NEXE INNOVATIONS INC.

(Formerly Whatcom Capital Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED AUGUST 31, 2021

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This Management Discussion & Analysis ("MD&A") of NEXE Innovations Inc. and its subsidiaries (referred to as the "Company" or "NEXE") was prepared by management as of November 1, 2021 and was reviewed and approved by the Board of Directors of NEXE. The following discussion of performance, financial condition and future prospects should be read in conjunction with the condensed interim consolidated financial statements for the three months ended August 31, 2021 and the annual audited consolidated financial statements for the years ended May 31, 2021, and 2020, and the notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The information provided herein supplements but does not form part of the Financial Statements. This discussion covers the three-month period ended August 31, 2021, and the subsequent period up to the date of issue of this MD&A.

The Company has prepared this MD&A following the requirements of National Instrument 51-102 ("NI-51-102"). These statements are filed with the relevant regulatory authorities in Canada. All currency amounts are expressed in Canadian dollars, unless otherwise noted.

DESCRIPTION OF BUSINESS

The Company has developed both Keurig® and Nespresso® machine-compatible single-serve pods made from plant-based materials, making them fully compostable. At the Company's head office facility in Surrey, British Columbia, the Company uses proprietary processes to significantly decrease supply chain risk and increase quality control. The Company, with its sophisticated capsule manufacturing capabilities, is one of the only solutions providers in the single-serve space that work with plant-based polymers. NEXE's investment in advanced CNC machining allows for true rapid prototyping and protection of its intellectual property.

The Company will continue to commercialize the NEXE Pod in Keurig® and Nespresso® format capsules and intends to develop the NEXE brand as the standard in fully compostable packaging. Ultimately, the Company aspires to be a leading partner to major consumer packaging companies ("CPG") and provide compostable solutions for a variety of beverages, including coffee, tea, and others.

OBJECTIVES AND STRATEGY

NEXE is placing the planet first. The Company's mission is to eliminate petroleum-based plastics from the planet by innovating and manufacturing 100% plant-based materials that can be returned to the soil after use. With proprietary in-house equipment and processes, the Company designs, manufactures, and commercializes fully compostable, plant-based materials for everyday consumer products including, but not limited, to single-serve coffee pods compatible with Keurig® and Nespresso® Machines. The Company has developed one of the only patented, fully compostable, plant-based, single-serve coffee pods for use in leading single-serve coffee machines. The proprietary NEXE pod is designed to reduce the significant environmental impact caused by single-serve pods – over 50 billion of which are discarded every year. Hundreds of municipalities in the European Union, Canada, and the United States are moving in the direction of introducing comprehensive compost systems, making the NEXE Pod a viable alternative to the typical plastic coffee capsules currently available in the marketplace.

For the past five years, the Company's research and development ("R&D") with its engineering teams and scientific partners have been hard at work figuring out how to make plant-based material scalable for high-speed manufacturing. Today, the Company's state-of-the-art facility positions NEXE to go above and beyond as it transforms wasteful consumer practices into powerful change and innovation. With over $60 million raised to date from equity and government funding and over six years of R&D, NEXE is well-positioned at the forefront of advanced material manufacturing and automation to meet the growing demand for environmentally friendly and sustainable products in the single-serve coffee sector and beyond.

HIGHLIGHTS

The following is an update of the Company's operational highlights including the completion of a $34.5 million financing:

Financial

- Completed an initial public offering on Dec 20, 2020.
- Raised more than $50 million of capital since initial public offering.
- Received support and validation from the federal and provincial governments in the form of grants and awards including $1 million from Innovative Solutions Canada, over $500k from IRAP, $300K from Innovate BC, and a $2.5 million non-dilutive zero-interest loan from the Western Innovation Initiative.
- Received eligibility for trading with the U.S. Depository Trust Company.

Sales and Product

- Commercialized NEXE's proprietary, fully compostable pods via the Company's in-house XOMA Superfoods. Xoma launched in calendar Q2 2021 and now offers five popular SKUs. The product is sold in NEXE's compostable pods, compatible with Keurig® Brewing Systems single-serve machines. The launch was met with positive media feedback.
- Commercialized NEXE's proprietary, fully compostable pods for use with Nespresso® OriginalLine machines. NEXE Coffee - NEXE's espresso pods for Nespresso® OriginalLine machines launched in July 2021 and have placed the Company in a strong position to gain greater market share in the single-serve beverage space.
- Investment in proprietary equipment allows NEXE to rapidly develop new packaging concepts.
- Initiated a plan to expand online sales channels through Amazon.com and other leading e-commerce platforms.
- NEXE has filed 6 Utility Patent Applications in both the U.S. and PCT (Patent Cooperation Treaty), 9 Trademark Applications, and 28 additional Provisional Patent Applications.
- Launched its second and third premium espresso blends to it lineup:
    - Medium Roast Espresso Blend: Full-bodied and smooth, NEXE's medium roast espresso brings together high-grade, certified organic beans, roasted in small batches. The Company works with women-led cooperatives in Sumatra to source beans that are sustainably grown, as well as with producers in Peru and Ethiopia.
    - French Roast Espresso Blend: Grown in the rugged mountain jungles of Sumatra, NEXE's French roast has a clean, juicy body, with hints of lemon-lime, cacao, pipe tobacco, light ginger, and a long finish. The certified organic beans are cultivated, harvested, hand sorted and wet hulled by a women-led cooperative.

