



Vext Generates Solid Operating Performance in Fiscal 2022 – Continued Growth in Adjusted EBITDA

- *Demonstrates ability to drive consistent operating performance even against a challenging consumer backdrop – 2022 Revenue of \$35.4 million; Adjusted EBITDA of \$15.1 million (+12.8% vs. 2021).*
- *Q4 Revenue and Adjusted EBITDA of \$8.2 million and \$3.2 million, respectively.*
- *2023 expected to bring significant growth for Vext, as results derived from the [recent announcement](#) of its acquisition of vertically integrated Ohio operations are consolidated into its financial results¹.*

VANCOUVER, BC, March 22, 2023 - [Vext Science, Inc.](#) (“VEXT” or the “Company”) (CSE: VEXT; OTCQX: VEXTF) a U.S.-based cannabis operator with vertical operations in Arizona and Ohio¹, today reported its financial results for the period ended December 31, 2022. All currency references used in this news release are in U.S. currency unless otherwise noted.

Summary Financial Results

| | FY 2022 | FY 2021 | Q4 2022 | Q4 2021 |
|---|---------------------|--------------|--------------------|-------------|
| Revenue | \$35,410,635 | \$37,243,709 | \$8,180,603 | \$9,307,944 |
| Gross margin before fair value adjustments (%) ² | 59% | 44% | 50% | 42% |
| Adjusted Gross Margin (%) ^{2, 3} | 59% | 44% | 50% | 42% |
| Adjusted EBITDA ² | \$15,118,393 | \$13,394,263 | \$3,180,834 | \$3,370,272 |
| Adjusted EBITDA margin (%) ² | 43% | 36% | 39% | 36% |

Management Commentary

Eric Offenberger, CEO of Vext commented, “Overall, I am very pleased with our performance through the challenging consumer environment that emerged, particularly during the second half of 2022, which

¹ Vext has entered into a definitive agreement to acquire Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies, along with Buckeye Botanicals, LLC, an Ohio limited liability company operating a dispensary in Jackson, Ohio operating under the name Herbal Wellness Center Ohio. These proposed acquisitions (the “Ohio Acquisitions”) are expected to close by the end of the second quarter of 2023.

² See “Non-IFRS Financial Measures” below for more information regarding Vext’s use of non-IFRS financial measures and other reconciliations.

³ Adjusted Gross Margin is adjusted for the one-time fair value adjustments to inventory in Q1 & Q2 2022 that were 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 after Q2 2023.

was driven by record high inflation rates and resulting pressure on consumer discretionary income. Arizona market sales were flat for 2022⁴ and we held our own, with revenue of \$35.4 million for the year and \$8.2 million for Q4. Our team continued to execute on our business objectives, launching targeted promotions to drive traffic and maximize basket, while finding consistent efficiencies, driving Adjusted EBITDA of \$15.1 million for the year, up 12.8% from 2021. Our financial performance in 2022 reaffirms Vext's track record as a profitable operator with a keen focus on driving efficiencies. While we expect the underlying effects of this environment to persist through at least mid-2023, we expect continued results from our Arizona operations and clearly see the Ohio market as a catalyst for Vext as we close our recently announced acquisition of vertical operations in the state¹. With its significantly larger population, steady growth in patient count and potential for future adult-use transition, we expect Ohio to propel growth for Vext, contributing meaningfully towards revenue, profitability and cash flow over the next few years as we continue to focus on building value for our shareholders.”

Summary of Recent Announcements

- On December 15, 2022, the Company [announced](#) that it has entered into definitive agreements to acquire Appalachian Pharm Processing, LLC, an Ohio limited liability company (“APP”), together with its subsidiaries and affiliated companies for total consideration of approximately \$12.5 million. The Ohio Acquisitions will create a fully vertically integrated entity in Ohio, with an operating Tier I cultivation facility, an operating manufacturing facility, and strategically located, fully operational retail storefronts.
- On February 21, 2023, the Company [announced](#) that an affiliated entity of the Company's joint venture partner, APP, achieved its first harvest out of its Tier 1 cultivation facility in Jackson, Ohio.
- On February 23, 2023, Vext [received a Certificate of Occupancy](#) by the City of Eloy for its 17,000 square foot cultivation space in Eloy. The Company expects to begin planting during the second quarter of 2023, with a first harvest estimated in the third quarter of 2023.

Q4-2022 Financial Results Conference Call

Vext will host a conference call and webcast on Wednesday, March 22, 2023 at 8:00 a.m. ET to discuss its fourth quarter financial results.

Date: March 22, 2023 | **Time:** 8:00am ET

Participant Dial-in: 416-915-3239 or 1-800-319-4610

Replay Dial-in: 1-800-319-6413

Conference ID: 10021444

Playback #: 9960 (Expires on April 5, 2023)

Listen to the webcast: <https://www.gowebcasting.com/12491>

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

⁴ State of Arizona taxable sales as at March 2023.

