



# **NEXE INNOVATIONS INC.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the three and nine months ended February 28, 2025 and February 29, 2024**

(Expressed in Canadian Dollars)

**NEXE INNOVATIONS INC.**  
Condensed Interim Consolidated Financial Statements  
As at February 28, 2025  
(Expressed in Canadian Dollars)

**Notice of no Auditor Review of these condensed interim consolidated financial statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Nexe Innovations Inc, (the "Company"), have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

# NEXE INNOVATIONS INC.

## Condensed Interim Consolidated Statements of Financial Position

As at February 28, 2025 and May 31, 2024

(Expressed in Canadian Dollars)

|   | Note | February 28, 2025    | May 31, 2024         |
|---|------|----------------------|----------------------|
| <b>ASSETS</b>                                     |      |                      |                      |
| <b>Current assets</b>                             |      |                      |                      |
| Cash and cash equivalents                         |      | \$ 10,248,578        | \$ 8,048,712         |
| Term deposits                                     |      | 30,000               | 40,000               |
| Investment in GIC                                 | 3    | 3,000,000            | 3,000,000            |
| Trade and other receivables                       | 4    | 422,267              | 322,885              |
| Inventory   | 5    | 513,518              | 588,826              |
| Prepaid expenses and deposits                     | 6    | 1,539,007            | 1,604,697            |
| Assets held for sale                              | 7    | -                    | 1,851,652            |
| <b>Total current assets</b>                       |      | <b>\$ 15,753,370</b> | <b>\$ 15,456,772</b> |
| <b>Non-current assets</b>                         |      |                      |                      |
| Property, plant, and equipment                    | 8    | \$ 19,792,809        | \$ 20,951,040        |
| Intangible assets                                 |      | 78,980               | 78,980               |
| <b>Total non-current assets</b>                   |      | <b>\$ 19,871,789</b> | <b>\$ 21,030,020</b> |
| <b>TOTAL ASSETS</b>                               |      | <b>\$ 35,625,159</b> | <b>\$ 36,486,792</b> |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>       |      |                      |                      |
| <b>Current liabilities</b>                        |      |                      |                      |
| Trade and other payables                          |      | \$ 2,381,524         | \$ 2,143,217         |
| Deferred revenue                                  |      | 92,393               | 82,555               |
| Government loan payable                           | 9    | 378,252              | 394,198              |
| <b>Total current liabilities</b>                  |      | <b>\$ 2,852,169</b>  | <b>\$ 2,619,970</b>  |
| <b>Non-current liabilities</b>                    |      |                      |                      |
| Government loan payable                           | 9    | \$ -                 | \$ 271,755           |
| <b>Total non-current liabilities</b>              |      | <b>\$ -</b>          | <b>\$ 271,755</b>    |
| <b>Total liabilities</b>                          |      | <b>\$ 2,852,169</b>  | <b>\$ 2,891,725</b>  |
| <b>Shareholders' equity</b>                       |      |                      |                      |
| Share capital                                     | 10   | \$ 66,189,968        | \$ 66,189,968        |
| Other reserves                                    | 11   | 3,060,207            | 2,774,501            |
| Contributed surplus                               | 11   | 8,706,752            | 8,706,752            |
| Deficit   |      | (45,183,937)         | (44,076,154)         |
| <b>Total shareholder's equity</b>                 |      | <b>\$ 32,772,990</b> | <b>\$ 33,595,067</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b> |      | <b>\$ 35,625,159</b> | <b>\$ 36,486,792</b> |

Nature of operations (note 1), Commitments (note 18), Contingent liabilities (note 19)

Approved and authorized for issue by the Board of Directors on April 29, 2025:

*"Darren Footz"*

Director

*"Killian Ruby"*

Director

# NEXE INNOVATIONS INC.

Condensed Interim Consolidated Statements of  
Loss and Comprehensive loss  
For the three and nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