Operational

- Took delivery of key equipment for the commercialization of fully compostable pods compatible with Keurig® and Nespresso® OriginalLine brewing systems.

- Developed initial infrastructure for full in-house vertical integration and a “Made in North America” manufacturing strategy including molding lines with complementary robotics automation.
- Doubled footprint in Surrey, BC to over 20,000 square feet.
- Added several key team members with strong CPG backgrounds.

Marketing and Distribution

The Company is focused on complementing its success with its online store and growing its direct-to-consumer sales through popular eCommerce platforms. The Company also has plans to offer its NEXE Coffee through Grocery retail/e-retail across North America.

NEXE is heavily focused on building a strong marketing foundation prior to launching NEXE Coffee in Keurig®-style pods in the U.S. and Canada. The strategy will leverage brand partnerships, user-generated content, trade, and consumer shows and other proven strategies to drive retail success. The distribution strategy consists of a two-phased launch into natural/specialty retail, as well as conventional retail and e-retail channels.

Manufacturing and Operational

The Company has allocated the necessary capital to bring its equipment needs in-house with the objective of providing it with full control over the design, manufacture, and operational functions of NEXE’s growing pod product lineup. These moves will accelerate ongoing R&D initiatives and reduce operational costs such as shipping, while eliminating bottlenecks related to delivery time.

Each scaled manufacturing line will be designed to add a capacity of approximately 50 million pods per year. NEXE recently committed to a further 7 lines, bringing the total to 10 allowing for capacity at the end of 2023 of a half a billion pods per year.

Intellectual Property

This vertical integration strategy is designed to protect NEXE’s expanding intellectual property (“IP”) portfolio. The Company has filed 6 Utility Patent Applications in both the U.S. and PCT and 28 additional Provisional Patent Applications. As NEXE expands the number of products under development beyond single-serve pods, the Company will look to commercialize these additional products with best-of-breed partners that have the expertise, distribution, and sales channels to quickly enter each market. In this situation, NEXE will establish ongoing licensing and royalty revenue streams to monetize its IP.

Building a Strong Team

The Company has added multiple key team members with robust CPG experience to drive future growth for the Company. NEXE intends to continue to grow its marketing and sales teams as manufacturing capacity increases over the next quarter. The team is pleased to welcome:

- Mr. Holman, VP Operations: Mr. Holman has more than 35 years of experience in Senior Engineering and Operations roles in the CPG industry. His extensive knowledge and work experience at companies such as Coca-Cola Canada Ltd., SC Johnson & Son, and Nestle USA provides the necessary leadership attributes for growing capacity at NEXE.

- Mr. Naccarato, Director of Retail Sales: Mr. Naccarato is a CPG expert who has been in the industry for over 12 years. In his former roles at Nutiva, Mr. Naccarato assisted in pioneering the Organic Medium-Chain Triglycerides (“MCT”) Oil category and played a major role in category growth of Organic Coconut Oil and other healthy fats, plant-based proteins, and nutraceuticals. He has cultivated many valuable relationships, held senior executive roles at rapidly growing companies and his data-oriented approach to revenue generation has led to sustained double digit year-over-year growth for all brands he has been a part of.

- Mr. Canning, Plant Manager: Mr. Canning has spent more than 18 years in senior management roles for a variety of manufacturing and service organizations. Mr. Canning specializes in the development and management of operational systems for improved company performance. He began his career in the Canadian Armed Forces where he graduated from the CAF School of Communications and Electronics Engineering with a specialization in telecommunications, cryptography, and served for 10 years in a variety of operations.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments has already adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The Company has established key guidelines and procedures related to security and access controls, health screening, isolation and quarantine, and facility infrastructure, maintenance, and cleaning, to ensure that its workplace practices are in line with local government recommendations and requirements, as well as compliant with the appropriate standards of safety, health, wellness and required workplace readiness. The Company continues to monitor key suppliers to prevent service disruptions or significant impacts in the delivery of services or goods from its suppliers.

As a result of the pandemic, the Company has experienced supply chain disruptions, particularly with machinery, human resource constraints, deterioration of consumer demand and market volatility. Although global market conditions may have affected market conditions and consumer spending patterns, the Company remains well placed to grow revenues through product innovations. The Company has reviewed its exposure from other emerging business risks but has not identified any other risks that could significantly impact the estimates used in the determination of plant and equipment, lease liability, and intangible assets that may have a significant impact on the Company's financial performance.

RESULTS OF OPERATIONS

FINANCIAL RESULTS for the THREE MONTHS ENDED AUGUST 31, 2021

For the three months ended August 31, 2021, the Company recorded a net loss of $2,016,955, or $0.02 per share, compared to a net loss of $783,303, or $0.04 per share, for the three months ended August 31, 2020. The increase was a result of the following:

- Administrative expenses increased to $307,672 (2020 - $48,079) primarily due to recruiting fees regarding senior management; office supplies; general repairs and maintenance; warehouse and lab supplies; insurance and utilities.
- Advertising and marketing increased to $222,256 (2020 - $55,210) predominantly due to advertising, lead development, ad programming, and podcast coverage.
- Advisory fees decreased to $1,336 (2020 - $139,715) due to the reduction of financial advisory work pertaining to capital market activities.
- Consulting fees increased to $151,859 (2020 - $27,263) primarily due to business strategy, corporate

(Expressed in Canadian Dollars)

development, revenue consulting, accounting, and regulatory filing services.

