



## Vext Announces Continued Growth in Q1 2022

- Revenue of \$10.8 million, +16% sequentially
- Adjusted EBITDA of \$3.9 million, + 15% sequentially
- Cash flow from operations of \$3.1 million
- The Company will hold a conference call and webcast on Tuesday, May 31, 2022 at 8am ET to review its financial results.

VANCOUVER, May 30, 2022 - [Vext Science, Inc.](#) (“VEXT” or the “Company”) (OTCQX: VEXTF; CSE: VEXT) a cannabinoid brand leader based in Arizona, leveraging its core expertise in extraction, manufacturing, cultivation and marketing to build a profitable multi-state footprint, today reported its financial results for the period ended March 31, 2022. All currency references used in this news release are in U.S. currency unless otherwise noted.

### Summary Financial Results (unaudited)

	Q1 2022	Q4 2021	Q1 2021
Revenue	\$10,791,133	\$9,307,944	\$9,160,291
Gross margin before impact of biological assets (%) <sup>1</sup>	75%	42%	45%
Adjusted Gross Margin (%) <sup>1,*</sup>	57%	42%	45%
Adjusted EBITDA <sup>1</sup>	\$3,886,594	\$3,370,272	\$3,061,896
Adjusted EBITDA margin (%) <sup>1</sup>	36%	36%	33%

\*Adjusted Gross Margin is adjusted for the one-time fair value adjustment to inventory made as a result of Vext’s transition to a for-profit operating and accounting model. The Company does not expect to report Adjusted Gross Margin on an ongoing basis.

### Management Commentary

**Eric Offenberger, CEO of Vext** commented, “Q1 marked an excellent start to the year for Vext, as our team continued to invest in targeted promotions, while maintaining solid gross margins. An efficient operating model, product positioning and category focus will continue to be key success factors in 2022 as consumer-facing industries grapple with the impact of inflation on consumer discretionary income. Vext’s operating model, which has been designed to maintain rigorous cost control, generated growth in Adjusted

<sup>1</sup> See “Non-IFRS Financial Measures” below for more information regarding Vext’s use of Non-IFRS financial measures and other reconciliations.

EBITDA of 15% compared to Q4. Many brands are aimed at the high end of the market, and while there is room for those, our Vapen line of products, which consistently ranks as one of Arizona’s leading brand portfolios, is positioned to deliver high quality at a price that represents consistent value and delivers profitability to the Company.”

**Mr. Offenberger** continued, “We expect the remainder of 2022 to be an important period for Vext, as we continue to grow in Arizona, and initiate further expansion in Ohio, beginning with the expected approval of our first dispensary license in the state, through a joint venture, during the summer. Despite macro challenges, the current market environment will continue to present opportunities for Vext. We are positioned to gain market share as other operators struggle, backed by a strong balance sheet, ongoing cash flow generation, and a team that has proven its ability to execute. We will take the right steps to continue building loyalty with our customers, and value for our shareholders.”

### **Summary of Recent Operating Developments**

- As of January 1, 2022, Vext transitioned from a not-for-profit operating and accounting framework to a for-profit framework in the state of Arizona. Previously, the Company operated two dispensaries in Phoenix and as of Q1 2022, Vext now has ownership of these dispensaries and they are reflected on its balance sheet. In addition, during Q1, Vext brought the biological assets of the dispensaries on to its balance sheet under IAS 41.
- Senior financial and operations executive Daniel Engel joined the Company on May 2, 2022, as the Company’s CFO.
- In Q1, the Company completed expansions of its cultivation facility in Prescott Valley, bringing Vext’s total indoor cultivation footprint to 24,000 square feet.

### **Q1-2022 Financial Results Conference Call**

Vext will host a conference call and webcast on Tuesday, May 31, 2022 at 8am ET to discuss its first quarter financial results.

**Date:** May 31, 2022 | Time: 8:00am ET

**Participant Dial-in:** 416-764-8609 or 888-390-0605

**Replay Dial-in:** 416-764-8677 or 1-888-390-0541

**Conference ID:** 07179410

**Playback #:** 179410 (Expires on June 14, 2022)

**Listen to webcast:** <https://bit.ly/3GquaGE>

For more details, visit Vext’s [investor website](#) or contact the IR team at [investors@vextscience.com](mailto:investors@vextscience.com).

### **Non-IFRS Financial Measure**

The Company has provided certain non-IFRS financial measures including “Gross margin”, “Adjusted EBITDA” and “Adjusted EBITDA margin”. These non-IFRS financial measures do not have a standardized definition under IFRS, nor are they calculated or presented in accordance with IFRS and may not be comparable to similar measures presented by other companies. The Company defines “Gross margin” as Gross Profit divided by Revenue. The Company defines “Adjusted EBITDA” as net income (loss) from

operations, as reported, before interest and tax, adjusted to exclude extraordinary items, non-recurring items, other non-cash items, including stock-based compensation expense, depreciation and amortization, foreign exchange and acquisition related costs, if applicable. The Company defines “Adjusted EBITDA margin” as Adjusted EBITDA divided by Revenue.

The Company has provided these non-IFRS financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Company believes that these supplemental non-IFRS financial measures provide a valuable additional measure to use when analyzing the operating performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented herein. The following tables provide a reconciliation of each of the non-IFRS measures to its closest IFRS measure.

