



NEXE Innovations Announces 2021 Warrants Extended and Repriced

NEXE Innovations has sufficient capital to execute its business plan, but believes the proposed amendments are consistent with prudent financial planning and rewards its existing shareholders for their continued support

VANCOUVER, BC, March 20, 2023 /CNW/ - NEXE Innovations Inc. ("NEXE" or the "Company") (TSXV: NEXE) (Frankfurt: NX5) (OTC: NEXNF), a compostable and innovative materials company, is pleased to announce that it intends to reduce the exercise price and extend the expiry date of an aggregate of 8,625,000 outstanding common share purchase warrants ("Warrants") issued by the Company as part of a unit of the Company in connection with a bought deal public offering that closed on April 9, 2021 (the "Offering"). The Offering was pursuant to a prospectus supplement dated April 7, 2021 under the Company's base shelf prospectus dated March 29, 2021 and the Warrants were issued pursuant to a warrant indenture dated April 9, 2021 between the Company and TSX Trust.

The Company believes that the repricing of the Warrants increases the likelihood that shareholder value will be maintained should warrant holders choose to exercise their Warrants at the reduced exercise price. In addition to being beneficial to shareholders, the Company believes that these amendments to the Warrants, which are currently "out of the money" by a significant margin and are expected to expire within a month hereof without ever being exercised, **present only potential upside to holders of Warrants at no additional cost to such holders**. As of the date of this news release, no Warrants have been exercised and no insiders of NEXE hold or control the Warrants.

Key Highlights

- The Company proposes to **reduce the exercise price from \$2.50 to \$0.65 per share and extend the expiry date by one year to April 9, 2024**, subject to certain mandatory acceleration provisions imposed by the TSX Venture Exchange (the "TSXV") (described in further detail below) (the "Amendments").
- While the **Company currently has sufficient capital to execute its business plan with working capital of \$26,574,980 and cash and GICs on hand of \$21,703,818** as of November 30, 2022, the Company believes that the proposed amendments are consistent with prudent financial planning in light of volatile and unpredictable capital markets. The Company holds its cash positions with two of the five largest Canadian banks.
- The opportunity to extend warrants by one year will provide the Company with an additional safeguard as production is expected to start shortly and the Company is expecting co-packing and private label contracts to fill its capacity. The Company is focused on commissioning its commercial operations.
- The warrants are already set in the Company's current capital structure and there will be no additional financing costs related to warrants being extended and repriced.
- The Company takes a disciplined approach to deploying capital. As operations at the new facility in Windsor comes online, the Company is consolidating certain operations from its Surrey Facility to the Windsor Facility.
- The Company has current capital commitments of less than \$5 million over the next 12 months and has debt of \$1.1 million as of November 30, 2022. The Company holds significant real estate with no associated mortgage or debt.

The Warrants will also be amended to include a mandatory acceleration provision as required under the policies of the TSX Venture Exchange (the "TSXV"). The acceleration provisions will provide that, if for any ten consecutive trading days (the "**Premium Trading Days**") following the effective date of the Amendments, the closing price of the Company's common shares on the TSXV exceeds \$0.8125, the amended Warrants' expiry date will be accelerated such that holders will have 30 calendar days to exercise the Warrants (if they have not first expired in the normal course). The Company will announce any acceleration of the expiry date by press release and the 30-day period will commence seven days after the last Premium Trading Day. The terms of the Warrants will remain otherwise unchanged.

The Amendments are subject to approval by both the TSXV and the holders of Warrants representing **66 2/3% of the outstanding Warrants** (together, the "**Warrant Amendment Approval**"). **The Company is seeking the written approval of the holders of the requisite number of Warrants for the Amendments**. The Company intends to issue an updated news release upon receipt, if any, of the Warrant Amendment Approval.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release will not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

About NEXE Innovations Inc.

NEXE Innovations Inc. is a leader in innovative compostable materials technology based in British Columbia, Canada. The first product developed by NEXE Innovations is one of the only patented, fully-compostable, single-serve coffee pods for use in existing major single-serve coffee machines.

For more information about NEXE Innovations' compostable materials and how it is well-positioned to meet the growing demand for environmentally friendly and sustainable products, visit www.nexeinnovations.com and follow us on social media @nexeinnovations.

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Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this news release are forward-looking statements or information, which statements include the proposed amendments to the Warrants, the Warrant Amendment Approval, the benefits of that may result from any amendments to the Warrants, the commencement of production, services the Company intends to offer and the Company's overall business strategy. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such information can generally be identified by the use of forwarding-looking wording such as "may", "expect", "estimate", "anticipate", "intend", "believe" and "continue" or the negative thereof or similar variations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including but not limited to, the ability of the Company to obtain consent for the proposed amendments to the Warrants, execute on its business strategy and those risks set out in the Company's management's discussion and analysis for the three and six months ended November 30, 2022, under the heading "Risk and Uncertainties". Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the demand for its products, anticipated costs, and the ability to achieve goals. Factors that could cause the actual results to differ materially from those in forward-looking statements include, receipt of necessary approvals and general economic, market or business conditions. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on any forward-looking information. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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CNW 16:51e 20-MAR-23