- Depreciation increased to $114,646 (2020 – $52,371) due to additional equipment purchased.
- The Company recorded a non-cash interest expense of $76,150 (2020 – $116,139) related to the accretion of interest associated with the interest free Government loan from the Western Innovation program.
- Management fees increased to $84,000 (2020 - $52,000) regarding employment and consulting agreement commitments that pertained to certain executives of the Company.
- Market and investor relations increased to $90,740 (2020 - $56,509) regarding increased activities with brokerage firms, institutions, and retail, in an effort to develop and support the business.
- Professional fees increased to $211,140 (2020 - $78,450) primarily due to IP legal work; fees to the Company's auditor regarding the review of the Q1 2022 Financial Statements; and legal fees regarding breach of contract cases and general corporate matters.
- Salaries and benefits increased to $414,767 (2020 - $50,583) with the hiring of additional staff, such as engineers, manufacturing, lab, accounting, administrative, and management personnel to grow the business.
- A non-cash share-based compensation expense of $193,424 (2020 - $82,614) was recorded for stock options granted to directors, officers, employees, and advisors.
- $17,372 (2020 - $nil) of transfer agent and filing fees were recorded due to ongoing regulatory compliance costs regarding the Company being public.
- Travel and promotion expenses increased to $23,985 (2020 - $10,932) primarily due to travel regarding the inspection of new equipment prior to delivery to the Company's head office location.
- The Company recorded increased interest income of $19,088 (2020 - $2,199).

SUMMARY OF QUARTERLY RESULTS

The following is summary of the Company's financial results for the eight most recently completed quarters:

	Three Months Ended Aug. 31, 2021 $	Three Months Ended May 31, 2021 $ (1)	Three Months Ended Feb. 28, 2021 $ (2)	Three Months Ended Nov. 30, 2020 $	Three Months Ended Aug. 31, 2020 $	Three Months Ended May 31, 2020 $	Three Months Ended Feb. 29 2020 $	Three Months Ended Nov. 30, 2019 $
Revenue	–	–	–	–	–	–	–	–
Net loss	(2,016,955)	(8,948,761)	(6,366,013)	(1,080,911)	(783,303)	(735,718)	(669,835)	(419,597)
Basic loss per share	(0.02)	(0.19)	(0.10)	(0.06)	(0.04)	(0.04)	(0.04)	(0.02)

(1) Included was the impairment of intangibles, plant and equipment that totaled $2,121,192; fair value of $1,852,500 regarding 3,250,000 performance warrants that were issued; write-off of common shares valued at $418,000; share-based compensation of $412,802.

(2) Included was a listing expense of $2,614,701 regarding the Whatcom Capital Corp. RTO transaction; the Company increased its use of consultants for business and corporate development and incurred advisory and consulting fees of $1,468,828; pursued a market awareness program to introduce future products and incurred increased advertising and media activities totaling $1,345,906.

COMMITMENTS

Equipment Procurement

The Company has committed to procuring manufacturing and production equipment that totaled €6,818,000, US$530,110, and $627,194, respectively, of which payments of €1,217,000, US$116,875, and $332,321, respectively, were made, with the remaining balances owed of €5,601,000, US$413,235, and $294,874, respectively, totaling approximately $8.9 million as at August 31, 2021. Certain equipment is expected to be delivered in calendar Q4 2021 with remaining payments due on delivery. 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 with expected delivery over the next 24 months.

Subsequent to August 31, 2021, the Company committed to purchasing a prototype dosing and sealing machine for €97,690, coffee capsule packaging and molding machines for US$2,356,285, respectively, of which a payment of €39,076 was made, leaving balances owing of €58,614, and US$2,356,285, respectively, and totaling approximately $3.0 million. The equipment is expected to be delivered in calendar Q4 2021. Furthermore, the Company paid €271,500 and US$225,063, respectively, towards prior purchase commitments, with remaining balances owing of €5,329,500, US$188,172, and $294,874, respectively, totaling about $8.2 million.

Warehouse Space Lease Agreement

The Company entered into an agreement for leased premises commencing February 1, 2021 and ending on February 28, 2026. Lease payments for the first month were $11,476 and each subsequent monthly lease payment is $13,125 for the remainder of the lease term.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2021, the Company had working capital of $47,829,501 (May 31, 2021 - $49,501,770), with cash and cash equivalents including guaranteed investment certificates (GICs) that totaled $45,506,908 (May 31, 2021 – $50,526,731).

All cash is held with Schedule A banks either in deposit accounts or guaranteed investment certificates, and the Company has no joint ventures with any parties that may potentially create derivative or hedge risk.

The Company has sufficient working capital to meet its ongoing operating and general administrative expenditures over the next twelve months.