|  | Note     | Three months<br>ended<br>February 28, 2025 | Three months<br>Ended<br>February 29, 2024 | Nine months<br>ended<br>February 28, 2025 | Nine months<br>ended<br>February 29, 2024 |
|--|----------|--|--|---|---|
| <b>Revenue</b>   |          | <b>\$ 173,721</b>                          | <b>\$ 24,927</b>                           | <b>\$ 247,622</b>                         | <b>\$ 146,358</b>                         |
| Cost of goods sold   | 14       | (262,396)                                  | (38,556)                                   | (499,871)                                 | (314,703)                                 |
| <b>Gross loss</b>  |          | <b>\$ (88,675)</b>                         | <b>\$ (13,629)</b>                         | <b>\$ (252,249)</b>                       | <b>\$ (168,345)</b>                       |
| <b>Operating expenses</b>  |          |  |  |   |   |
| Selling, General and Administrative  | 13       | \$ (1,264,294)                             | \$ (696,566)                               | \$ (2,981,747)                            | \$ (2,690,726)                            |
| Depreciation   | 5, 8, 14 | (307,066)                                  | (435,358)                                  | (1,313,547)                               | (1,200,604)                               |
| Accretion  | 9        | (23,993)                                   | (43,169)                                   | (87,302)                                  | (141,781)                                 |
| Research and development   |          | (101,252)                                  | (101,004)                                  | (270,136)                                 | (488,128)                                 |
| Share-based compensation   | 11, 12   | (125,600)                                  | (97,021)                                   | (285,706)                                 | (499,055)                                 |
| <b>Total operating expenses</b>  |          | <b>\$ (1,822,205)</b>                      | <b>\$ (1,373,118)</b>                      | <b>\$ (4,938,438)</b>                     | <b>\$ (5,020,294)</b>                     |
| <b>Operating loss before other items</b>                                     |          | <b>\$ (1,910,880)</b>                      | <b>\$ (1,386,747)</b>                      | <b>\$ (5,190,687)</b>                     | <b>\$ (5,188,639)</b>                     |
| <b>Other items</b>   |          |  |  |   |   |
| Interest income  |          | \$ 138,485                                 | \$ 253,094                                 | \$ 413,568                                | \$ 411,512                                |
| Foreign exchange gain (loss)   |          | 17,534                                     | 2,290                                      | (2,339)                                   | (8,824)                                   |
| Inventory write-down   | 5        | -  | (1,442)                                    | (28,879)                                  | (3,908)                                   |
| Net gain on disposal of assets   | 7        | -  | -  | 3,700,554                                 | 5,828                                     |
| Income tax expense   |          | -  | (3,404)                                    | -   | (3,404)                                   |
| <b>Total other items</b>   |          | <b>\$ 156,019</b>                          | <b>\$ 250,538</b>                          | <b>\$ 4,082,904</b>                       | <b>\$ (401,204)</b>                       |
| <b>Net loss and comprehensive loss</b>                                       |          | <b>\$ (1,754,861)</b>                      | <b>\$ (1,136,209)</b>                      | <b>\$ (1,107,783)</b>                     | <b>\$ (4,787,435)</b>                     |
| <b>Loss per share - basic and diluted</b>                                    | 2        | <b>\$ (0.018)</b>                          | <b>\$ (0.012)</b>                          | <b>\$ (0.011)</b>                         | <b>\$ (0.049)</b>                         |
| <b>Weighted average number of shares<br/>outstanding – basic and diluted</b> |          | <b>97,293,297</b>                          | <b>97,293,297</b>                          | <b>97,293,297</b>                         | <b>97,293,297</b>                         |

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

# NEXE INNOVATIONS INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
For the nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

|                                      | Note   | Number of<br>Common<br>Shares | Common Share<br>Capital | Other<br>Reserves   | Contributed<br>Surplus | Accumulated<br>Deficit | Total<br>Equity      |
|--------------------------------------|--------|-------------------------------|-------------------------|---------------------|------------------------|------------------------|----------------------|
| <b>Balance – May 31, 2023</b>        |        | <b>97,293,297</b>             | <b>\$ 66,189,968</b>    | <b>\$ 2,139,225</b> | <b>\$ 8,706,752</b>    | <b>\$ (37,545,557)</b> | <b>\$ 39,490,388</b> |
| Share-based compensation             |        | -                             | -                       | 499,055             | -                      | -                      | 499,055              |
| Net loss for the nine months ended   |        | -                             | -                       | -                   | -                      | (4,787,435)            | (4,787,435)          |
| <b>Balance – February 29, 2024</b>   |        | <b>97,293,297</b>             | <b>\$ 66,189,968</b>    | <b>\$ 2,638,280</b> | <b>\$ 8,706,752</b>    | <b>\$ (42,332,992)</b> | <b>\$ 35,202,008</b> |
| Share-based compensation             | 11, 12 | -                             | -                       | 136,221             | -                      | -                      | 136,221              |
| Net loss for the period ended        |        | -                             | -                       | -                   | -                      | (1,743,162)            | (1,743,162)          |
| <b>Balance – May 31, 2024</b>        |        | <b>97,293,297</b>             | <b>\$ 66,189,968</b>    | <b>\$ 2,774,501</b> | <b>\$ 8,706,752</b>    | <b>\$ (44,076,154)</b> | <b>\$ 33,595,067</b> |
| Share-based compensation             | 11, 12 | -                             | -                       | 285,706             | -                      | -                      | 285,706              |
| Net income for the nine months ended |        | -                             | -                       | -                   | -                      | (1,107,783)            | (1,107,783)          |
| <b>Balance – February 28, 2025</b>   |        | <b>97,293,297</b>             | <b>\$ 66,189,968</b>    | <b>\$ 3,060,207</b> | <b>\$ 8,706,752</b>    | <b>\$ (45,183,937)</b> | <b>\$ 32,772,990</b> |

