NEXE Innovations Announces Quarterly Q2 2024 Financial Results for the Three-Month Period Ended November 30, 2023

WINDSOR, ON, Jan. 29, 2024 /CNW/ - NEXE Innovations Inc. ("NEXE", the "Company", "we", "us" or "our") (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 November 30, 2023 ("Q2 2024").

As a company building from the ground up with an innovative new product, we are in an exciting phase where we believe we are building strong foundations with our "B2B" clients. In Q2 2024, we continued to engage with well-established coffee companies and distributors, and our innovative compostable single-serve pods have been well-received, leading to repeat orders.

"It's important to remember that establishing these relationships takes time. Our clients carefully evaluate our operations and plan how to introduce our products, often starting with smaller orders and gradually increasing," stated Ash Guglani, President and Co-founder of NEXE., "Our revenues might not follow a straight line but ebb and flow as these relationships solidify and grow. This is a normal part of the journey for a start-up like ours, and these fluctuations are steps towards building a robust, sustainable business".

Highlights:

We believe the fundamentals for the business remain strong and are supported by macro trends, including the changing regulatory environment around plastic bans and related health risks. Management believes that NEXE is well positioned to leverage these trends, particularly:

- **NEXE has a strong cash position to execute its strategy over the next two years.** At the end of Q2 2024, our total cash position is $11.4 million (including GICs and term deposit). NEXE is also expected to receive a government cash refund of $2 million and, in the event a purchaser agrees to acquire our non-core asset, the Surrey facility, with potential proceeds of at least $5.0 million. **The total expected cash position for NEXE, including if the Surrey facility is sold, is ~$18 million.**
- **NEXE has minimal debt.** The current debt outstanding is $834,019, related to a government loan. NEXE's commitments at the end of the quarter were $2.1 million, and minimal capex is expected over the next two years.
- **The book value per share at the end of Q2 2024 was $0.37 (based on outstanding shares of 97.3 million shares), including $0.12 per share of cash.** Adjusting for the additional cash expected and market values for the Windsor Facility and equipment, the value per share is estimated at $0.46. The current market share price close on January 29, 2024, was $0.26.

NEXE's primary target group is B2B customers, such as private label opportunities, coffee roasters, and brands. As we continue our discussions with customers in our pipeline, we will implement targeted sales and marketing strategies to market our compostable coffee pod, build brand awareness, and educate the market. We will also continue building the NEXE team, adding to key areas, including our in-house coffee expertise.

Fiscal Q2 2024 Results:

During the three months ended November 30, 2023, the Company had a net loss of $1,610,871 or $0.016 per share, compared to a net loss of $349,887 or $0.004 per share for the comparable period last year. The change in net loss was predominantly a result of the following:

- Revenue was $33,729 (November 30, 2022 – $9,301), and cost of goods was $88,060 (November 30, 2022 – $25,908). The cost of goods included non-cash expenses, such as production machinery and equipment depreciation. Depreciation in the cost of goods sold increased as new equipment has come online.
- Selling, General, and Administrative expenses decreased to $929,130 (November 30, 2022 - $951,161) due to lower overhead costs, lower consulting fees, and lower compensation. The Company benefitted from consolidating operations to its Windsor facility. The management team continues to maintain a disciplined approach to allocating resources.
- A non-cash share-based compensation expense of $151,062 (November 30, 2022 - $191,954) was recorded for stock options granted to directors, officers, and employees.
- Interest and accretion expense decreased to $47,335 (November 30, 2022 - $66,286) due to declining balances of the government loan and the elimination of the lease liability.
- Interest income decreased to $24,854 (November 30, 2022 - $201,597) primarily from the GIC deposits.
- Depreciation increased to $373,394 (November 30, 2022 – $213,472) due to additional equipment purchased.
- Research and development expenses increased to $76,749 (November 30, 2022 . $56,918) as the company continues to develop new technology and formulations.

NEXE has a working capital of $15.4 million and a strong balance sheet to help execute its plans over the next two years. NEXE has also consolidated all of its operations to its Windsor facility from Surrey, positively impacting costs.

The Company's Q2 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 is focused on providing innovative compostable material solutions and packaging to the B2B segment to help businesses achieve their sustainability goals. NEXE Innovations has developed a proprietary and patented compostable material that can withstand heat, pressure, and water. Our flagship product, the NEXE Pod, a BPI-certified compostable coffee pod, showcases our material's durability and is an ideal substitute for plastic. The NEXE pod is compatible with major coffee brewing machines and is manufactured at NEXE's vertically integrated facility based in North America. Discover our innovative approach to sustainability at www.nexeinnovations.com and join our journey on social media @nexeinnovations. #compostablecoffeepods #sustainability #greentech

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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, potential receipt of government refunds, funds to be received from a potential sale of non-core assets, completion of a potential sale of non-core assets, NEXE's potential cash position, 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, ability to find a buyer of non-core assets on terms that are favourable or acceptable, increases in interest rates which may have negative impacts on the real estate market or property values, potential legal, regulatory or tax changes that may impact the value of the Surrey facility, ability of NEXE to meet the conditions for a sale of the Surrey facility and those risks set out in the Company's management's discussion and analysis for year ended May 31, 2023 and quarter ended November 30, 2023 under the headings "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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