OPERATING ACTIVITIES

For the three months ended August 31, 2021, the Company's operating activities used cash of $2,232,576, compared to cash used of $616,201 for operating activities for the three months ended August 31, 2020.

FINANCING ACTIVITIES

For the three months ended August 31, 2021, cash and cash equivalents used in financing activities of $907,317, compared to cash and cash equivalents provided of $399,751 for the three months ended August 31, 2020.

As at August 31, 2021, the Company had 96,737,974 issued and outstanding (May 31, 2021 - 96,628,674) common shares.

During the three months ended August 31, 2021, the Company issued 50,000 common shares from the exercise of warrants for proceeds of $50,000, and 34,300 common shares from the exercise of options for proceeds of $22,295. In addition, the Company issued 25,000 common shares at a deemed market price of $1.02 to a former employee of the Company, who met a performance related milestone in accordance with an employment agreement as a Shares for Services transaction, as defined in the policies of the TSX Venture Exchange.

INVESTING ACTIVITIES

For the three months ended August 31, 2021, cash and cash equivalents used by investing activities of $1,879,930, compared to cash and cash equivalents used of $155,142 for the three months ended August 31, 2020.

GOVERNMENT GRANTS

On April 21, 2020, the Company signed an agreement with the Department of Natural Resources, Innovative Solutions Canada to commence a project to develop a fully compostable coffee pod that meets the required dimensions required for Nespresso® coffee makers using plant-based polymers and, or wood fibre composites, in return for the Company to receive a $1,000,000 grant. Payments were made to the Company in four equal amounts of $250,000 in each of June, September, and October 2020, and January 2021.

OUTLOOK

The Company's primary focus is to commercialize the manufacturing facility to eventual capacity as it continues to receive the various important integrated pieces of equipment and supply chain. To streamline and scale production, the Company is working with various equipment manufacturers, globally, that not only help the Company reach scale but also to help develop the proprietary elements that increase the Company's intellectual property portfolio. Furthermore, as the organization continues to face the logistical bottlenecks brought on by COVID-19, the Company is also assessing more localized solutions as part of the manufacturing process to further expedite capacity build-out and build improved vertical integration as part of the process. Increased vertical integration means that the Company will be less reliant on third parties for manufacturing and that we are better able to handle the various components of the manufacturing process in-house.

As part of the Company's public and secondary offerings in the past two quarters, it intends to use this capital to commercialize and scale its coffee offerings for both the Nespresso® and Keurig® compatible brewing systems within fiscal 2022 by adding new SKUs for each as the Company expands capacity. The Company will be doing so by bringing on experienced team members who have expertise in operations, manufacturing, sales and marketing, and product development. In light of the recent and ongoing COVID-19 pandemic, the Company has decided to launch its own product lines as part of a direct to consumer offering. The Company intends to generate sales in fiscal 2022 through its own proprietary direct to consumer sites as well as through third party established sites, such as Amazon.com and Amazon.ca. Although the Company has taken the initiative to sell primarily and directly online, it is finalizing discussions to co-pack for well-established brands that will see the NEXE capsule in conventional grocers and on retail shelves.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, receivables, deposits, trade payables, accrued liabilities, deferred Government grant liability, due to related parties and a Government loan payable. The carrying values of these financial instruments approximate their fair values with the exception of the Government loan payable due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies, and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these Financial Statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) 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, and other receivables, are subject to credit risk for a maximum of the amount shown on the condensed interim 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 other receivables by only working with large and well-funded organizations. However, the company has significant cash to finance its ongoing operations over the next 2 years.

(b) 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 to meet its liquidity requirements at any point in time. The Company uses cash to settle its financial obligations as they fall due.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through financings and anticipates it will have adequate liquidity to fund its financial liabilities.

As at August 31, 2021, the Company's financial liabilities were comprised of trade and other payables, due to related parties, Government loan payable, and long-term lease liabilities, which have a maturity of less than one year and a loan payable, which is payable over five years that commenced on January 1, 2021. However, the company has significant cash to finance its ongoing operations over the next 2 years.

(c) 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 in the bank and there is unlikely to be a material impact on net income (loss) as the bank deposits are short term.

(d) 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.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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

As at August 31, 2021, the Company had $57,049 (May 31, 2021 - $18,586) due to key management personnel regarding employment and consulting agreement commitments which were included in due to related parties.

Key management compensation

For the period ended August 31, 2021, key management compensation included salaries and benefits, and management fees, paid to key management personnel of $235,906 (2020 - $123,181) and share-based compensation of $86,618 (2020 - $34,434).

FUTURE ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations are not yet effective and have not been early adopted in preparing these Financial Statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's Financial Statements.

Critical Accounting Estimates

Significant areas requiring the use of management estimates include the collectability of amounts receivable, balances of accrued liabilities, the fair value of financial instruments, the rates for depreciation of property and equipment, determination of estimates of deferred tax assets and liabilities, and the determination of variables used in the calculations of share-based payments. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

OTHER MD&A REQUIREMENTS

Disclosure Controls and Procedures

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures, and controls to ensure that information used internally and disclosed externally is complete and reliable. Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52- 109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic

Certificate with respect to the financial information contained in the Financial Statements for the three months ended August 31, 2021, and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. The Company will face a number of challenges in the development of its business.