## NEXE INNOVATIONS INC.

Condensed Interim Consolidated Statements of Cash Flows  
For the nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

|  | Note     | February 28, 2025 | February 29, 2024 |
|--|----------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                |          |                   |                   |
| Net loss for the period                                    |          | \$ (1,107,783)    | \$ (4,787,435)    |
| Items not affecting cash:                                  |          |                   |                   |
| Depreciation   | 5, 8, 14 | 1,338,008         | 1,286,861         |
| Inventory write-down                                       |          | 28,879            | 3,908             |
| Interest and accretion                                     |          | 87,302            | 141,781           |
| Gain on sale of assets                                     | 7        | (3,700,554)       | (5,828)           |
| Share-based compensation                                   |          | 285,706           | 499,055           |
|  |          | \$ (3,068,442)    | \$ (2,861,658)    |
| Change in non-cash working capital balances                |          |                   |                   |
| Increase in trade and other receivables                    |          | \$ (99,382)       | \$ (140,541)      |
| Decrease in inventory                                      |          | 46,429            | 106,262           |
| Increase (decrease) in trade and other payables            |          | 238,307           | (881,880)         |
| Decrease in deferred revenue                               |          | 9,838             | 68,339            |
| Increase in due from to related parties                    |          | -                 | 11,425            |
| <b>Net cash used in operating activities</b>               |          | \$ (2,873,250)    | \$ (3,698,053)    |
| <b>Cash flows from investing activities</b>                |          |                   |                   |
| Investing in GIC   |          | \$ -              | \$ (3,000,000)    |
| Decrease in term deposits                                  |          | 10,000            | -                 |
| Decrease in prepaid equipment, expenses and supplies       |          | 65,690            | 3,558,874         |
| Purchase of property, plant, and equipment                 |          | (179,777)         | (2,810,590)       |
| Proceeds from sale of assets, net of cost to sell          |          | 5,552,206         | 58,000            |
| Prepayment for purchase of property, plant and equipment   |          | -                 | (2,421,616)       |
| <b>Net cash provided by (used in) investing activities</b> |          | \$ 5,448,119      | \$ (8,313,385)    |
| <b>Cash flows from financial activities</b>                |          |                   |                   |
| Repayment of government loan                               |          | \$ (375,003)      | \$ (375,003)      |
| <b>Net cash used in financing activities</b>               |          | \$ (375,003)      | \$ (375,003)      |
| Net change in cash during the period                       |          | 2,199,866         | (8,688,388)       |
| Cash and cash equivalents – beginning of period            |          | 8,048,712         | 15,609,672        |
| <b>Cash and cash equivalents – end of period</b>           |          | \$ 10,248,578     | \$ 6,921,284      |

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

## NEXE INNOVATIONS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS

NEXE Innovations Inc. is a leader in plant-based compostable technology and advanced materials manufacturing based in Windsor, Ontario, Canada. The Company has developed, patented, fully compostable, plant-based, single-serve coffee pods for use in leading single-serve coffee machines.

NEXE Innovations Inc., formerly Whatcom Capital Corp. (“Whatcom”), was incorporated pursuant to the Business Corporations Act (British Columbia) on September 19, 2019. Whatcom subsequently completed an initial public offering as a Capital Pool Company and listed its common shares on the TSX Venture Exchange (the “Exchange”) on June 4, 2020. On December 15, 2020, Whatcom completed its qualifying transaction (the “Transaction”) with Nexe Innovations Inc. (“Privco”). The Company’s registered and records office is located at #1200 – 750 West Pender Street, Vancouver, British Columbia V6C 2T8 and its head office is located at 6845 Hawthorne Drive, Windsor, Ontario, Canada, N8T 3B8.

### 2. MATERIAL ACCOUNTING POLICIES

#### (a) Basis of presentation

##### Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with the IFRS Accounting Standards (as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”)) (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual consolidated financial statements for the year ended May 31, 2024, as some disclosure from the annual consolidated financial statements have been condensed or omitted. The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended May 31, 2024.

#### (b) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, located in Ontario, Canada, of NEXE Technology Corp., G-Pak Holdings Ltd., NEXE Coffee Ltd., and Xoma Operations Inc. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the Company has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in these condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

All significant inter-company balances and transactions between the Company and its subsidiaries have been eliminated in preparing the condensed interim consolidated financial statements.

#### (c) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## NEXE INNOVATIONS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

### 2. MATERIAL ACCOUNTING POLICIES (continued)

#### (d) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants and Restricted Share Units (“RSUs”) are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same as the inclusion of stock options, share purchase warrants and RSUs is considered to be anti-dilutive.

