental amounts paid over 2025 STI awards accrued in 2025 which are unique to Q2 2026; and (iii) approximately $585,000 incurred with the former CEO as additional compensation upon his retirement in Q2 2026 and the resulting reduced executive salaries incurred during Q3 2026.
- Other income for Q3 2026 is driven by the sale of Off-Spec LFP material to an external party.
- Government grant income for Q3 2026 entirely comprises cash received from the U.S. DoD and NRCan. For Q2 2026, this included U.S. DoD cash received and SR&ED amounts accrued.

Q3 2026 compared to Q3 2025

Three months ended	**September 30, 2026 $**	September 30, 2025 $	Increase (decrease) $
Expenses			
Amortization and depreciation	36,227	63,811	(27,584)
Business development and investor relations	166,577	111,154	55,423
Finance costs	397,841	160,892	236,949
General and administrative expenses	351,790	830,776	(478,986)
Professional and consulting	486,155	587,901	(101,746)
Research and operational expenses, net	1,874,809	1,246,266	628,543
Share-based payments	511,480	897,224	(385,744)
Wages, benefits and fees, net	3,117,605	3,638,061	(520,456)
Other income	(150,153)	(36,351)	113,802
Loss from operating expenses	**(6,792,331)**	(7,499,734)	(479,799)
Government grant income	3,423,110	120,957	3,302,153
Impairment of equipment	-	(381,633)	381,633
Interest income	91,646	70,469	21,177
Loss and comprehensive loss	**(3,277,575)**	(7,689,941)	(4,412,366)

Refer to the discussion above for the Q3 2026 compared to Q2 2026 variances as certain business drivers discussed above are also relevant to the Q3 2026 to Q3 2025 comparison. Additional factors unique to the above variances over the comparative period are as follows:

- Finance costs was impacted by a Q3 2025 reversal of Q1 2025 and Q2 2025 accruals (approximately $215,000) for a default provision on the IQ loan (no such default occurred or was estimated to occur). Additionally, finance costs was impacted by higher accretion expense recognized on the IQ loan to unwind the discount initially recognized associated with the below-market interest rate (which loan is greater in Q3 2026 compared to Q3 2025).
- See Q3 2026 compared to Q2 2026 discussion above for foreign exchange gains recognized within general and administrative, thereby driven net costs lower.
- See Q3 2026 compared to Q2 2026 discussion above for IT-related, as well as financing and prospectus-related costs contributing to the increase in professional fees.
- See Q3 2026 compared to Q2 2026 discussion above for current period activities driving a rise in research costs.
- See Q3 2026 compared to Q2 2026 discussion above for the impact of reduced executive wages, unique Q2 2026 additional compensation costs, and revisions to STI estimates which resulted in reduced wages and benefits for Q3 2026.

Nine months ended 2026 compared to 2025

Nine months ended	**September 30, 2026 $**	September 30, 2025 $	Increase (decrease) $
Expenses			
Amortization and depreciation	136,975	184,625	(47,650)
Business development and investor relations	416,656	330,305	86,351
Finance costs	1,264,093	886,864	377,229
General and administrative expenses	1,772,901	2,182,518	(409,617)
Professional and consulting	1,738,163	1,344,026	394,137
Research and operational expenses, net	4,305,545	4,661,472	(355,927)
Share-based payments	1,335,942	2,809,541	(1,473,599)
Wages, benefits and fees, net	12,119,237	11,537,051	582,186
Other (income) expense	(141,475)	36,217	(177,692)
Loss from operating expenses	**(22,948,037)**	(23,972,619)	(1,024,582)
Gain (loss) on disposal of property, plant and equipment	(23,584)	1,324,247	(1,347,831)
Government grant income	14,138,793	15,066,689	(927,896)
Impairment of equipment	-	(381,633)	(381,633)
Interest income	349,851	152,777	197,074
Loss and comprehensive loss	**(8,482,977)**	(7,810,539)	672,438

- See Q3 2026 to Q3 2025 discussion above for the driver of finance costs variations.
- See Q3 2026 compared to Q2 2026 discussion above for foreign exchange gains recognized within general and administrative, thereby driven net costs lower.