Prospects for companies in the technology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in technology companies should be regarded as highly speculative. Technology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to NEXE or that NEXE believes to be immaterial may also adversely affect NEXE's business. If any one or more of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's shares could decline.

If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. Potential investors should consult with their professional advisors to assess an investment in the Company.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Risks Related to Regulation by Governmental Authorities

The activities of the Company may be subject to regulation by governmental authorities wherever its business is conducted. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the business, results of operations and financial condition of the Company.

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. Failure to follow regulatory requirements will have a detrimental impact on the business. Timing and nature of changes in legislation cannot be predicted and could irreparably harm the business.

Risks Related to Protection of Intellectual Property Rights

The future success of the Company's business is dependent upon the intellectual property rights surrounding the technology, including trade secrets, know-how and continuing technological innovation. Although the Company will seek to protect its proprietary rights through trademark registrations and patent applications, its actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. There can be no assurance that other companies are not investigating or developing other technologies that are similar to the technology.

Risks Related to Competition

To remain competitive, the Company will require a continued elevated level of investment in research and development, marketing, sales, and client support.

The Company believes that its ability to compete effectively depends upon many factors both within and beyond the Company's control, including:

- the usefulness, ease of use, performance, and reliability of the Company's products and services compared to its competitors;
- customer service and support efforts;
- marketing and selling efforts;
- the Company's financial condition and results of operations;
- changes mandated by legislation, regulatory authorities, or litigation, some of which may have a disproportionate effect on the Company;
- acquisitions or consolidation within the Company's industry, which may result in more formidable competitors;
- the Company's ability to attract, retain, and motivate talented employees and consultants;
- the Company's ability to cost-effectively manage and grow its operations; and
- the Company's reputation and brand strength relative to that of its competitors.

Risks Related to Management of Growth

The Company may in the future, experience rapid growth and development in a relatively brief period of time by aggressively marketing its products and services. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base.

Risks Related to Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting a transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter, unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

The Research and Development of the Single-Serve Beverage Pods has Required and will Continue to Require a Significant Investment and Commitment of Resources, is Subject to Numerous Risks and Uncertainties

NEXE has invested and expects to continue to invest in the research and development of its NEXE Pod technology.

Continued Innovation and the Successful Development and Timely Launch of New Platforms, Products and Product Extensions are Critical to the Company's Financial Results and Achievement of its Growth Strategy

The Company's financial results and its ability to maintain or improve its competitive position will depend on its ability to effectively gauge the direction of its key marketplaces and successfully identify, develop, manufacture, market and sell new or improved products in these changing marketplaces. As the Company and its industry evolve, the Company expects to face new challenges with respect to the introduction of innovative products and the changing competitive landscape within the single-serve category and the beverage industry. These challenges can occur at various stages, including design, supply chain and sales cycle.

Future Financial Results are Difficult to Predict, and Failure to Meet Market Expectations for the Company's Financial Performance or its Publicly Announced Guidance May Cause the Price of its Securities to Decline

The Company's public forecasts regarding the expected performance of the business and future operating results are forward-looking statements subject to risks and uncertainties, including the risks and uncertainties described in other public statements, and necessarily reflect current assumptions and judgments that may prove incorrect. As a result, there can be no assurance that the Company's performance will be consistent with any public forecasts or that any variation from such forecasts will not be material and adverse.

Product Safety and Quality Concerns could Negatively Affect the Company's Business

The Company's success depends in part on its ability to maintain consumer confidence in the safety and quality of all of its products. Product safety or quality issues, or mislabeling, actual or perceived, or allegations of product contamination or quality or safety issues, even when false or unfounded, could subject the Company to product liability and consumer claims, negative publicity, a loss of consumer confidence and trust, may require the Company from time to time to conduct costly recalls from some or all of the channels in which the affected product was distributed, could damage the goodwill associated with its brands, and may cause consumers to choose other products. Such issues could result in the destruction of product inventory, lost sales due to the unavailability of product for a period of time, and higher than anticipated rates of warranty returns and other returns of goods, all of which could cause the Company's business to suffer and affect its results of operations.

The Company's Long Term Purchase Commitments for Certain Strategic Materials Critical for the Manufacture of Pods could Impair its Ability to be Flexible in its Business Without Penalty

In order to ensure a continuous supply of high-quality materials, some of the Company's inventory purchase obligations may create long-term purchase commitments for certain strategic materials critical for the manufacture of pods. The timing of these may not always coincide with the period in which the Company needs the supplies to fulfill customer demand. This could lead to higher and more variable inventory levels and/or higher material costs.

Risk Related to Technological Obsolescence and Difficulty in Obtaining Equipment

To remain competitive, the Company will continue to invest in equipment at its facilities required for maintaining the Company's activities. Should competitors introduce new technologies, the Company recognizes its equipment, and its underlying technology may become obsolete and require substantial capital to replace such equipment, which could adversely affect an investment in the Company.

