



Vext Science, Inc.

Condensed Consolidated Interim Financial Statements

March 31, 2025 and 2024

(Expressed in U.S. Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Vext Science, Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management and are approved by the Audit Committee of the Company’s board of directors.

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

Vext Science, Inc.

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VEXT SCIENCE, INC.
Condensed Consolidated Interim Financial Statements of Financial Position
(Expressed in U.S. Dollars)

	Notes	March 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 4,826,075	\$ 4,624,920
Amounts receivable, net	4	1,585,956	1,014,376
Inventory	5	9,074,657	11,739,897
Biological assets	10	1,313,233	1,576,540
Prepaid expenses, deposits, and other receivables	6	6,645,346	6,640,051
Notes receivable – current	7	233,636	799,980
Total current assets		23,678,903	26,395,764
Non-current assets			
Property, plant and equipment	11	35,085,027	35,943,429
Investment in joint ventures	9	—	356,843
Right-of-use asset	15	3,200,382	3,525,444
Due from related party	16	1,352,141	1,347,114
Intangible assets	12	62,413,337	64,262,947
Goodwill	12	5,135,153	5,135,153
Total Assets		\$ 130,864,943	\$ 136,966,694
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accrued liabilities	13	\$ 11,562,231	\$ 11,912,036
Due to related parties	16	346,724	474,334
Notes payable – current portion	14	3,364,309	4,643,584
Lease liability – current portion	15	748,200	830,582
Total current liabilities		16,021,464	17,860,536
Long-term liabilities			
Notes payable – non-current portion	14	30,499,031	31,083,115
Lease liability – non-current portion	15	2,746,777	2,960,050
Deferred tax liabilities		9,104,145	9,327,316
Total liabilities		58,371,417	61,231,017
Shareholders' equity			
Subordinated and multiple voting shares	17	53,583,259	53,485,973
Reserves		4,603,522	4,609,117
Accumulated other comprehensive income		2,355,035	2,355,035
Retained earnings		11,951,710	15,285,552
Total shareholders' equity		72,493,526	75,735,677
Total liabilities and shareholders' equity		\$ 130,864,943	\$ 136,966,694

Approved on May 20, 2025 by the Board of Directors:

“Mark Opzoomer” _____, Chairman

“Eric J. Offenberger” _____, Director

VEXT SCIENCE, INC.
Condensed Consolidated Interim Financial Statements of Operations and Comprehensive Loss
 (Expressed in U.S. Dollars)

		For the Three Months Ended	
	Notes	March 31, 2025	March 31, 2024
Sales		\$ 11,560,968	\$ 8,390,023
Cost of Goods Sold	5, 11	7,603,157	6,451,226
Gross Profit before fair value adjustments		3,957,811	1,938,797
Unrealized gain in fair value of biological assets	10	(840,731)	(773,855)
Realized loss in fair value of inventory sold	10	2,520,224	1,378,837
Gross Profit		2,278,318	1,333,815
Operating Expenses			
Amortization	12,15	2,066,099	1,872,534
Depreciation	11	95,731	124,862
Share-based compensation	17	24,454	13,065
Salaries, wages, and commissions		1,123,006	1,221,632
General and administrative		1,111,462	1,338,594
Total Operating Expenses		4,420,752	4,570,687
Other Income (Expense)			
Accretion on debt		45,853	—
Share of loss in joint ventures/joint operations	9	(904,013)	(162,916)
Disposal of assets loss	11	—	(1,444)
Change in fair value of debt	20	152,804	(460,870)
Change in fair value of purchase option	20	—	(2,022,211)
Foreign exchange gain/(loss)		(1,900)	559
Interest expense		(820,637)	(890,132)
Interest income		55,563	89,452
Miscellaneous income		57,750	10,500
Total other expense		(1,414,580)	(3,437,062)
Net loss before income tax		(3,557,014)	(6,673,934)
Income tax recovery		223,172	340,522
Net loss after income tax		\$ (3,333,842)	\$ (6,333,412)
Total comprehensive loss		\$ (3,333,842)	\$ (6,333,412)
Basic loss per subordinated voting share		\$ (0.01)	\$ (0.03)
Diluted loss per subordinated voting share		\$ (0.01)	\$ (0.03)
Weighted average number of subordinated voting shares outstanding – basic		247,490,274	225,131,309
Weighted average number of subordinated voting shares outstanding - diluted		247,490,274	225,359,459

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

VEXT SCIENCE, INC.
Condensed Consolidated Interim Financial Statements of Changes in Shareholders' Equity

(Expressed in U.S. Dollars)