- Professional and consulting fees increased in relation to the transition and Go-Live of the Company's ERP system which was coupled with increased external IT and consulting costs. Additional legal, accounting and audit-related costs were incurred on the short form base shelf prospectus renewal filed in June 2026. Moreover, the comparative Q3 2025 period included a pause in a significant external IT contract alongside significant reductions in advisory and market fee costs as contractor engagements were actively reduced during the comparative period.
- Further to the discussions above, a key component of the year-to-date comparative decrease in research and operational expenses relates to the application of Technoclimat deferred income, and current period claims and resulting proceeds being matched against current period research expenses in Candiac for both Technoclimat and NGen grants (approximately $1.1 million in aggregate). No such cost reductions were recognized in the comparative period. When backing out the impact of this, research and operational would have otherwise increased based on capacity expansion, sample validation, and all activities relating to commercialization efforts.
- Variations in share-based payments expense are subject to change based on the volume and valuation of grants year over year. For both periods presented, the annual equity incentive grants are fully reflected (granted in Q2 2026, and Q1 2025).
- Wages and benefits year-to-date include the former CEO's retirement compensation of $585,000 in Q2 2026. Offsetting impacts of STI variations, net executive wage reduction (due to CEO retirement), headcount changes, annual wage adjustments, and employee severance, result in largely consistent net compensation levels over the nine month comparative period.
- The comparative amount for the gain on disposal of property, plant and equipment relates to the sale and leaseback on the Candiac land and facility from Q1 2025.
- Despite an increase in cash from government grants received in 2026, government grant income recognized in 2025 was higher due to a higher accrual for SR&ED and C3i amounts in 2025.

REVIEW OF FINANCIAL CONDITION

Summary Financial Position and Key Metrics

	September 30, 2026 $	December 31, 2025 $	December 31, 2024 $	2026 to 2025 Change $	2025 to 2024 Change $
Cash	14,087,489	23,597,749	7,160,529	(9,510,260)	16,437,220
Current assets (all others)	3,651,114	3,311,937	1,692,612	339,177	1,619,325
Non-current assets	21,252,432	17,565,360	16,814,120	3,687,072	751,240
Total assets	**38,991,035**	44,475,046	25,667,261	(5,484,011)	18,807,785
Current liabilities	5,331,341	4,575,756	3,344,367	755,585	1,231,389
Non-current liabilities (lease liabilities)	18,298,035	17,409,055	894,261	888,980	16,514,794
Total liabilities	**23,629,376**	21,984,811	4,238,628	1,644,565	17,746,183
Total shareholders' equity	**15,361,659**	22,490,235	21,428,633	(7,128,576)	1,061,602
Key Financial Metrics:					
Working capital[1]	**12,407,262**	22,333,930	5,508,774	(9,926,668)	16,825,156
Liquid working capital[2]	**16,175,025**	21,127,462	4,218,656	(4,952,437)	16,908,806

[1] See "Cautionary Statement Regarding Non-GAAP Performance Measures" below for the components and reconciliation of Working capital.
[2] See "Cautionary Statement Regarding Non-GAAP Performance Measures" below for the components and reconciliation of Liquid working capital.

For all periods presented, total assets are substantially comprised of cash, and property, plant and equipment ("PP&E").

Refer to "Cautionary Statement Regarding Non-GAAP Performance Measures" for a reconciliation of working capital and liquid working capital for the periods presented above.

Total assets:

As at September 30, 2026 compared to December 31, 2025, total assets were primarily impacted by the net use of cash during the period (see discussion below "Summary of Cash Flows"), and construction in progress capitalized to property, plant and equipment.

Total liabilities:

As at September 30, 2026 compared to December 31, 2025, total liabilities increased due to an increase in trade payables correlating with the Candiac expansion activity, and the increased IQ loan from Q1 2026 (Government loan). The amount capitalized for the IQ loan is net of the grant portion which represents the below-market interest rate benefit. Partially

offsetting these increases was the elimination of the deferred income balance relating to Technoclimat, as it was applied to reduce current period expenses during Q1 2026.

