

Nextleaf Solutions Reports Record Revenue \$3.4 Million in Second Quarter 2024 Financial Results

Vancouver, British Columbia--(Newsfile Corp. - May 29, 2024) - **Nextleaf Solutions Ltd. (CSE: OILS) (OTCQB: OILFF) (FSE: L0MA) ("Nextleaf", "OILS", or the "Company")**, a leading life science firm and licensed cannabis processor, is pleased to release its financial results for their second quarter ended March 31st, 2024. The Company achieved sequential revenue growth, a record \$3.4 million net revenue, and an adjusted EBITDA^[1] of \$232,682.

Highlights

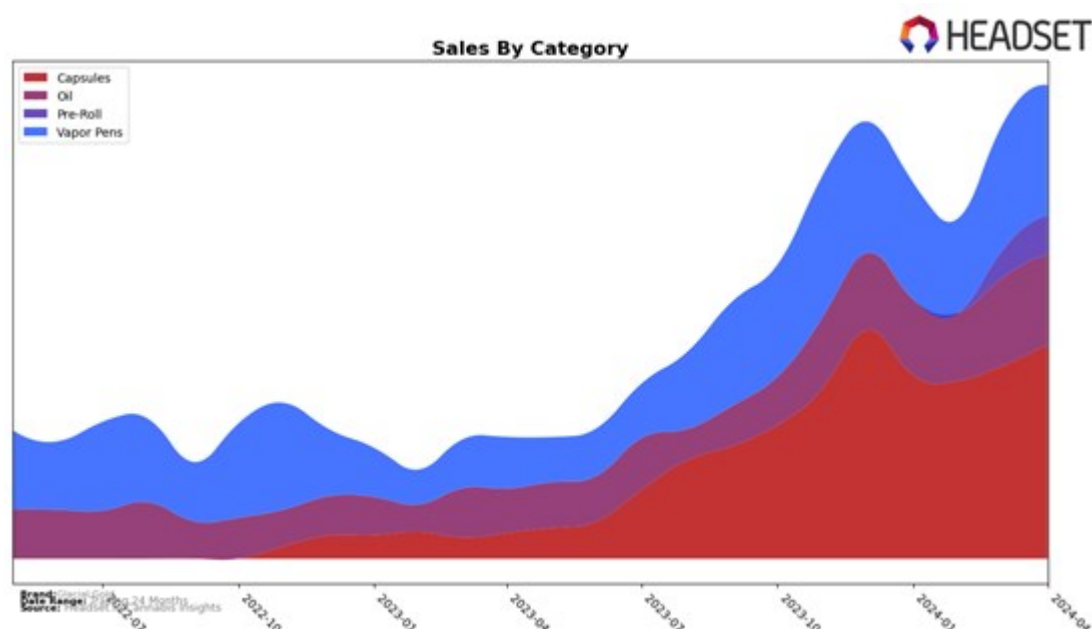
- Achieved gross margins of 28% in Q2 FY2024, up from 20% in Q2 FY2023.
- Net revenue grew by 7% to \$3.4 million compared to the previous quarter and by 57% compared to Q2 FY2023. Revenue growth attributed to steady product innovation with 9 product launches in this quarter.
- The reported Loss of \$1.01M for the quarter was primarily attributed to a non-cash charge related to a Share-Based Compensation expense.
- For the six months ended Q2-2024, the Company achieved an Adjusted EBITDA^[2] of \$554,638, marking a significant improvement compared to a loss of \$201,951 in the same period of the previous year.
- Further strengthened its balance sheet by reducing its CRA liability by \$740,000.
- Strong performance across all cannabis softgel and THC Oil SKUs with 21% and 32% growth rates respectively.
- Successful first shipment of white label vapes for a new commercial partner.
- The Company issued shares and stock options as part of an employee retention and incentivization initiative, with employees voluntarily electing to receive share payments instead of cash - demonstrating strong corporate alignment and dedication.
- New category launch of Glacial Gold MAX THC Infused Pre-rolls into major markets including BC, Alberta, and Ontario.
- 9 new product launches this quarter:
 - Glacial Gold Balanced 10:10 Softgels 100-pack
 - Glacial Gold CBD 50 Softgels 100-pack
 - Glacial Gold MAX THC Grape Escape Double D Infused Pre-rolls 3x0.7g
 - Glacial Gold MAX THC Cherry K.O. Double D Infused Pre-rolls 3x0.7g
 - Glacial Gold MAX THC Blueberry Dream Hybrid Vape 1.2g
 - Glacial Gold MAX THC Kush Mintz Hybrid Vape 1.2g
 - Glacial Gold HIGH THC Berry Blotto Vape 1g
 - High Plains 1000mg Indica THC Oil Drops 35ml
 - High Plains 2000mg Balanced Oil Drops 35ml

Adjusted EBITDA^[3]