#### (e) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

### 3. INVESTMENT IN GIC

The short-term investment in GIC of \$3,000,000 as at February 28, 2025 (May 31, 2024 - \$3,000,000) is held with a Schedule “I” Canadian financial institution and fully redeemable. The GIC is for a six-month term, bearing interest at 3.55% per annum.

### 4. TRADE AND OTHER RECEIVABLES

A breakdown of the trade and other receivables follows:

| Trade and other receivables              | February 28, 2025 | May 31, 2024      |
|--|-------------------|-------------------|
| Trade receivable                         | \$ 151,588        | \$ 7,800          |
| GST receivable                           | 257,549           | 187,333           |
| Accrued interest                         | 13,130            | 127,752           |
| <b>Total trade and other receivables</b> | <b>\$ 422,267</b> | <b>\$ 322,885</b> |

Aging of the trade and other receivables follows (excluding GST receivables):

| Aging of trade and other receivables     | February 28, 2025 | May 31, 2024      |
|--|-------------------|-------------------|
| Current                                  | \$ 149,316        | \$ 127,752        |
| Over 90 days                             | 2,318             | 7,800             |
| <b>Total trade and other receivables</b> | <b>\$ 151,588</b> | <b>\$ 135,552</b> |



## NEXE INNOVATIONS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

### 5. INVENTORY

| Inventory              | February 28, 2025 | May 31, 2024      |
|------------------------|-------------------|-------------------|
| Raw material           | \$ 480,724        | \$ 577,747        |
| Finished goods         | 32,794            | 11,079            |
| <b>Total inventory</b> | <b>\$ 513,518</b> | <b>\$ 588,826</b> |

Prior to the net realizable value adjustment of \$28,879, the finished goods inventory cost includes depreciation of \$1,727 and \$2,761 for February 28, 2025, and May 31, 2024, respectively. The carrying amount of finished inventory is recorded at net realizable value, with the remaining inventory recorded at cost.

Cost of inventories recognized as an expense during the three and nine months ended February 28, 2025, amounted to \$257,118 and \$484,726, respectively; the three and nine months ended February 29, 2024 amounted to \$32,915 and \$303,447, respectively. During the three and nine months ended February 28, 2025 the inventory was written down for obsolescence by \$nil and \$28,879 respectively (May 31, 2024: \$17,149).

### 6. PREPAID EXPENSES AND DEPOSITS

The breakdown of prepaid expenses and deposits follows:

| Prepaid expenses and supplies              | February 28, 2025   | May 31, 2024        |
|--|---------------------|---------------------|
| Prepaid expenses and deposits              | \$ 1,484,515        | \$ 1,510,922        |
| Prepaid expenses on operating expenses     | 54,492              | 93,775              |
| <b>Total prepaid expenses and supplies</b> | <b>\$ 1,539,007</b> | <b>\$ 1,604,697</b> |

### 7. ASSETS HELD FOR SALE

Subsequent to moving the manufacturing facility from Surrey, BC to the new manufacturing facility in Windsor, ON, the then owned property at Surrey, BC was listed for sale in the market, and sold on July 30, 2024 for gross proceeds of \$5,700,000, resulting in a gain-on-sale of \$3,848,348 less-cost-to-sell of \$147,794 resulting in a net-gain of \$3,700,554. A breakdown of the property held for sale as at February 28, 2025 and May 31, 2024 follows:

| Assets held for sale                  | Cost                | Accumulated Depreciation | NBV                 |
|---------------------------------------|---------------------|--------------------------|---------------------|
| Property                              | \$ 2,025,185        | \$ 555,679               | \$ 1,469,506        |
| Building Improvements                 | 67,499              | 26,623                   | 40,876              |
| Land                                  | 341,270             | -                        | 341,270             |
| <b>Totals as of May 31, 2024</b>      | <b>\$ 2,433,954</b> | <b>\$ 582,302</b>        | <b>\$ 1,851,652</b> |
| Sale of Property                      | (2,433,954)         | (582,302)                | (1,851,652)         |
| <b>Totals as of November 30, 2024</b> | <b>\$ -</b>         | <b>\$ -</b>              | <b>\$ -</b>         |

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

## NEXE INNOVATIONS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended February 28, 2025 and February 29, 2024  
(Expressed in Canadian Dollars)