Risks Related to Insurance of the Company's Operations

The Company maintains insurance coverage including directors' and officers' insurance and commercial insurance covering the facility and the equipment within the facility. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company. While the Company believes its insurance coverage will address all material risks to which it is exposed and could be adequate and customary in its current state of operations, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed.

In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Risks Related to Product Development and Technology Change

The Company's success could be seriously affected by a competitor's ability to develop and market technologies that compete with the Company's technologies. To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of its technology. The single-serve beverage industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing operations and proprietary technology and systems obsolete.

Risks Related to Slow Acceptance of Products

The marketplace may be slow to accept or understand the significance of the Company's technology due to its unique nature and the competitive landscape. If the Company is unable to promote, market and sell its products and secure relationships with partners and purchasers, the Company's business and financial condition will be adversely affected, which could adversely affect an investment in the Company.

Company has an Evolving Business Model and thus its Services and Products could Change

To stay current with the industry, the Company's business model may need to evolve as well. From time to time, it may modify aspects of the Company's business model relating to Company's product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Company may not be able to manage growth effectively, which could damage the Company's reputation, limit the Company's growth, and negatively affect its operating results.

If the Company's Revenue is Primarily Derived from a Limited Number of Customers, the Loss of such Customer could have an Adverse Impact on the Company

Although the Company intends to seek a broad base of customers, if the Company's revenue is concentrated in one or a few larger customers, and such customers become dissatisfied with the Company's products and services, or the Company's pricing, or ceases to do business with the Company for any other reason, the operating results of the Company would be negatively and substantially impacted.

Interruptions or Delays in Service from the Company's Facilities could Impair the Delivery of the Company's Services and Harm its Business

The facilities may be vulnerable to damage or interruption due to floods, fires, power loss, telecommunications failures, and similar events. The facilities may also be subject to destruction, break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any damage to, or failure of, the Company's systems generally could result in stoppage interruptions in its service. Interruptions in its service may reduce its revenue, cause the Company to issue credits, or pay penalties, cause customers to terminate their contracts and adversely affect the Company's renewal rate and its ability to attract new customers.

The Company's business will also be harmed if its customers and potential customers believe the Company's service and products are unreliable. Despite precautions taken such as disaster recovery plans at these facilities, the occurrence of a natural disaster, an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the Company's services. Even with the disaster recovery arrangements and precautions taken at its facilities, the Company's services could be interrupted. Further, as the Company continues to grow and scale its business to meet the needs of its customers, additional burdens may be placed on its facilities. These interruptions, stoppages and burdens could adversely affect an investment in the Company.

The Company Depends on Highly Skilled Personnel to Grow and Operate its Business, and if the Company is Unable to Hire, Retain and Motivate its Personnel, the Company may not be able to Grow Effectively

The Company's future success will depend upon its continued ability to identify, hire, develop, motivate, and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and customer support representatives. The Company's ability to execute efficiently is dependent upon contributions from its employees, including its senior management team. In addition, there may occasionally be changes in the Company's senior management team that may be disruptive to its business. If the Company's senior management team, including any new hires that the Company may make, fails to work together effectively and to execute on its plans and strategies on a timely basis, its business could be harmed.

The Company's growth strategy also depends on its ability to expand its organization with highly skilled personnel. Identifying, recruiting, training, and integrating qualified individuals will require significant time, expense, and attention. In addition to hiring new employees, the Company must continue to focus on retaining its best employees. The Company may need to invest significant additional amounts of cash and equity to attract and retain new employees, and the Company may never realize returns on these investments. If the Company is not able to effectively add and retain employees, its ability to achieve its strategic objectives could be adversely impacted, and its business could be harmed.

If the Company is Unable to Maintain and Promote its Brand, its Business and Operating Results may be Harmed

The Company believes that maintaining and promoting its brand is critical to expanding its customer base. Maintaining and promoting its brand will depend largely on its ability to continue to provide useful, reliable, and innovative services, which the Company may not do successfully. The Company may introduce new features, products, services, or terms of service that its customers do not like, which may negatively affect its brand and reputation. Maintaining and enhancing the Company's brand may require it to make substantial investments, and these investments may not achieve the desired goals. If the Company fails to successfully promote and maintain its brand or if the Company incurs excessive expenses in this effort, its business and operating results could be adversely affected.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services, or products that the Company believes are strategic. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service, or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

The Company in the future may invest, in new business strategies, acquisitions and/or joint ventures. New ventures are inherently risky and may not be successful. In evaluating such endeavours, the Company is required to make difficult judgments regarding the value of business strategies, opportunities, technologies and other assets, and the risks and cost of potential liabilities. Furthermore, acquisitions and investments involve certain other risks and uncertainties, including the risks involved with entering new competitive categories or regions, the difficulty in integrating newly-acquired businesses, the challenges in achieving strategic objectives and other benefits expected from acquisitions, investments or joint ventures, the diversion of the Company's attention and resources from its operations and other initiatives, the potential impairment of acquired assets and liabilities, the performance of underlying products, capabilities or technologies and the potential loss of key employees and customers of the acquired businesses.