Summary of Cash Flows

Q3 2026 compared to Q2 2026

Three months ended	September 30, 2026 $	June 30, 2026 $	Increase (decrease) $
Operating activities			
Loss for the period	(3,277,575)	(4,324,133)	(1,046,558)
Adjustments for non-cash items	1,333,439	1,317,835	15,604
Interest income (reclassified to investing activities below)	(91,646)	(129,238)	(37,592)
Net change in non-cash working capital items	(282,356)	1,324,268	1,606,624
Interest paid on lease liabilities	(282,387)	(286,123)	(3,736)
	(2,600,525)	(2,097,391)	503,134
Investing activities			
Interest income	91,646	129,238	(37,592)
Capital expenditures, net[1]	(2,395,656)	(1,398,537)	997,119
	(2,304,010)	(1,269,299)	1,034,711
Financing activities			
Issuance of common shares for cash, net of share issue costs	(158,465)	2,046	(160,511)
Payments of equipment finance liability and principal on lease liabilities	(182,937)	(178,066)	4,871
Termination fee paid on derecognition of lease liability	-	(83,782)	(83,782)
	(341,402)	(259,802)	81,600
Change in cash and cash equivalents	**(5,245,937)**	(3,626,492)	
Cash and cash equivalents, beginning	**19,333,426**	22,959,918	
Cash and cash equivalents, ending	**14,087,489**	19,333,426	(5,245,937)

Allocation of cash inflows from government grants and loans **Three months ended**	**September 30, 2026** **$**	June 30, 2026 $
Operating activities	3,749,300	4,248,677
Financing activities	-	-
	3,749,300	4,248,677

Government grant proceeds recognized within operating activities were approximately $500,000 greater in Q2 2026 compared to Q3 2026 thereby more favourably impacting operating cash flows during the preceding quarter which contributed to the lower cash used in operating activities during Q2 2026. Capital expenditures were higher in Q3 2026 in relation to construction in progress on the Candiac expansion. Net share issue costs incurred during Q3 2026 relate to payments of legal and exchange fees on the renewal of the ATM program in late Q2 2026. These costs are recognized as share issuance costs upfront and prior to the financing activities to be conducted in future quarters.

Refer to discussions within “Commercialization Strategy” above for business drivers affecting capital expenditures (investing activities).

Nine months Q3 2026 compared to Q3 2025

Nine months ended	**September 30, 2026 $**	September 30, 2025 $	Increase (decrease) $
Operating activities			
Loss for the period	(8,482,977)	(7,810,539)	672,438
Adjustments for non-cash items	2,157,291	(475,112)	(2,632,403)
Interest income (reclassified to investing activities below)	(349,851)	(152,777)	197,074
Net change in non-cash working capital items	(173,061)	(883,896)	(710,835)
Interest paid on lease liabilities	(955,785)	(729,655)	226,130
	(7,804,383)	(10,051,979)	(2,247,596)
Investing activities			
Interest income	349,851	152,777	197,074
Disposals of property, plant and equipment	-	18,703	(18,703)
Capital expenditures, net	(4,449,740)	(395,123)	4,054,617
Proceeds from sale and leaseback, net	-	13,699,122	(13,699,122)
	(4,099,889)	13,475,479	(17,575,368)
Financing activities			
Issuance of common shares for cash, net of share issue costs	(179,127)	208,627	(387,754)
Payments of equipment finance liability and principal on lease liabilities	(469,070)	(501,315)	(32,245)
Proceeds from government loan	3,125,991	7,503,313	(4,377,322)
Termination fee paid on derecognition of lease liability	(83,782)	-	(83,782)
	2,394,012	7,210,625	(4,816,613)
Change in cash and cash equivalents	**(9,510,260)**	10,634,125	
Cash and cash equivalents, beginning	**23,597,749**	7,160,529	
Cash and cash equivalents, ending	**14,087,489**	17,794,654	(3,707,165)

Allocation of cash inflows from government grants and loans **Nine months ended**	**September 30, 2026 $**	September 30, 2025 $
Operating activities	12,903,568	9,060,451
Financing activities	3,125,991	7,503,313
	16,029,559	16,563,764

Government grant proceeds recognized within operating activities were approximately $3,800,000 greater in Q3 2026 compared to Q3 2025 thereby more favourably impacting operating cash flows during the current period to complement a reduction in cash flows used in operating activities.

Capital expenditures increased due to construction in progress and related expansion activities in Candiac.

Refer to discussions within “Commercialization Strategy” above for business drivers affecting capital expenditures (investing activities).

Cash paid for share issue costs exceeded proceeds raised through the ATM during 2026 due to payments of share issue costs that were payable as at December 31, 2025. Additionally, the discussion above for the quarter ended Q3 2026 describes upfront cash costs paid during Q3 2026 relating to the June 2026 renewal of the ATM program. Government loan proceeds received in the current and comparative period were from IQ.