### 8. PROPERTY, PLANT AND EQUIPMENT

The breakdown of property, plant and equipment as at February 28, 2025 and as at May 31, 2024, follows:

| Property, plant, and equipment   | Computer Equipment | Furniture & Equip. | Machinery         | Building Improv. | Manuf. Facility  | Land             | Vehicles      | Gov. Loan Benefit <sup>(1)</sup> | Total             |
|--|--------------------|--------------------|-------------------|------------------|------------------|------------------|---------------|----------------------------------|-------------------|
|  | \$                 | \$                 | \$                | \$               | \$               | \$               | \$            | \$                               | \$                |
| <b>Net book value May 31, 2024</b>   | <b>3,901</b>       | <b>223,423</b>     | <b>13,676,760</b> | <b>3,770,082</b> | <b>2,520,176</b> | <b>1,241,373</b> | <b>95,484</b> | <b>(580,159)</b>                 | <b>20,951,040</b> |
| Consisting of:   |                    |                    |                   |                  |                  |                  |               |                                  |                   |
| Cost   | 46,553             | 928,263            | 17,376,824        | 4,123,131        | 3,192,102        | 1,241,373        | 96,623        | (1,409,113)                      | 25,595,756        |
| Accumulated depreciation   | (41,743)           | (644,771)          | (2,796,353)       | (328,021)        | (373,872)        | -                | (793)         | 828,954                          | (3,356,599)       |
| Impairment <sup>(3)</sup>  | (909)              | (60,069)           | (903,711)         | (25,028)         | (298,054)        | -                | (346)         | -                                | (1,288,117)       |
| <b>Net book value May 31, 2024</b>   | <b>3,901</b>       | <b>223,423</b>     | <b>13,676,760</b> | <b>3,770,082</b> | <b>2,520,176</b> | <b>1,241,373</b> | <b>95,484</b> | <b>(580,159)</b>                 | <b>20,951,040</b> |
| Additions  | -                  | -                  | 99,613            | 80,164           | -                | -                | -             | -                                | 179,777           |
| Depreciation <sup>(2)</sup>  | (1,977)            | (42,407)           | (1,092,322)       | (170,404)        | (119,378)        | -                | (21,581)      | 110,061                          | (1,338,008)       |
| <b>Net book value February 28, 2025</b>  | <b>1,924</b>       | <b>181,016</b>     | <b>12,684,051</b> | <b>3,679,842</b> | <b>2,400,798</b> | <b>1,241,373</b> | <b>73,903</b> | <b>(470,098)</b>                 | <b>19,792,809</b> |
| Consisting of:   |                    |                    |                   |                  |                  |                  |               |                                  |                   |
| Cost   | 46,553             | 928,263            | 17,476,437        | 4,203,295        | 3,192,102        | 1,241,373        | 96,623        | (1,409,113)                      | 25,775,533        |
| Accumulated depreciation   | (43,720)           | (687,178)          | (3,888,675)       | (498,425)        | (493,250)        | -                | (22,374)      | 939,015                          | (4,694,607)       |
| Impairment <sup>(3, 4)</sup>   | (909)              | (60,069)           | (903,711)         | (25,028)         | (298,054)        | -                | (346)         | -                                | (1,288,117)       |
| <b>Net book value February 28, 2025</b>  | <b>1,924</b>       | <b>181,016</b>     | <b>12,684,051</b> | <b>3,679,842</b> | <b>2,400,798</b> | <b>1,241,373</b> | <b>73,903</b> | <b>(470,098)</b>                 | <b>19,792,809</b> |
| <b>Total cost of assets not available<sup>(2)</sup> for use (Included in totals above)</b> | <b>-</b>           | <b>-</b>           | <b>2,377,142</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>      | <b>-</b>                         | <b>2,377,142</b>  |

(1) The benefit of the loans from government at a below-market interest rate is measured and recognized as the difference between the initial carrying value of the loans determined using the effective interest method and the proceeds received. The benefit amount is amortized in the profit and loss over the same period as the useful life of the machinery.

(2) No depreciation is calculated on assets not available for use.

(3) No impairment was recognized for the year ended May 31, 2024

(4) No impairment was recognized for the three and nine months ended February 28, 2025

### 9. GOVERNMENT LOAN

The Company received \$2,500,000 of loans from Western Economic Diversification Canada and is required to make monthly repayments of \$41,667, that were to commence August 1, 2020; however, an extension for repayment was granted to January 1, 2021, and maturity was extended to December 1, 2025. The loan was considered as an interest free loan and the difference between the fair value of the loan and the principal was credited against property, plant and equipment.

The continuity schedule as at February 28, 2025 and as at May 31, 2024 follows:

| Government loan               | February 28, 2025 | May 31, 2024      |
|-------------------------------|-------------------|-------------------|
| <b>Loan beginning balance</b> | <b>\$ 665,953</b> | <b>\$ 985,409</b> |
| Accretion                     | 87,302            | 180,548           |
| Repayment                     | (375,003)         | (500,004)         |
| <b>Loan ending balance</b>    | <b>\$ 378,252</b> | <b>\$ 665,953</b> |

As at February 28, 2025, the current portion of the loan repayable was \$378,252 (May 31, 2024: \$394,198) and the non-current amount was \$nil (May 31, 2024: \$271,755), both are recorded in the condensed consolidated statements of financial position.

