



VEXT SCIENCE Reports Second Quarter 2020 Financial Results



- VEXT generated Revenue of \$6.7 million and Adjusted EBITDA¹ of \$1.65 million in Q2-2020 driven by growth in the Company's well-established Arizona operations and focused cost control.
- The Company has begun a 10,000 square foot expansion of its cultivation, extraction, and production footprints in the State to ready for growth in retail and wholesale demand upon Arizona's anticipated transition to an adult-use market in 2021.
- VEXT currently operates two dispensaries in the key Phoenix market and its Vapen brand is currently stocked on the shelves of over 80% of licensed dispensaries in the State.

VANCOUVER, September 1, 2020 /CNW/ – Vext Science, Inc. (“VEXT” or the “Company”) (OTCQX: VEXTF; CSE: VEXT) a cannabinoid brand leader leveraging core expertise in extraction, manufacturing, cultivation and marketing to build wholesale distribution

through revenue and joint ventures, today reported its financial results for the period ended June 30, 2020. All currency references used in this news release are in U.S. dollars (\$).

Summary Financial Results (unaudited)

	Q2 2020	Q1 2020	Q2 2019
Gross Revenue	\$6,736,723	\$4,096,098	\$6,696,775
Gross margin (%)	37.8%	29.0%	46.0%
Operating Expenses	\$1,698,578	\$2,310,928	\$1,568,196
Net income (loss) after taxes	\$556,397	(\$971,020)	\$1,179,062
Net income (loss) per share, diluted	\$0.01	(\$0.01)	\$0.02
Adjusted EBITDA ^[1]	\$1,646,083	(\$637,237)	\$1,841,526

[1] See "Non-IFRS Financial Measures".

Management Commentary First Quarter 2020 Results Overview

"I am very proud of our team in Arizona for generating solid Revenue and Adjusted EBITDA performance in Q2 while taking measures to ensure patients were able to maintain safe, consistent access to the cannabis products they require," said **Eric Offenberger, CEO of VEXT**. "Our West Phoenix location is a consistently strong performer and we expect continued growth through the remainder of 2020 as our second dispensary in North Phoenix ramps-up following the grand opening on July 10th, and as we begin to see results from the early growth of some of our joint ventures in other states."

Mr. Offenberger continued, "The next 18 to 24 months is expected to be a milestone period for Arizona operators, with Proposition 207 on the November ballot and the strong expectation that Arizona, which is already one of the most robust medical

markets in the U.S., will move to an adult-use framework beginning in 2021. Having operated in the State since 2013, VEXT is well-positioned to maintain and grow its market share both under the current medical framework as well as in a transition to adult-use. The Company operates two strategically located Phoenix dispensaries, both of which are generating solid monthly traffic and ticket growth. In addition, the Company is actively investing in expanded cultivation, extraction and production footprints to support its operated dispensaries, its current brand reach into over 80% of licensed dispensaries in the State, and to enable VEXT to capitalize on wholesale opportunities as demand in the State continues to grow.”

Summary of Recent Operating Developments

Arizona

- On August 18, 2020, VEXT announced that it had received approval from the City of Phoenix for a 10,000 square foot expansion in its cultivation, extraction, and production footprints. This deepens the Company’s commitment to the rapidly growing Arizona medical market, which is anticipated to shift to an adult-use market in 2021. It also ensures consistent supply for the two Phoenix dispensaries operated by VEXT and opens additional wholesale opportunities, backed by expanded lab and manufacturing space.
- On July 14, 2020, the Company announced it had been awarded a Certificate of Occupancy for its new dispensary in North Phoenix, at 1720 E Deer Valley Rd. The dispensary is conveniently located near a high traffic shopping and business center and is located close to major thoroughfares. This location was included in the Company’s results as of the closing date of April 6, 2020.

Additional Markets

VEXT has been actively pursuing joint venture opportunities with established partners in select states outside of Arizona. The objective of these agreements is to establish and grow the Company’s footprint in a capital-light manner, leveraging VEXT’s proven manufacturing and processing model. While these agreements are not a material

contributor to the Company's financial results currently, they are expected to generate long-term financial returns for shareholders.

- On June 16, 2020, VEXT announced that its Kentucky extraction facility began production and sale of a full line of high-quality CBD products under the Pure Touch Botanicals and Vapen CBD brands.
- On June 11, 2020, the Company announced that it had entered into a joint operation agreement with Green Goblin Inc. of San Diego, to operate extraction, distillation, and kitchen operations. This agreement will enable VEXT to enter the California market and successfully launch the Vapen brand with minimal risk and capital commitment.
- On June 2, 2020, VEXT announced that its Oklahoma extraction facility began production and sale of a full line of high-quality Vapen branded THC extracts.

Retains LodeRock Advisors for Strategic Investor Relations

The Company has retained LodeRock Advisors Inc. ("LodeRock") for strategic investor relations and capital markets communication services.

Under the terms of the agreement, which will continue until either party has terminated the agreement with thirty (30) days' notice. In the first year of the agreement, VEXT will pay LodeRock an average monthly fee of approximately C\$11,000 for ongoing strategic communication services. At the time of this agreement, neither LodeRock nor its principals have any material direct or indirect interest in VEXT securities.

LodeRock is a Toronto-based group of senior capital markets communications executives who develop and execute communications programs in order to help companies achieve their capital markets objectives and capture the full potential of their public listing.

Non-IFRS Financial Measure

The Company has provided certain non-IFRS financial measures including Adjusted EBITDA. 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 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.

Adjusted EBITDA

Adjusted EBITDA represents 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.

Accordingly, 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.

	Q2 2020	Q1 2020	Q2 2019
Net income (loss) after taxes	\$556,398	(\$971,020)	\$652,753
Interest expense (income)	\$43,765	\$76,726	(\$14,604)
Taxes	-	-	\$859,151
Depreciation & amortization ^[1]	\$426,024	\$269,098	\$222,166
Accretion	\$25,354	\$26,134	-
Share based payments	\$461,926	\$87,406	\$122,060
Loss on asset disposal	-	\$766	-
Foreign exchange	\$132,616	(\$126,347)	-

Adjusted EBITDA	\$1,646,083	(\$637,237)	\$1,841,526
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[1] Includes depreciation reported in cost of sales.

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. and internationally through revenue and profit-sharing joint venture partnerships. For more information visit our website at www.VextScience.com.

COVID-19 Risk Factor

VEXT may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact VEXT by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how VEXT may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which VEXT is subject. Although VEXT has

been deemed essential and/or has been permitted to continue operating its facilities in the states in which it operates during the pendency of the COVID-19 pandemic, there is no assurance that the Company's operations will continue to be deemed essential and/or will continue to be permitted to operate. VEXT may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results, financial condition, and the trading price of the Company's Common Shares.

Forward Looking Statements

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in VEXT's periodic filings with Canadian securities regulators. When used in this news release, words such as "anticipate, will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward- looking statements.

Forward-looking statements may include, without limitation, statements related COVID-19, to future developments and the business and operations of VEXT, Proposition 207 in Arizona and the possible timeline to implement an adult-use cannabis market, and revenue and profit contribution for VEXT's operations.

Although VEXT has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; being engaged in activities currently considered illegal under U.S. Federal laws; change in laws; reliance on management; requirements for additional financing; competition; hindered market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and; regulatory or political change.

There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. Because of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. VEXT disclaims any intention or obligation to update or revise such information, except as required by applicable law, and VEXT does not assume any liability for disclosure relating to any other company mentioned herein.

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

Eric Offenberger
Chief Operating Officer

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