Contractual Obligations

As at September 30, 2026	Carrying amount $	Contractual cash flows $	Under 1 year $	1-5 years $	More than 5 years $
Accounts payable and accrued liabilities	4,531,063	4,531,063	4,531,063	-	-
Equipment finance liability	78,811	98,770	51,532	47,238	-
Lease liabilities	14,365,432	23,267,525	1,843,839	6,440,878	14,982,808
Government loan	4,654,070	10,629,304	-	-	10,629,304
Total	**23,629,376**	**38,526,662**	**6,426,434**	**6,488,116**	**25,612,112**

The Government loan is from Investissement Québec (IQ) whereby a portion of the Loan, up to a maximum amount equal to the lesser of (i) $10,000,000, and (ii) 66.67% of the amount disbursed, may be forgivable provided that the conditions of forgiveness set for the Loan are met to IQ's full satisfaction. However, until such time the Company executes a definitive agreement to construct a One-Pot Commercial Plant in Québec the Company considers the loan repayable in full.

SUMMARY OF QUARTERLY RESULTS

The following table shows the results for the last eight fiscal quarters as prepared in accordance with IFRS and presented in Canadian dollars, the functional currency of Nano One and its subsidiaries:

	2026			2025				2024
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**-**	-	-	-	-	-	-	-
Loss from operating expenses	**(6,792,331)**	(9,083,772)	(7,071,934)	(7,891,756)	(7,499,734)	(8,404,301)	(8,068,584)	(6,373,235)
Cash used in operating activities	**(2,600,525)**	(2,097,391)	(3,106,467)	(2,493,898)	(5,292,611)	(4,147,872)	(181,930)	(5,903,166)
Cash provided by (used in) investing activities	**(2,304,010)**	(1,269,299)	(526,580)	(417,810)	25,201	(139,052)	13,589,330	(253,406)
Cash (used in) provided by financing activities	**(341,402)**	(259,802)	2,995,216	8,714,803	18,480	(481,623)	7,244,202	(149,910)
Change in cash and cash equivalents	**(5,245,937)**	(3,626,492)	(637,831)	5,803,095	(5,248,930)	(4,768,547)	20,651,602	(6,306,482)
Cash from government grants and loans	**3,749,300**	4,428,677	7,851,582	4,083,275	120,957	3,685,385	12,757,422	-
Cash and cash equivalents	**14,087,489**	19,333,426	22,959,918	23,597,749	17,794,654	23,043,584	27,812,131	7,160,529
Working capital	**12,407,262**	17,609,481	22,338,519	22,333,930	16,620,042	22,846,022	24,848,404	5,508,774

Refer to discussions above within "Review of Financial Results" and "Review of Financial Condition" for commentary on variances for certain quarters in comparison with the current reporting period.

Cash flows are generally impacted by operating and capital expenditure budgets year to year (investing), the timing and amounts of government grants and loans (operating and financing) alongside the number of active government assistance programs at any given time. Investing activities in Q3 2026 ramped up due to construction in progress on the Candiac expansion. The Q1 2025 anomaly for investing activities was the proceeds from the sale and leaseback of land and building in Candiac.

Financing activities for the periods presented, include an overnight marketed offering in Q4 2025, proceeds from the ATM program from Q3 2025 onwards, and IQ loan proceeds in Q1 2025 and Q1 2026. Generally impacting financing activities are varying commitments which are largely driven by lease payment obligations on facilities and equipment.

There are no significant seasonal variations in quarterly results as Nano One is not subject to significant seasonality in its operations. Historically, its cash and working capital positions have been supported by private placements, equity financings, exercises of equity incentives (options and warrants), and government grants and loans.

Cash from government grants and loans are subject to variation from quarter to quarter depending on the timing of awards, claims, approvals, and reimbursements. Fluctuations are expected to continue for future fiscal quarters relating to government funding from NRCan, NGen, the U.S. DoD, Government of Québec (IQ and Technoclimat), and NRC IRAP (formerly SDTC).

CAPITAL MANAGEMENT AND LIQUIDITY RISK

As at September 30, 2026, the Company had working capital of $12,407,262 (December 31, 2025 - $22,333,930), which is calculated as current assets minus current liabilities.

The Company has not historically generated revenue. The Company's operations to date have been financed by the issuance of common shares/units, government grants and loans, and disposals of property, plant and equipment including amongst other disposals the sale of land, and the sale and leaseback of land and building (February 2025). As at September 30, 2026, management has assessed that the Company will require additional financing to be able to realize its assets and discharge its liabilities for at least the next twelve months from the statement of financial position date. These conditions give rise to a material uncertainty regarding the Company's ability to continue as a going concern beyond the next twelve months from the statement of financial position date.