	Share Capital						Reserves: Compensatory Warrants	Reserves: Stock Options	Reserves: RSU	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Number of Subordinated Voting Shares	Amount: Subordinated Voting Shares	Share capital - Shares to be issued	Number of Multiple Voting Shares	Amount: Multiple Voting Shares							
Balance at December 31, 2023	150,209,109	\$ 46,273,522	\$ 4,847,609	672,747	\$ 1,934,241	\$ 1,781,967	\$ 2,129,011	\$ 433,233	\$ (138,036)	\$ 37,720,728	\$ 94,982,275	
Share-based compensation	—	—	—	—	—	—	(27,568)	40,633	—	—	13,065	
Shares issued from RSUs exercised	266,132	67,287	—	—	—	—	—	(67,287)	—	—	—	
Shares issued from debenture conversion	27,700,625	—	—	—	—	—	—	—	—	—	—	
Share capital - Shares to be issued	—	4,847,609	(4,847,609)	—	—	—	—	—	—	—	—	
Net loss for the period	—	—	—	—	—	—	—	—	—	(6,333,412)	(6,333,412)	
Balance at March 31, 2024	178,175,866	\$ 51,188,418	\$ —	672,747	\$ 1,934,241	\$ 1,781,967	\$ 2,101,443	\$ 406,579	\$ (138,036)	\$ 31,387,316	\$ 88,661,928	
Balance at December 31, 2024	180,168,038	\$ 51,551,732	\$ —	672,747	\$ 1,934,241	\$ 1,781,967	\$ 2,215,186	\$ 611,964	\$ 2,355,035	\$ 15,285,552	\$ 75,735,677	
Share-based compensation	—	—	—	—	—	—	20,912	3,542	—	—	24,454	
Shares issued from RSUs exercised	138,009	27,720	—	—	—	—	—	(30,049)	—	—	(2,329)	
Shares issued from debenture conversion	—	—	—	—	—	—	—	—	—	—	—	
Shares issuance Equity - Vapen Kentucky	—	69,566	—	—	—	—	—	—	—	—	69,566	
Net loss for the period	—	—	—	—	—	—	—	—	—	(3,333,842)	(3,333,842)	
Balance at March 31, 2025	180,306,047	\$ 51,649,018	\$ —	672,747	\$ 1,934,241	\$ 1,781,967	\$ 2,236,098	\$ 585,457	\$ 2,355,035	\$ 11,951,710	\$ 72,493,526	

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

VEXT SCIENCE, INC.

Condensed Consolidated Interim Financial Statements of Cash Flows

(Expressed in U.S. Dollars)

	For the period ended March 31, 2025	For the period ended March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (3,333,842)	\$ (6,333,412)
Items not affecting cash:		
Unrealized change in fair value of biological assets	(840,731)	(773,855)
Realized change in fair value of inventory sold	2,520,224	1,378,837
Amortization	2,066,099	1,872,534
Depreciation	1,676,224	1,714,875
Share-based compensation	24,454	13,065
Accretion on leases and debt	45,853	—
Share of loss on joint ventures/joint operations	904,251	162,916
Disposal of assets loss	—	1,697
Change in fair value long term debt	152,804	460,870
Change in fair value of purchase option	—	2,022,211
Deferred tax liabilities	(223,172)	(345,835)
Amortized debt transaction costs	33,811	44,286
Other income	(5,027)	(4,484)
Expensed construction in progress	—	87,792
Non-cash working capital item changes:		
Amounts receivable	(570,407)	7,566
Biological assets (capitalized costs)	(2,318,577)	(2,403,781)
Inventory	3,659,575	2,274,197
Prepaid expenses, deposits, and other receivables	(204,966)	(491,912)
Payables and accrued liabilities	(376,961)	562,477
Reduction in due to related parties	(127,610)	(141,002)
Net cash provided by operating activities	\$ 3,082,002	\$ 109,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisition, net of cash paid - dispensary	\$ —	\$ (2,791,779)
Cash from acquisition of Vapen KY	(1,060)	—
Loan to joint operations	—	(76,540)
Deposits on Ohio acquisition	169,201	(286,703)
Notes receivable issued	(76,531)	(255,737)
Working capital for Kentucky entities	31,182	—
Investment in joint ventures	—	(57,000)
Acquisition of property, plant and equipment	(813,868)	(69,114)
Net cash used in investing activities	\$ (691,076)	\$ (3,536,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payable Big Perm acquisition (payments)	95,466	(85,340)
Loan costs (payments)	(781,857)	(340,302)
Notes payable (payments)	(279,275)	(253,726)
Standby Facility (LOC) proceeds	(1,000,000)	—
Promissory Note (payments)	(34,694)	—
Reduction in lease liability	(187,082)	(119,279)
Exercise of warrants	(2,328)	—
Net cash used in financing activities	\$ (2,189,770)	\$ (798,647)
Net change in cash during the period	\$ 201,156	\$ (4,226,478)
Cash, beginning of the period	4,624,920	8,720,132
Cash, end of the period	\$ 4,826,076	\$ 4,493,654
Cash paid for		
Interest	(820,637)	(890,132)
Non-cash investing and financing activities		
Acquisition of entities in exchange for receivables & notes due from seller (Note 8)	\$ —	\$ 8,096,415

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

VEXT SCIENCE, INC.