	March 31, 2024 \$	March 31, 2023 \$
Six months ended		
Loss and comprehensive loss	(879,052)	(584,191)
Non-operating Items:		
Depreciation & Amortization	349,906	366,714
Interests	29,496	15,526
Taxes		
EBITDA	(499,650)	(201,951)
Non-operating Items:		
Share-based compensation expense	1,054,288	-
Adjusted EBITDA	554,638	(201,951)

	March 31, 2024 \$	March 31, 2023 \$
Three months ended		
Loss and comprehensive loss	(1,011,873)	(25,168)
Non-operating Items:		
Depreciation & Amortization	175,780	182,762
Interests	14,487	(10,038)
Taxes		
EBITDA	(821,606)	147,556
Non-operating Items:		
Share-based compensation expense	1,054,288	-
Adjusted EBITDA	232,682	147,556

"We have been diligently focused on executing our commercialization roadmap and product pipeline throughout this past quarter. We've made strategic investments into building up our inventory to strengthen our position, boost commercialization efforts, and expand territory sales," shares Emma Andrews, Interim CEO. "We're excited about the growth we're seeing across our key categories, and we are motivated to continue setting the standard for unparalleled value."



Glacial Gold Sales by Category, Headset Data as of April 2024

Source: <https://www.headset.io/brands/glacial-gold>

To view an enhanced version of this graphic, please visit:

https://images.newsfilecorp.com/files/5347/210906_b6ac26f774256afd_002full.jpg

2024 Outlook

The Company will prioritize the following strategic initiatives throughout the third and fourth quarters FY2024:

- **Brand Building & Marketing:** Implementing strategic marketing campaigns and activations to elevate brand awareness and recognition among Canadian consumers.
- **Increasing Points of Distribution:** Expanding the number of distribution points within core markets and strengthening retailer relationships.
- **Commercialization & Product Development:** 12 new SKUs nationally.
- **Inventory Building:** Continued investment into building up inventory, including biomass procurement, through to finished products.
- **Operational Efficiency:** Improving operational efficiency through the integration of an ERP system.

- Commercial Partners Program Expansion: achieved through ingredient supply, white labeling, contract manufacturing, and toll processing activities for new and recurring clients.

About Nextleaf Solutions Ltd.

Nextleaf® is an innovative cannabis processor with a portfolio of federally regulated emerging consumer brands, market validated cannabis derivative products, and high-potency bulk ingredients. Nextleaf's multi-patented, highly automated, closed loop extraction, and distillation technology sets the global standard for processing cannabis at scale.

The Company currently manufactures over 80 different products, across 4 categories for white label clients and house brands. Formulated products and bulk ingredients are sold domestically to B2B partners and exported to applicable international jurisdictions. With coast-to-coast distribution, Nextleaf brands are sold through both medical and recreational channels and includes acclaimed legacy-era brand Glacial Gold, and High Plains Cannabis.

Nextleaf's commitment to constant innovation, and speed-to-market advantage is guided by their team's unique depth of industry experience, complimented by their Health Canada Research License allowing for unique sensory evaluation of cannabis via human trials, and rapid prototyping. The Company has been issued 19 U.S. patents, and 75+ patents globally, on cannabinoid processing including extraction, distillation, and acetylation.

On behalf of the Board of Directors of the Company,
Emma Andrews, Interim CEO

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Nextleaf trades as [OILS on the Canadian Securities Exchange](#), [OILFF on the OTCQB Market in the United States](#), and [LOMA on the Frankfurt Stock Exchange](#).

Disclaimers and Disclosure Statements:

Certain statements contained in this press release constitute "forward-looking statements" within the meaning of applicable securities laws. All statements other than statements of historical fact contained in this press release, including, without limitation, statements regarding the Company's anticipated delivery of its products to provincial markets across Canada and those regarding the Company's strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in the Company's MD&A for the most recent fiscal period. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to

update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law. The Canadian Securities Exchange has not reviewed or approved the contents of this press release.

Non-IFRS Financial Measures

This press release includes references to "Adjusted EBITDA", which are not defined under International Financial Reporting Standards (IFRS). The intent of these non-IFRS measures is to provide additional useful information to investors and analysts. These non-IFRS measures do not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other entities. As such, these non-IFRS measures should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA is calculated as EBITDA plus share based compensation expense. Adjusted EBITDA is considered as a useful measure by management to understand the profitability of Nextleaf Solutions excluding the effects of certain non-operating items.

[1] Non-IFRS or supplementary financial measure. See discussion in the Non-IFRS Financial Measures advisories section of this press release.

[2] Non-IFRS or supplementary financial measure. See discussion in the Non-IFRS Financial Measures advisories section of this press release.

[3] Non-IFRS or supplementary financial measure. See discussion in the Non-IFRS Financial Measures advisories section of this press release.

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