NEXE Innovations Announces Quarterly Q1 2024 Financial Results for the Three-Month Period Ended August 31, 2023

WINDSOR, ON, Oct. 30, 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 its financial results for the three-month period ended August 31, 2023 ("Q1 2024").

In Q1 2024, NEXE made its first delivery of the BPI-certified compostable single-serve pod at the beginning of August 2023. To date, NEXE has onboarded three co-manufacturing customers and continues to work through its sales pipeline. Management believes that the private label and co-manufacturing customers are a key segment for NEXE.

We believe the fundamentals for the business remain strong and are supported by macro trends. Management believes that NEXE is positioned well to take advantage of these trends, in particular:

- In North America, management has seen various federal, provincial, state and municipal governments enact different regulations and provide incentives to move away from petroleum-based products.
- We continue to see consumers moving towards sustainable options to help improve the environment and the growing concern around the health impact of plastics on the human body. The BPI certification that was granted for NEXE's single-serve pod and associated components requires products to be free of per- and poly-fluoroalkyl substances (PFAS) reflecting general concerns about the impact of PFAS.
- NEXE's operations are based in North America (on the Canada-U.S. border) and products are produced in-house, from producing the resin, injection molding components, to dosing and sealing coffee for the single-serve beverage pod business segment. We believe that this significantly reduces supply chain risks for our customers and helps further improve their environmental footprint by working with a locally sourced manufacturer.
- The Company has a valuable portfolio of assets, technology and comprehensive IP. An example of one of the patents granted to NEXE is the Canadian patent (Patent Number 3,125,915) for "BEVERAGE CAPSULE WITH FILTER REGISTRATION ELEMENT" (the "Patent"). The Patent encompasses a technology that enables the NEXE Pod to achieve more volume capacity versus standard single serve capsules. We believe this will allow NEXE to provide a coffee pod that enables private label and co.manufacturing companies to create more bold tasting and higher quality coffees and beverages.

"We are pleased with the progress we continue to make. In July, NEXE successfully initiated production of its BPI-certified, injection molded single-serve beverage pod," stated Ash Guglani, President of NEXE Innovations, "By streamlining our operations to the Windsor Facility and maintaining a strong balance sheet, we believe we are positioning NEXE to build a competitive beverage and coffee business. NEXE expects to continue investing in product development."

Fiscal Q1 2024 Results:

- During the quarter, the Windsor facility moved into production and made its first delivery of the BPI-certified compostable single-serve pod at the beginning of August 2023.
- Revenue in Q1 2024 was $87,702 (2022 – $26,862). The Company went into production of its new injection molded pod in July and made its first delivery in August. The Company continues discussions with various coffee companies.
- Cost of goods was $188,087 (2022 – $157,103). The cost of goods included non-cash expenses, such as depreciation related to production machinery and equipment. Depreciation in cost of goods sold increased as new equipment has come online.
- Selling, General and Administrative expenses decreased to $1,065,030 (2022 - $1,301,062) due to lower overhead costs and lower consulting and professional fees. The Company consolidated operations to the Windsor facility which benefited costs.
- As of August 31, 2023, the Company had working capital of $19,154,187 (August 31, 2022 - $28,588,131) with cash and cash equivalents that totaled $12,702,772 (August 31, 2022 - $25,216,298).
- On June 2, 2023, the board approved the granting of up to an aggregate 1,865,000 Option Shares to the Optionees at an exercise price of $0.40 per common share. The Options will vest in three equal installments with 1/3 vesting six months from the date of grant, 1/3 vesting 12 months from the date of grant and the remaining 1/3 vesting 18 months from the date of grant.

NEXE has a working capital of $19.2 million and a strong balance as it continues to ramp up production and scale its operations. NEXE has also consolidated all of its operations to its Windsor facility from Surrey, which positively impacts costs. Management has listed the Surrey facility for sale with a broker and the proceeds from a potential sale will provide an additional cash buffer. At the end of August 2023, the Company's cash balance was $12.7 million before the potential impact of the sale of the Surrey facility or the exercise of any of the Company's outstanding warrants.

The Company's Q1 2024 financial statements and related management's discussion and analysis are available on NEXE's SEDAR profile at www.sedar.com and the Company's website at www.nexeinnovations.com.

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About NEXE Innovations Inc.

NEXE Innovations Inc. is a leader in innovative compostable materials technology based in Ontario, 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's compostable materials and how management believes 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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Cautionary Note Regarding Forward-Looking Statements

Certain statements in this release are forward-looking statements or information, which include, but are not limited to, statements in respect of the Company indications of interest from potential clients, government regulations, consumer trends, Company's use of working capital, sale of property or assets of the Company, consolidation of operations and the Company's overall business strategy, increases in production and revenue, and the Company's long-term growth and development plans. 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 Company's ability to execute on its business strategy and those risks set out in the Company's management's discussion and analysis for year ended May 31, 2023 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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