The Expansion or Development of the Business, including through Acquisitions, Increased Product Offerings or Other Strategic Growth Opportunities, may cause Disruptions in the Company's Business, which may have an Adverse Effect on the Company's Business, Operations, or Financial Results

The Company may seek to expand and develop its business, including through acquisitions, increased product offerings, or other strategic growth opportunities. In the ordinary course of business, the Company may review, analyze, and evaluate various potential transactions or other activities in which it may engage. Such transactions or activities could cause disruptions in, increase risk, or otherwise negatively impact its business. Among other things, such transactions and activities may:

- disrupt the Company's business relationships with its customers, depending on the nature of or counterparty to such transactions and activities;
- direct the time or attention of management away from other business operations;
- fail to achieve revenue or margin targets, operational synergies, or other benefits contemplated;
- increase operational risk or volatility in the Company's business; and/or
- result in current or prospective employees experiencing uncertainty about their future roles with the

Company, which might adversely affect the Company's ability to retain or attract key managers or other employees.

The Company may be Vulnerable to Security Breaches that could Adversely Affect its Operations, Business, Operations, and Reputation

The Company's infrastructure may be vulnerable to damage, disruptions, or shutdowns due to unauthorized access, computer viruses, cyber-attacks, and other security breaches. An attack attempt or security breach could potentially result in interruption or cessation of certain of the Company's services to its customers or the Company's inability to meet expected levels of service. The Company cannot guarantee that its security measures will not be circumvented, resulting in production interruptions and have a material adverse effect on its business, financial condition, or operational results.

The Company may be required to expend significant resources to protect against or recover from such threats. If an actual or perceived breach of its security occurs, the market perception of the effectiveness of its security measures could be harmed, and the Company could lose customers. Furthermore, the perpetrators of cyber-attacks are not restricted to particular groups or persons. These attacks may be committed by the Company's employees, contractors or external individuals or organizations operating from any geography. Any such events could result in legal claims or penalties, disruption in operations, misappropriation of sensitive data, damage to the Company's reputation, negative market perception, or costly response measures, which could adversely affect its business.

Additional Financing Requirements and Access to Capital

The Company may require additional funds for further research and development, sales and marketing, operations, working capital, and general corporate purposes. The Company may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other companies, government grants and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to the Company. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Company shares.

Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail, or discontinue operations.

Product Recalls and/or Product Liability may Adversely Impact the Company

The Company will be subject to regulation by a variety of regulatory authorities. In the event that the Company, does not adhere to product safety requirements or its quality control standards, it might not identify a deficiency before its ships its products to customers. The failure to produce products that adhere to the Company's quality control standards could damage its reputation and brands and lead to customer litigation against the Company and the Company may be required to remove or recall those products at a substantial cost. The Company may be unable to recover costs related to product recalls.

The Company's Business will be Highly Dependent on Sales of Coffee, and if Demand for Coffee Decreases, its Business would Suffer

Because the Company is highly dependent on consumer demand for coffee, a shift in consumer preferences away from coffee or its product offerings would harm the business more than if it had more diversified product offerings. If customer demand for coffee decreases, its sales would decrease, and the Company would be materially adversely affected.

Future revenues are dependent on demand for coffee. Demand for coffee and demand for single cup brewing systems is affected by many factors, including:

- Changes in consumer tastes and preferences;
- Changes in consumer lifestyles;
- National, regional, and local economic conditions;
- Perceptions or concerns about the environmental impact of the products;
- Demographic trends; and
- Perceived or actual health benefits or risks.

Risks Related to Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of technology companies have historically been highly volatile. Factors such as fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, and other factors could have a significant effect on the share price or trading volumes for the Company shares. The Company has not paid dividends to date and the Company does not expect to pay dividends in the near future.

Risks Related to No Assurance of an Active Trading Market

There can be no assurances that an active trading market in the Company shares on the Exchange will be sustained.

Risks Related to Equity Dilution to Shareholders

The issuance of any equity securities could, and the issuance of any additional shares will, cause the Company's existing shareholders to experience dilution of their ownership interests.

Any additional issuance of shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's shares.

Risks Related to Value of Securities

The value of the Company's shares may be reduced for a number of reasons, many of which are outside the control of the Company, including:

- general economic and political conditions in Canada, the United States and globally;
- governmental regulation of the beverage industry including coffee pods;
- failure to achieve desired outcomes by the Company;
- failure to obtain industry partner and other third-party consents and approvals, when required;

- stock market volatility and market conditions;
- competition for, among other things, capital, and skilled personnel;
- the need to obtain required approvals from regulatory authorities;
- revenue and operating results failing to meet expectations in any particular period;
- investor perception of the beverage, coffee, and single-serve coffee industries;
- limited trading volume of the Company's shares;
- announcements relating to the Company's business or the businesses of the Company's competitors; and
- the Company's ability or inability to raise additional funds.

Risks Related to Use of Proceeds

Although the Company has set out its intended use of proceeds in this MD&A, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Issuer's business, including the Company's ability to achieve its stated business objectives.

Risks Related to Global Economic and Financial Deterioration Impeding Access to Capital or Increasing the Cost of Capital

Market events and conditions, including disruption in the Canadian, U.S. and international financial markets and other financial systems and the deterioration of Canadian, U.S. and global economic and financial market conditions, could, among other things, impact currency trading and impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Current and future conditions in the domestic and global economies remain uncertain. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors, and regions of the economy, including the market area in which the Company will participate.