The Company continues to seek additional financing alternatives to support its future plans, including continuing to receive grants and loans from government programs, raising financing from capital markets and generating future revenue and operating cash flows from licensing its technology and/or production by executing customer offtakes. There is no assurance that additional financing will be obtained.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

CAPITAL SOURCES

Primary sources of capital received by the Company during 2026, 2025, and 2024 are as follows:

	Nine months ended	Year ended	Year ended
	September 30, 2026	December 31, 2025	December 31, 2024
	$	$	$
Government grants and loans	16,029,559	20,647,039	425,654
Equity financing, gross	246,959	9,907,614	-
Sale and leaseback, net	-	13,699,122	-
Sale of land, net	-	-	4,834,550
Total	**16,276,518**	44,253,775	5,260,204

The Company also receives recurring amounts from interest on excess treasury invested in GICs.

Cumulatively since the beginning of 2024, Nano One has secured over $75.3 million in non-dilutive capital across government grants and loans, sale-leaseback proceeds and land sale proceeds, and approximately $16.0 million remains undrawn as at the MD&A Date.

The use of proceeds generated from the December 2025 overnight marketed financing was as follows:

	Intended use	**Actual use**
		Accrual basis
		$
Expansion of the Company's Candiac Facility	2,055,500	**2,055,500**
Research & business developoment activities	984,000	**984,000**
General corporate expenses	2,198,000	**2,198,000**
Other working capital items	581,900	**581,900**
Total	**5,819,400**	**5,819,400**

Base Shelf Prospectus and ATM Programs:

On June 29, 2026, the Company renewed and superseded an equity distribution agreement originally signed on September 5, 2025 (the “former EDA”), with Canaccord Genuity Corp. and Roth Canada Inc. (the “agents”) for an at-the-market equity issuance program (the “2026 ATM Program”). Pursuant to the renewed program, the Company may distribute up to $20,000,000 of common shares through the agents. The former EDA concluded on April 26, 2026, and allowed for the distribution of $15,000,000 in common shares through the agents.

The 2026 ATM Program has generated gross proceeds of approximately $81,000 to the MD&A Date (of which approximately $15,000 was received through to September 30, 2026).

The Company and the agents executed a placement notice effective July 10, 2026 under the 2026 ATM Program, for the sale of common shares commencing on such date under the renewed equity distribution agreement. The Company intends to use the net proceeds from the Offering, if any, to fund ongoing operations. The Company may, from time to time, issue securities (including equity and debt securities) other than pursuant to this prospectus supplement.

The Company views the ATM Program as a flexible, low-cost treasury management tool that has become commonplace among public issuers. Maintaining an active program positions the Company to act when trading volumes and catalysts warrant, as a new program can take a month or more to initiate. ATM issuance has historically represented a small percentage of total volumes—approximately 7.85%—and is the lowest-cost form of equity financing available to the Company: the Q4 2025 overnight marketed financing carried an all-in cost of approximately 19%, comprised of the offering discount, a 6% cash commission, and 6% broker warrant coverage, whereas sales under the ATM Program incur a 3% cash commission with no offering discount.

ATM Programs: The Company's first at-the-market equity issuance program ("2025 ATM Program") launched in September 2025, partially drew upon the April 2024 base shelf prospectus. Through to its expiry, the 2025 ATM Program generated gross proceeds of approximately $3,300,000 between 2025 (approximately $2,949,000) and 2026 (approximately $241,000) through the issuance of common shares. The net proceeds from the 2025 ATM Program have been used to fund ongoing operations as summarized in the table above.

Off Spec LFP CAM Sale (cost recovery)

On July 2, 2026, the Company entered into a contract to sell Off Spec LFP CAM to a third-party buyer. The value of the contract on such date was approximately $299,000 (US$210,000) of which $168,272 (US$121,169) was received during the nine months ended September 30, 2026.