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

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### 10. SHARE CAPITAL

#### Authorized:

Common Shares: unlimited without par value

#### Issued and outstanding:

As at February 28, 2025, the Company had 97,293,297 issued and outstanding (May 31, 2024: 97,293,297) common shares.

During the period ended February 28, 2025, the Company issued to senior management and other employees of the Company a total of 1,210,000 Restricted Share Units ("RSUs") each of which will be settled for one common share of the Company on the date that is 12 months from the date of grant, being January 27, 2026 in accordance with the Company's omnibus incentive plan.

### 11. WARRANTS AND STOCK OPTIONS

#### Warrants

The continuity schedule of the Company's share purchase warrants issued and outstanding for the period ended February 28, 2025 and May 31, 2024, follows:

| Warrants   | Weighted average exercise price | Number of warrants |
|--|---------------------------------|--------------------|
| Outstanding – May 31, 2024 and February 28, 2025 | \$ 0.35                         | 100,000            |

As of February 28, 2025, the following warrants were outstanding, and the weighted average remaining life of warrants outstanding was 0.255 years (May 31, 2024: 1.0 year).

| Expiry date  | February 28, 2025   |                                | May 31, 2024        |                                |
|--------------|---------------------|--------------------------------|---------------------|--------------------------------|
|              | Exercise price (\$) | Number of warrants outstanding | Exercise price (\$) | Number of warrants outstanding |
| June 1, 2025 | 0.35                | 100,000                        | 0.35                | 100,000                        |
| Outstanding  | 0.35                | 100,000                        | \$0.35              | 100,000                        |

#### Options

Continuity schedule of the Company's stock options granted and outstanding for the period ended February 28, 2025 and the year ended May 31, 2024, follows:

| Options outstanding             | Weighted average price | Number of Options |
|---------------------------------|------------------------|-------------------|
| Outstanding – May 31, 2023      | \$ 0.559               | 6,090,859         |
| Granted                         | 0.400                  | 1,865,000         |
| Forfeited                       | (0.400)                | (260,000)         |
| Forfeited                       | (0.495)                | (280,000)         |
| Outstanding – May 31, 2024      | \$ 0.527               | 7,415,859         |
| Issued                          | 0.440                  | 1,995,000         |
| Expired                         | (0.650)                | (600,000)         |
| Expired                         | (0.530)                | (750,000)         |
| Expired                         | (0.650)                | (500,000)         |
| Outstanding – February 28, 2025 | \$ 0.496               | 8,160,859         |

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

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### 11. WARRANTS AND STOCK OPTIONS (continued)

As at February 28, 2025 the following stock options were outstanding and exercisable with a weighted average remaining life of 2.59 years (May 31, 2024: 2.14 years):

| Options outstanding |                   | February 28, 2025             |  | May 31, 2024                  |  |
|---------------------|-------------------|-------------------------------|--|-------------------------------|--|
| Exercise price (\$) | Expiry date       | Number of options outstanding | Number of options vested and exercisable | Number of options outstanding | Number of options vested and exercisable |
| 0.53                | June 1, 2024      | -                             | -  | 750,000                       | 750,000                                  |
| 0.65                | October 10, 2024  | -                             | -  | 500,000                       | 500,000                                  |
| 0.65                | February 4, 2025  | -                             | -  | 600,000                       | 600,000                                  |
| 0.65                | June 1, 2025      | 500,000                       | 500,000                                  | 500,000                       | 500,000                                  |
| 0.65                | July 1, 2025      | 50,000                        | 50,000                                   | 50,000                        | 47,917                                   |
| 0.28                | October 2, 2025   | 355,859                       | 355,859                                  | 355,859                       | 355,859                                  |
| 0.80                | December 15, 2025 | 600,000                       | 600,000                                  | 600,000                       | 512,529                                  |
| 0.495               | March 17, 2027    | 2,455,000                     | 2,455,000                                | 2,455,000                     | 2,455,000                                |
| 0.400               | June 2, 2028      | 1,605,000                     | 1,605,000                                | 1,605,000                     | 535,003                                  |
| 0.440               | January 27, 2030  | 1,995,000                     | -  | -                             | -  |
| <b>Outstanding</b>  |                   | <b>8,160,859</b>              | <b>5,565,859</b>                         | <b>7,415,859</b>              | <b>6,256,308</b>                         |