The following information provides reconciliations of the supplemental non-IFRS financial measure presented herein to the most directly comparable financial measure calculated and presented in accordance with IFRS.

#### **Gross Margin Before Impact of Biological Assets and Adjusted Gross Margin**

**Gross Margin Before Impact of Biological Assets** is defined as: Gross Profit Before Impact of Biological Assets, divided by Revenue.

**Adjusted Gross Margin** is defined as: Gross Margin Before Impact of Biological Assets, adjusted for one-time inventory fair value adjustment, divided by Revenue.

	<b>Q1 2022</b>
<b>Revenue</b>	<b>\$10,791,133</b>
<b>Gross Profit</b>	<b>\$9,266,265</b>
Change in Fair Value of Biological Assets	(\$1,216,152)
<b>Gross Profit Before Impact of Biological Assets</b>	<b>\$8,050,113</b>
Relative fair value adjustment to inventory	(\$1,900,000)
<b>Adjusted Gross Profit</b>	<b>\$6,150,113</b>
<b>Gross Margin Before Impact of Biological Assets</b>	<b>75%</b>
<b>Adjusted Gross Margin</b>	<b>57%</b>

## Adjusted EBITDA

	Q1 2022	Q4 2021	Q1 2021
<b>Net income after taxes</b>	<b>\$3,458,230</b>	<b>\$1,085,087</b>	<b>\$1,139,077</b>
Interest expense	\$322,900	\$233,420	(\$13,876)
Taxes	\$1,475,051	\$462,523	\$398,900
Depreciation & amortization	\$1,471,310	\$939,470	\$718,394
<b>EBITDA</b>	<b>\$6,727,491</b>	<b>\$2,720,501</b>	<b>\$2,242,495</b>
Accretion	\$12,372	\$170,546	\$58,399
Share (Profit)/Loss on Joint Ventures	\$177,399	\$130,860	\$303,157
Share-based compensation	\$85,696	\$132,822	\$424,953
Gain on derecognition of Right-of-Use Asset	–	–	–
(Gain)/Loss on Investment	–	\$212,675	–
Foreign exchange	(\$212)	\$2,869	\$5,140
Change in fair value of Biological Assets	(\$1,216,152)	–	–
Relative fair value adjustment to inventory*	(\$1,900,000)	–	–
<b>Adjusted EBITDA</b>	<b>\$3,886,594</b>	<b>\$3,370,272</b>	<b>\$3,034,144</b>

\*Related to acquisition of the dispensaries

### About VEXT Science, Inc.

[Vext Science, Inc.](#) is a US-based Cannabis THC and Hemp cannabinoid products company manufacturing THC cartridges, concentrates, edibles and accessories under the Vapen™ Brand, and Hemp based products under the Pure Touch Botanicals brand as well as the Vapen CBD brand. Based in Arizona, Vext Science, Inc. has one of the leading THC concentrates, edibles, and distillate cartridge brands sold in most of the state's 100+ dispensaries. Herbal Wellness Center is one of Arizona's leading dispensaries and we execute all aspects of the cultivation, extraction, edibles infusion and manufacturing processes which insures a product of the highest quality and purity. Product quality and purity are core to our marketing strategy. Vext Science, Inc. is executing its business growth by leveraging experience and expertise in extractions, product manufacturing, and marketing to expand in the U.S. through revenue and profit-sharing joint venture partnerships. For more information visit our website at [www.VextScience.com](http://www.VextScience.com) or connect with us on [LinkedIn](#) and [Twitter](#).

For more details on the Vapen brand:

Vapen website: [VapenBrands.com](http://VapenBrands.com)

Instagram: [@vapen](#)

Facebook: [@vapenbrands](#)

### Forward Looking Statements

This news release contains “forward-looking statements”. Wherever possible, words such as “may”, “would”, “could”, “should”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “potential for” and similar expressions have been used to identify these forward-looking statements. These forward-looking statements reflect the current expectations of the Company's management for future growth, results of operations, performance and business prospects and opportunities and involve significant known and unknown risks, uncertainties and assumptions, including, without limitation: the Company's outlook for and expected operating margins, capital allocation and other financial results; statements relating to the business and future activities of, and developments related thereto, the Company after the date of this news release; statements relating to the business and future activities of, and developments related thereto, the Company after the date of this news release, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations regarding cultivation and manufacturing capacity; expectations of market size and growth in the U.S. and the states in which the Company operates; inflation pressures; the timeline to buildout the Eloy cultivation facility, the timeline to transition an operating cannabis dispensary to the Joint Venture; expectations for other economic business or competitive factors related to the Company; the Company' business outlook, those listed in the annual information form of the Company dated September 17, 2020, the short form prospectus and the other filings made by the Company with the Canadian securities' regulatory authorities (which may be viewed at [www.sedar.com](http://www.sedar.com)). Should one or more of these risks or uncertainties materialize or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this news release. These factors should be considered carefully, and prospective investors should not place undue reliance on the forward-looking statements. The Company disclaims any intention or obligation to revise forward-looking statements whether as a result of new information, future developments or otherwise, except as required by law.

**The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.**

**Eric Offenberger**  
**Chief Executive Officer**  
844-211-3725

**For further information:**  
Jonathan Ross, Vext Investor Relations  
[jon.ross@loderockadvisors.com](mailto:jon.ross@loderockadvisors.com)  
416-244-9851

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