Government funding: The Company received proceeds from various government programs during the nine months ended September 30, 2026 and September 30, 2025 as follows:

CAPITAL STRUCTURE

The authorized share capital of the Company consists of unlimited common shares without par value. All issued common shares are fully paid. All stock options, and RSUs/DSUs outstanding are each convertible into one common share of the Company. As at the MD&A Date, the Company's capital structure was as follows:

	As at the MD&A Date	
	#	Weighted average exercise price $
Common shares issued and outstanding	119,996,947	n/a
Stock options outstanding	5,308,272	1.24
RSUs/DSUs outstanding	2,102,048	n/a
PSUs outstanding	3,063,859	n/a
Warrants outstanding	2,780,480	1.75
Fully diluted	**133,251,606**	

Equity Awards:

The following movement within equity award totals has occurred during 2026:

	For the nine months ended September 30, 2026		
	Granted #	Exercised #	Forfeited / Expired / Cancelled #
Stock options	1,590,572	-	(497,763)
RSUs/DSUs	-	(944,747)	(95,815)
PSUs	1,704,788	-	-
Warrants	-	-	-
Total	**3,295,360**	**(944,747)**	**(593,578)**

TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES

The following transactions involved key management:

	Transactions nine months ended September 30, 2026 $	Transactions nine months ended September 30, 2025 $	**Balances outstanding September 30, 2026 $**	Balances outstanding December 31, 2025 $
Directors' fees (amounts within wages, benefits and fees)	202,500	260,820	-	-
Expense reimbursements (officers)	-	-	-	2,320
Wages, benefits and fees (officers) [(1)]	2,090,264	1,745,375	819,562	390,011
Share-based payments (directors and officers)	741,895	1,854,711	-	-
PFS (professional and consulting; and intangible assets)	59,949	225,082	-	15,734
	3,094,608	4,085,988	**819,562**	408,065

(1) As at September 30, 2026, $534,562 was accrued as short-term incentive (STI) compensation to key management relating to 2026 performance (December 31, 2025 - $390,011 relating to 2025 performance).

During the year ended December 31, 2025, stock options were granted to key management (as disclosed in (c) below) in lieu of cash in settling STI compensation accrued during the year ended December 31, 2024.

During the nine months ended September 30, 2026, a total of $585,553 was incurred with the former CEO as additional compensation upon his retirement on June 12, 2026. $300,553 of this amount was paid during the period then ended, and a further $285,000 is included within accounts payable and accrued liabilities and will be paid on January 1, 2027.

In accordance with executive employment agreements the Company has in place with certain of its executive officers, in case of termination by the Company without cause, they are entitled to six (6) weeks' base pay (or notice) for every year of service to a maximum of twenty-four (24) months. In the case of resignation after a Change of Control and for 'Good Reason', they are entitled to twenty-four (24) months' base salary.

On September 16, 2026, an interim change in CEO occurred due to Alex Holmes' (CEO and Company Director) temporary medical leave of absence. Anthony Tse, Company Board Chair has assumed the duties of CEO on an interim basis.

Refer to the financial statements for specifics on transactions with related parties. The Company transacted with the following individuals or entities considered to be related parties to the Company at any point during nine months ended September 30, 2026 and the year ended December 31, 2025:

- Officers: Dan Blondal, CEO (retired as CEO and Director on June 12, 2026); Stephen Campbell, CTO (retired June 30, 2025); Alex Holmes, CEO (title change effective February 17, 2026 to President and Chief Strategy Officer from COO, then became CEO and Director effective June 12, 2026); Carlo Valente, CFO; Denis Geoffroy, Chief Commercialization Officer (CCO) (title change effective February 17, 2026 to COO); Adam Johnson, Senior Vice-President of External Affairs; Kelli Forster, Senior Vice-President of People & Culture; and Leanne Swanson, Corporate Secretary (from January 15, 2024 to resigning effective October 1, 2025, at which time Carlo Valente assumed the role in addition to being Company CFO);
- Directors: Joseph Guy (Patent Filing Specialists Inc.); Anthony Tse; Carla Matheson; Gord Kukec (until May 23, 2025); Lisa Skakun; and Lyle Brown (until May 23, 2025).

Refer to "Capital" above for grants of equity incentives to which certain grants involved Company related parties.

ACCOUNTING ESTIMATES, JUDGMENTS AND STANDARDS

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during each reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Of the accounting policies included within the material accounting policy information detailed in Note 2 to the financial statements for the year ended December 31, 2025, the Company considers the following policies to be the most critical to the reader's full understanding and evaluation of the Company's reported financial position and operating results.