During the period ended February 28, 2025, 1,995,000 options were granted. During the year ended May 31, 2024, 1,865,000 options were granted.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period ended February 28, 2025 and year ended May 31, 2024 respectively:

| Black-Scholes model                    | February 28, 2025 | May 31, 2024 |
|--|-------------------|--------------|
| Risk-free interest rate                | 2.91%             | 4.44%        |
| Expected life of options               | 5 years           | 5 years      |
| Share price                            | \$0.35            | \$0.42       |
| Annualized volatility                  | 88%               | 80%          |
| Dividend rate                          | 0.00%             | 0.00%        |
| <b>Valuation based on assumptions:</b> |                   |              |
| Fair value per option granted          | \$0.23            | \$0.28       |

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants and RSUs are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. All stock options, share purchase warrants and RSUs are excluded from calculation of diluted loss per share for each of the three and nine months ended February 28, 2025 and February 29, 2024 as their impacts are anti-dilutive.

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### 12. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions not otherwise disclosed in these condensed interim consolidated financial statements:

#### *Key management compensation*

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consisted of members of the Company's Board of Directors and corporate officers. The bonuses awarded to key management personnel during the year, represent key operational milestones reached by both the CEO and President.

|   |      | Three months ended<br>February 28,<br>2025 | Three months ended<br>February 29,<br>2024 | Nine months ended<br>February 28,<br>2025 | Nine months ended<br>February 29,<br>2024 |
|---|------|--|--|---|---|
| Key management compensation                                       | Note |  |  |   |   |
| Salary, benefits, bonuses, management, and consulting fees        |      | \$ 147,529                                 | \$ 160,263                                 | \$ 443,649                                | \$ 632,717                                |
| Share-based compensation to directors and officers of the Company |      | 55,681                                     | 54,706                                     | 152,996                                   | 286,729                                   |
| <b>Total</b>  |      | <b>\$ 203,210</b>                          | <b>\$ 214,969</b>                          | <b>\$ 596,645</b>                         | <b>\$ 919,446</b>                         |

### 13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

A breakdown of the selling, general and administrative expenses follow:

|  |      | Three months ended<br>February 28,<br>2025 | Three months ended<br>February 29,<br>2024 | Nine months ended<br>February 28,<br>2025 | Nine months ended<br>February 29,<br>2024 |
|--|------|--|--|---|---|
| Selling, general and administrative expenses           | Note |  |  |   |   |
| Administrative expenses                                |      | \$ 221,814                                 | \$ 143,827                                 | \$ 513,146                                | \$ 486,616                                |
| Advertising, marketing, and other promotional expenses |      | 240,545                                    | 25,417                                     | 350,870                                   | 194,498                                   |
| Consulting fees  | 12   | 96,705                                     | 4,280                                      | 405,520                                   | 188,400                                   |
| Legal and professional fees                            |      | 223,126                                    | 55,225                                     | 513,241                                   | 343,063                                   |
| Management fees  | 12   | 131,250                                    | 94,333                                     | 263,750                                   | 429,833                                   |
| Salaries and benefits                                  | 12   | 350,854                                    | 373,484                                    | 935,220                                   | 1,048,316                                 |
| <b>Total selling, general and administrative</b>       |      | <b>\$ 1,264,294</b>                        | <b>\$ 696,566</b>                          | <b>\$ 2,981,747</b>                       | <b>\$ 2,690,726</b>                       |

### 14. COST OF GOODS SOLD

|   |  | Three months ended<br>February 28,<br>2025 | Three months ended<br>February 29,<br>2024 | Nine months ended<br>February 28,<br>2025 | Nine months ended<br>February 29,<br>2024 |
|---|--|--|--|---|---|
| Cost of goods sold  |  |  |  |   |   |
| Direct material, direct labor, and direct overhead <sup>(1)</sup> |  | \$ 182,629                                 | \$ 31,808                                  | \$ 394,211                                | \$ 169,712                                |
| Indirect fixed factory overhead <sup>(2)</sup>                    |  | 64,591                                     | 4,265                                      | 82,926                                    | 61,035                                    |
| Depreciation  |  | 15,176                                     | 2,483                                      | 22,734                                    | 83,956                                    |
| <b>Total</b>  |  | <b>\$ 262,396</b>                          | <b>\$ 38,556</b>                           | <b>\$ 499,871</b>                         | <b>\$ 314,703</b>                         |

(1) Direct cost of product includes direct material, direct labor, merchant fees and freight.

(2) Indirect fixed factory overhead includes allocated costs such as utilities, insurance, maintenance, and property taxes.

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### 15. FINANCIAL INSTRUMENTS and RISK MANAGEMENT

#### Fair value of financial instruments

##### Fair value

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy. The fair value of cash and cash equivalents, term deposits, GICs, trade and other receivables, trade and other payables, and the government loan payable approximate their carrying values.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 – Inputs that are not based on observable market data. The Company has no financial instruments classified in Levels 1, 2, and 3.