Non-IFRS Financial Measure

The Company has provided certain non-IFRS financial measures including “Gross margin”, “Adjusted 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. “Adjusted Gross Margin” is defined as Gross margin before the impact of biological assets, as adjusted for one-time inventory fair value adjustment, 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 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.

| | FY 2022 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|---|---------------------|--------------------|-------------|-------------|---------------|
| Revenue | \$35,410,635 | \$8,180,603 | \$7,673,101 | \$8,765,798 | \$10,791,133 |
| Gross Profit | \$23,098,447 | \$4,340,203 | \$4,876,471 | \$6,127,275 | \$7,754,497 |
| Change in Fair Value of Biological Assets | (\$2,171,645) | (\$247,392) | (\$252,041) | (\$456,060) | (\$1,216,152) |
| Gross Profit w/o FV adjustments of biological assets | \$20,926,802 | \$4,092,811 | \$4,624,430 | \$5,671,215 | \$6,538,345 |
| Relative fair value adjustment to finished goods inventory | - | - | - | \$863,000 | (\$863,000) |
| Adjusted Gross Profit | \$20,926,802 | \$4,092,811 | \$4,624,430 | \$6,534,215 | \$5,675,345 |
| Adjusted Gross Margin | 59% | 50% | 60% | 75% | 53% |

Adjusted EBITDA

| | FY 2022 | FY 2021 | Q4 2022 | Q4 2021 |
|---|----------------------|---------------------|---------------------|---------------------|
| Net Income after taxes | \$ 10,919,281 | \$ 4,986,719 | \$ 6,282,582 | \$ 1,085,087 |
| Interest (Net) | \$ 1,928,189 | \$ 215,208 | \$ 632,207 | \$ 233,420 |
| Income Taxes | \$ (4,221,376) | \$ 1,833,367 | \$ (6,209,576) | \$ 462,523 |
| Depreciation & Amortization | \$ 6,434,448 | \$ 3,288,783 | \$ 1,774,672 | \$ 939,470 |
| EBITDA | \$15,060,543 | \$10,324,077 | \$2,479,885 | \$ 2,720,501 |
| <i>Accretion</i> | \$ 12,372 | \$ 1,223,083 | \$ - | \$ 170,546 |
| <i>Share (Profit) / Loss on JVs</i> | \$ 466,199 | \$ 539,557 | \$ 40,256 | \$ 130,860 |
| <i>Share-based compensation</i> | \$ 1,452,439 | \$ 949,664 | \$ 601,493 | \$ 132,822 |
| <i>(Gain)/Loss on Asset Disposal</i> | \$ (20,397) | \$ - | \$ (13,127) | \$ - |
| <i>Office and General</i> | \$ - | \$ - | \$ - | \$ - |
| <i>Gain on derecognition of ROU</i> | \$ - | \$ (3,195) | \$ - | \$ - |
| <i>(Gain)/Loss on Investment</i> | \$ - | \$ 425,350 | \$ - | \$ 212,675 |
| <i>Loan modification non-convertible debentures</i> | \$ 200,170 | \$ - | \$ 200,170 | \$ - |
| <i>Other Income</i> | \$ - | \$ (75,000) | \$ - | \$ - |
| <i>RSU Taxes</i> | \$ 119,900 | \$ - | \$ 119,900 | \$ - |
| <i>Foreign Exchange</i> | \$ (1,186) | \$ 10,726 | \$ (350) | \$ 2,869 |
| <i>Relative FV adjustment to inventory</i> | \$ - | \$ - | | \$ - |
| <i>Change in FV of Biological</i> | \$ (2,171,645) | \$ - | \$ (247,392) | \$ - |
| Adjusted EBITDA | \$15,118,393 | \$13,394,263 | \$3,180,834 | \$ 3,370,272 |

About VEXT Science, Inc.

[Vext Science, Inc.](http://www.vextscience.com) is a U.S.-based cannabis operator with vertical operations in Arizona and Ohio¹. Vext's expertise spans from cultivation through to retail operations in its key markets. Based out of Arizona, Vext owns and operates state-of-the-art cultivation facilities, fully built-out manufacturing facilities as well as dispensaries in both Arizona and Ohio¹. The company manufactures Vapen™, one of the leading THC concentrates, edibles, and distillate cartridge brands in Arizona. Its selection of award-winning products are created with Vext's in-house, high-quality flower and distributed across Arizona and Ohio, as well as through Vext's partnerships in other states. Vext's leadership team brings a proven track record of building and operating profitable multi-state operations, with the company having operated profitably since 2016. The company's primary focus is to continue growing in its core states of Arizona and Ohio, bringing together cutting-edge science, manufacturing, and marketing to provide a reliable and valuable customer experience while generating shareholder value.

Vext Science is listed on the Canadian Securities Exchange under the symbol VEXT and trades on the OTCQX market under the symbol VEXTF. Learn more at www.vextscience.com and connect with Vext on [Twitter](https://twitter.com/VextScience) and [LinkedIn](https://www.linkedin.com/company/vext-science).

For more details on the Vapen brand:

Vapen website: VapenBrands.com

Instagram: [@vapen](https://www.instagram.com/vapen)

Facebook: [@vapenbrands](https://www.facebook.com/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, 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; expectations for other economic business or competitive factors related to the Company; the Company's business outlook, those listed in the Company’s filings with the Canadian securities regulatory authorities (which may be viewed at 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

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