Key Estimates and Judgments

Fair value of equity incentives (stock options, RSUs, DSUs, PSUs) and compensatory warrants

Determining the fair value of stock options, and compensatory warrants for services or in relation to financings, requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the fair value of the Company's common shares, the expected forfeiture rate, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

Research and operational expenses

The determination of whether expenditures on research and development activities meet the criteria for capitalization as internally generated intangible assets is subject to estimation and uncertainty. The Company has determined that until such time that it has a plant in the condition and location necessary to commence commercial production, or until such time that it has jointly developed with Worley, and licensed a process engineering design package for the production of CAM materials, that it will remain in a pre-commercial phase and accordingly expenditures will be expensed within the Company's results of operations.

The Company has determined that its pre-commercial and development activities do not meet the criteria within IAS 38, *Intangible Assets,* as development phase costs which would otherwise require capitalization of certain costs to the statements of financial position. Accordingly, the Company recognizes and presents such costs as research and operational expenses on the statements of loss and comprehensive loss.

New accounting policies

Certain pronouncements including, but not limited to, the below have been issued by the International Accounting Standards Board ("IASB") that were effective for the Company's accounting period beginning on January 1, 2026. The adoption of these standards has not had a material impact on disclosures or amounts reported in these financial statements.

In May 2024, the IASB issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9, *Financial Instruments* ("IFRS 9") and IFRS 7, *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

IFRS S1 and IFRS S2

In June 2023, the International Sustainability Standards Board ("ISSB") issued the following IFRS Sustainability Disclosure Standards: *General Requirements for Disclosure of Sustainability-related Information* ("IFRS S1"); and *Climate-related Disclosure* ("IFRS S2"), which are effective for accounting periods beginning on or after January 1, 2024 but are not currently mandated in Canada.

IFRS S1 sets out general reporting requirements for disclosing sustainability-related financial information. IFRS S2 requires an entity to disclose information about climate-related risks and opportunities and the impact on an entity's financial position, performance, cash flows, strategy, and business model.

The Canadian Sustainability Standards Board ("CSSB") was established to set and maintain sustainability disclosure standards for Canadian entities. The CSSB has developed the Exposure Drafts, "Proposed Canadian Sustainability Disclosure Standard (CSDS) 1, *General Requirements for Disclosure of Sustainability-related Financial* Information." And "Proposed Canadian Sustainability Disclosure Standard (CSDS) 2, Climate-related Disclosures.*"*

CSDS 1 and CSDS 2 became effective for annual periods beginning on or after January 1, 2025.

The Company will monitor the continued development of mandating these standards and the requisite disclosure requirements. Upon release, the CSDSs will be voluntary initially as the CSSB continues its dialogue with governments and regulatory bodies on mandating the CSSB's standards in Canada.

Standards issued but not yet effective

IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about

management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7, *Statement of Cash Flows.*

IFRS 18 is effective from January 1, 2027 with retrospective application required to comparative information. Management is currently assessing the impact of IFRS 18 on its financial statements.

RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. An investment in Nano One's common shares involves risk.

Investors should carefully consider the risks and uncertainties described in the Company's AIF for a comprehensive list of risk factors for the fiscal year ended December 31, 2025, some of which are listed below. Additional risks and uncertainties, including those unknown by Nano One at this time, or are currently considered immaterial, may exist, and other risks may apply.

Government Grants

The Company has received various government grants, and it may seek to obtain government grants and subsidies in the future. Any of the Company's existing grants or new grants that may be obtained may be terminated, modified or recovered by the granting governmental body under certain conditions. The Company may also be subject to audits by government agencies as part of routine audits of its activities funded by government grants. As part of an audit, these agencies may review the Company's performance, cost structures and compliance with applicable laws, regulations and standards. Funds available under grants must be applied by the Company toward the research and development programs specified by the granting agencies, rather than for the Company's programs generally. If any of the Company's costs are found to be allocated improperly, the costs may not be reimbursed, and any costs already reimbursed may have to be refunded. Accordingly, an audit could result in an adjustment to the Company's results of operations.