#### Financial risk management

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents, term deposits, investments in GIC, and trade and other receivables are subject to credit risk for a maximum of the amount shown on the consolidated statements of financial position. The Company limits its exposure to credit risk on cash and cash equivalents by depositing only with reputable financial institutions and limits its exposure to credit risk on trade and other receivables and term deposits and investments in GICs by only working with large and well-funded organizations. The carrying amount of financial assets represents the maximum credit exposure. Management believes that the Company is subject to minimal credit risk.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents and term deposits and investment in GIC to meet its liquidity requirements at any point in time. The Company uses cash to settle its financial obligations, as they become due, with trade payables coming due on standard commercial terms. The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. It has sufficient cash and cash equivalents to meet the obligations in the following table below:

| <b>February 28, 2025</b> | <b>Less than 1 year</b> | <b>1 – 3 years</b> | <b>Over 3 years Total</b> |
|--------------------------|-------------------------|--------------------|---------------------------|
| Trade and other payables | \$ 2,381,524            | \$ -               | \$ 2,381,524              |
| Government loan payable  | 378,252                 | -                  | 378,252                   |
| <b>Total</b>             | <b>\$ 2,759,776</b>     | <b>\$ -</b>        | <b>\$ 2,759,776</b>       |

  

| <b>May 31, 2024</b>      | <b>Less than 1 year</b> | <b>1 to 3 years</b> | <b>Over 3 years Total</b> |
|--------------------------|-------------------------|---------------------|---------------------------|
| Trade and other payables | \$ 2,143,217            | \$ -                | \$ 2,143,217              |
| Government loan payable  | 394,198                 | 271,755             | 665,953                   |
| <b>Total</b>             | <b>\$ 2,537,415</b>     | <b>\$ 271,755</b>   | <b>\$ 2,809,170</b>       |

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

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### 15. FINANCIAL INSTRUMENTS and RISK MANAGEMENT (continued)

#### Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is only subject to interest rate risk on its cash and term deposits and investments in GICs in the bank and there is unlikely to be a material impact on net income (loss) as the bank deposits are short term.

#### Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

### 16. SEGMENT DISCLOSURE

The Company operates in one operating segment. All of the Company's assets are located in Canada.

Revenue by geographic customer location follows:

|                            | Three months ended<br>February 28,<br>2025 | Three months ended<br>February 29,<br>2024 | Nine months ended<br>February 28,<br>2025 | Nine months ended<br>February 29,<br>2024 |
|----------------------------|--|--|---|---|
| <b>Revenues by segment</b> |  |  |   |   |
| Canada                     | \$ 99,768                                  | \$ 24,927                                  | \$ 111,960                                | \$ 146,358                                |
| United States of America   | 73,953                                     | -  | 135,662                                   | -   |
| <b>Total revenues</b>      | <b>\$ 173,721</b>                          | <b>\$ 24,927</b>                           | <b>\$ 247,622</b>                         | <b>\$ 146,358</b>                         |

### 17. CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long-term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns to shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity. The Company manages its capital structure, and makes adjustments, based on the level of funds available to the Company to manage its operations and in light of economic conditions. The Company balances its overall capital through new share issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the period. These objectives and strategies are reviewed on a continuous basis.

### 18. COMMITMENTS

The Company has committed to procuring manufacturing and production equipment according to the information below. The Company used approximate exchange rates of 1.5013 (EUR) and 1.4434 (USD)

| Commitments  | Currency | Commitments      |                       | Payments         |                       | Outstanding           |
|--|----------|------------------|-----------------------|------------------|-----------------------|-----------------------|
|  |          | Stated in<br>F/X | CAD(\$)<br>Equivalent | Stated in<br>F/X | CAD(\$)<br>Equivalent | CAD(\$)<br>Equivalent |
| Suppliers paid in EUR currency                           | EUR      | 5,295,960        | 7,950,782             | 4,420,796        | 6,636,906             | 1,313,876             |
| <b>Commitments as at the end of the reporting period</b> |          |                  | <b>7,905,782</b>      |                  | <b>6,636,906</b>      | <b>1,313,876</b>      |

The bulk of the equipment (coffee capsule dosing and sealing machines) is from a European manufacturer and the Company is working towards an exclusive agreement for long-lead equipment. The scheduled delivery is undetermined as at February 28, 2025.

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### 19. CONTINGENT LIABILITIES

Due to the nature of its operations, the Company may from time to time be subject to disputes or claims from various customers and/or suppliers. The Company believes these claims do not have merit and are being defended by the Company. The ultimate outcomes of such claims or disputes are subject to the final resolution of such claims. As at February 28, 2025, the Company is unable to fully determine the outcome of these contingent liabilities and therefore has not accrued any amounts for such contingent liabilities.