Risks Related to Litigation

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results, or financial condition.

Risks Related to Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly, and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Economic Environment and Global Economic Risk

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability.

Any economic slowdown and downturn of global capital markets could make the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the stock exchange.

Climate Change may have a Long-Term Adverse Impact on the Company's Business and Results of Operations

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit availability or increase the cost of key agricultural commodities, such as coffee, which are important sources of ingredients for the Company's business and products and could impact the food security of communities around the world. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt the Company's supply chain, or impact demand for its products. As a result, the effects of climate change could have a long-term adverse impact on the business and results of operations.

Business Interruptions Resulting from the COVID-19 Outbreak or Similar Public Health Crises Could Cause a Disruption to the Development and Distribution of Products and Adversely Impact Business

Public health crises such as pandemics or similar outbreaks could adversely impact the Company's business. In December 2019, a novel strain of a virus named SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, surfaced in Wuhan, China and has reached multiple other regions and countries, including Surrey, British Columbia, Canada where NEXE's primary office and facility is located. The coronavirus pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The extent to which the coronavirus impacts the demand for the Company's products and the Company's operations or those of third-party partners, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that will emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

The continued spread of COVID-19 globally could adversely impact the Company's product distribution, business relationships and sales, both locally and internationally. COVID-19 may also affect the Company's management personnel and employees as well as employees of third parties located in affected geographies that it relies upon.

Currency Risk Exposures

The Company may have financial risk exposure to varying degrees relating to the currency risk and volatility of each of the countries where it operates.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information.

All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties, and other factors that may cause actual future performance, achievement, or other realities to differ materiality from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement, or realities. Although the forward-looking statements and information contained in the MD&A reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information. Such risks and factors include, but are not limited to, the following:

- the Company may continue to operate at a net loss and a going concern;
- the Company has a limited operating history;
- the Company may require additional liquidity;
- the Company will continue as a going concern;
- the Company may be subject to litigation;
- the Company being able to secure and maintain its manufacturing equipment and facilities;
- the Company may need to take active steps to protect its intellectual property;
- research and development requires significant investment and commitment of resources;
- the Company's development and launch of new platforms and productions is critical to the Company's financial results and growth strategy;

- ability to meet market expectations for financial performance;
- any changes in the beverage environment and retail landscape;
- if the Company is reliant on a limited number of customers, the loss of such customers could have an adverse impact on its business;
- expansion of the business and increased product offerings may cause disruption of the Company's business;
- the Company's ability to maintain strategic relations with well recognized brands;
- product safety and quality concerns;
- the Company's ability to negotiate flexible long-term purchase contracts;
- risks associated with acquisitions;
- the Company's products and services may become obsolete without innovation;
- the Company maintaining adequate insurance;
- the Company's risks related to product development and technology change;
- the Company will be profitable;
- the Company's products will be accepted by the market;
- the Company has an evolving business model and thus its services and products could change;
- the Company will be dependent on the experience and skill of its management and key personnel;
- ability to promote its brand;
- the Company's growth depends in part on strategic relationships;
- the Company's ability to expand and grow its operations and scale production of its products;
- the Company may be vulnerable to security breaches;
- government regulation of the Company's products and services;
- the Company not infringing a third party's intellectual property rights;
- the Company faces competition from larger businesses;
- the Company may require additional financing;
- product recalls may have an adverse impact on the Company;
- the Company's business is dependent on demand for coffee;
- the directors and officers may engage in business that is in conflict with the Company;
- the common shares of the Company are speculative and may experience high volatility on the TSX-V;
- global economic conditions may adversely affect the Company's business;
- foreign exchange rates; and
- market perception of smaller companies.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward looking statements and information contained in this MD&A. All forward-looking statements and information disclosed in this MD&A, are qualified by this cautionary statement.

CORPORATE GOVERNANCE

The Company's board of directors and its committees adhere to recommended corporate governance guidelines for public companies listed on the TSXV to ensure transparency and accountability to shareholders. The current board of directors is comprised of five individuals, three of whom are independent of management as they are neither executive officers nor employees of the Company. The audit committee is currently comprised of three directors, who are independent of management and have strong financial backgrounds.

The audit committee's role is to ensure the integrity of the Company's reported financial results through its review of the interim and audited annual Financial Statements prior to their submission to the board of directors for approval. The audit committee meets with management, at least, quarterly to review the consolidated Financial Statements, as well as the management's discussion and analysis (MD&A), and to discuss financial, operational, and other important matters.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

As at November 1, 2021, the Company had 96,737,974 common shares issued and outstanding.

Share Purchase Warrants

As at November 1, 2021, the Company had 17,769,516 share purchase warrants outstanding.

On October 25, 2021, 461,460 warrants, at an exercise price of $1.10, expired unexercised, and on October 21, 2021, 285,000 warrants, at an exercise price of $1.10, expired unexercised.

Options

As at November 1, 2021, the Company had 4,475,319 stock options outstanding.

Fully Diluted

As at November 1, 2021, on a fully diluted basis, the share capital outstanding was 118,982,809.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.NEXE.ca.