Funding and Global Economy Risk

The volatility of global capital markets has generally made the raising of capital by equity or debt financing more difficult. While the Company is successfully accessing strategic pools of capital with government programs and industrial interests, it may also become dependent upon capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained, or appropriate financing is unavailable. The Company seeks to manage its liquidity risk through a rigorous planning, budgeting and forecasting process to help determine the funding requirements to support its current operations, development and expansion plans. However, the factors described above may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If these levels of volatility persist or if there is a further economic slowdown, the Company's operations, the Company's ability to raise capital and the trading price of the Company's securities could be adversely impacted. As the Company's operations expand and reliance on global supply chains increases, the impact of tariffs and other trade barriers, pandemics (such as COVID-19), significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Company's business, financial condition and operations. The United States recently introduced broad tariffs against Canada, Mexico and China and has threatened to do so against other countries, resulting in retaliatory tariffs or the threat of retaliatory tariffs. Further, support for protectionism and rising anti-globalization sentiment in Canada, the United States and other countries may slow global growth. In particular, a protracted and wide-ranging trade conflict between the United States and various other countries, including Canada, Mexico and China, could adversely affect global economic growth. The ongoing conflicts between Russia and Ukraine and in the Middle East, including the global response to such conflicts as it relates to sanctions, trade embargos, export controls, military support and any restrictive actions in response thereto, have resulted in significant uncertainty as well as economic and supply chain disruptions, changes in commodity prices and implications in the financial markets. Should another significant variant of COVID-19 develop or the conflicts between Russia and Ukraine or in the Middle East go on for an extended period of time or expand territorially, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effects to the Company.

Risk Management

The ability to advance Nano One's strategic objectives depends on its ability to understand and appropriately respond to the uncertainties or business risks that may prevent it from achieving its objectives. To achieve this, the Company maintains a framework that permits it to manage risk effectively and integrate a process for managing risk into all of its important decision-making processes so that it can reduce the effect of uncertainty on achieving its objectives and maintain the oversight of relevant committees of the Board of Directors on the effectiveness of its risk management processes.

Climate Change Legislation

Global governments are increasingly addressing climate change by focusing on reducing greenhouse gases ("GHGs"). Climate change policies are rapidly developing at various levels, and political and economic developments could significantly influence these measures. The implementation of GHG reduction strategies by governments, either to meet international targets or other objectives, may materially affect the operations and finances the Company. The evolving regulatory landscape regarding climate change and GHG emissions presents uncertainties for the Company's operational and financial planning, especially in capital raising. Moreover, the potential adoption of climate change legislation could introduce operating restrictions or additional compliance costs, directly influencing the Company's production processes and market strategies.

DISCLOSURE CONTROLS AND PROCEDURES AND ICFR

In accordance with National Instrument 52-109 of the Canadian Securities Administrators (CSA), the Company has filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that report on the design and effectiveness of disclosure controls and procedures ("DC&P") and the design and effectiveness of internal controls over financial reporting.

The Company's DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO, particularly during the period in which the interim filings are being prepared, and information required to be disclosed by the Company in its annual and interim filings under Canadian securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation.

Additionally, the Company has designed internal controls over financial reporting or caused it to be designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the nine months ended September 30, 2026 and the year ended December 31, 2025, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING NON-GAAP PERFORMANCE MEASURES

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed "Non-GAAP Measures"). As a result, this data may not be comparable to data presented by other companies. For an explanation of these measures to related comparable financial information presented in the financial statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company.

These Non-GAAP Measures include but are not limited to working capital, and liquid working capital from the section "Summary Financial Position and Key Metrics" as presented in the table below.

As at September 30, 2026	**Working capital $**	**Liquid working capital $**
Current assets	17,738,603	17,738,603
Current liabilities	(5,331,341)	(5,331,341)
Prepaid expenses	n/a	(874,371)
Inventory	n/a	(425,261)
Total	**12,407,262**	**11,107,630**

As at December 31, 2025	Working capital $	Liquid working capital $
Current assets	26,909,686	26,909,686
Current liabilities	(4,575,756)	(4,575,756)
Prepaid expenses	n/a	(721,777)
Inventory	n/a	(484,691)
Total	22,333,930	21,127,462

As at December 31, 2024	Working capital $	Liquid working capital $
Current assets	8,853,141	8,853,141
Current liabilities	(3,344,367)	(3,344,367)
Prepaid expenses	n/a	(951,866)
Inventory	n/a	(338,252)
Total	5,508,774	4,218,656

RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A and the financial statements is the responsibility of management. In the preparation of the financial statements, estimates and judgments are sometimes necessary to determine the carrying value for certain assets or liabilities, the recognition of items within profit or loss or within shareholders' equity, or in respect of the accounting treatment for non-routine transactions. Management believes the estimates and judgments made within the financial statements have been based on careful considerations and are properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Nano One does not utilize off-balance sheet arrangements. There are no proposed transactions as at the MD&A Date.