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2025

(Expressed in U.S. Dollars)

1. NATURE OF OPERATIONS

Vext Science, Inc. (referred to as "the Company" or "Vext") possesses full ownership of two integrated cannabis operations in Arizona as well as complete ownership of a cultivation and manufacturing facility, and two (2) dispensaries in Ohio. Furthermore, on April 1, 2025, the Company completed the acquisition of two (2) additional dispensaries in Ohio.

The Company extends its services to the cannabis industry by offering management, advisory, cultivation, non-cannabis products, and dispensary services through operating agreements and direct sales to various entities.

Operating within our dispensaries and partner markets, the Company engages in the full spectrum of cannabis product lifecycle, from development and manufacturing to distribution. We produce a diverse range of branded offerings, including our proprietary Vapen, Revibe, Herbal Wellness Center, and Appalachian Pharm lines. We produce CBD products under the Vapen CBD and Hempy Endings brands, manufactured at our Vapen Kentucky facility. Furthermore, through strategic licensing agreements, we manufacture the Microbar brand in Arizona.

The Company's registered office is situated at Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7, while its head office is located at 4152 N. 39th Ave, Phoenix, Arizona 85019.

In Arizona, the dispensaries operate under the Herbal Wellness Center brand, with one licensed as Herbal Wellness Center and the other as Organica Patient Group. In Ohio, the cultivation and manufacturing operations are licensed and branded as Appalachian Pharms Cultivation and Appalachian Pharm Processing. The Ohio dispensaries operate under the Herbal Wellness Center brand.

VEXT SCIENCE, INC.

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2025

(Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION**a. Statement of Compliance**

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b. Basis of Preparation

These consolidated financial statements have been prepared on the going concern basis, under historical cost, except for certain financial instruments classified as fair value through profit or loss and biological assets that are measured at fair value less costs to sell. The financial statements, unless otherwise specified, are presented in United States (“U.S.”) dollars.

c. Basis of Consolidation

The condensed consolidated interim financial statements include consolidated accounts of the Company and its subsidiaries, including its economic interest in joint operations. Joint ventures are recorded as an investment. Subsidiaries are those entities that the Company controls. The Company controls an entity when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

VEXT SCIENCE, INC.

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2025

(Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (CONTINUED...)

Entities as of March 31, 2025, the Company's subsidiaries and affiliates are listed below.

Name	Jurisdiction	Ownership
Vext Science, Inc.	BC, Canada	
Subsidiaries:		
New Gen Holdings, Inc.	Wyoming, USA	100%
Step 1 Consulting, LLC	Delaware, USA	100%
New Gen Admin Services, LLC	Arizona, USA	100%
New Gen Agricultural Services, LLC	Arizona, USA	100%
New Gen Real Estate Services, LLC	Arizona, USA	100%
Hydroponics Solutions, LLC	Arizona, USA	100%
New Gen Phoenix (PHX), LLC	Arizona, USA	100%
New Gen Eloy, LLC	Arizona, USA	100%
New Gen Prescott (PV), LLC	Arizona, USA	100%
Pure Touch Botanicals, LLC	Arizona, USA	100%
Vapen, LLC	Arizona, USA	100%
Vapen CBD, LLC	Arizona, USA	100%
RDF Management, LLC	Arizona, USA	100%
Firebrand, LLC	Arizona, USA	100%
Herbal Wellness Center, LLC	Arizona, USA	100%
Organica Patient Group, LLC	Arizona, USA	100%
ReVibe Cannabis, LLC	Arizona, USA	100%
Vapen Kentucky, LLC	Kentucky, USA	100%
New Gen Ohio, LLC	Ohio, USA	100%
New Gen Ohio Real Estate, LLC	Ohio, USA	100%
New Gen Athens, LLC	Ohio, USA	100%
New Gen Columbus, LLC	Ohio, USA	100%
Jackson Pharm, LLC dba Herbal Wellness Center Ohio Jackson	Ohio, USA	100%
Appalachian Pharms Processing, LLC	Ohio, USA	100%
Appalachian Pharms Products, LLC	Ohio, USA	100%
APP 1803, LLC dba Herbal Wellness Center Ohio Columbus	Ohio, USA	100%
Herbal Wellness Center Athens, LLC	Ohio, USA	100%
Herbal Wellness Center Jeffersonville, LLC	Ohio, USA	100%
Joint Ventures:		
Vapen Oklahoma, LLC	Oklahoma, USA	25%

d. Approval of the Condensed Consolidated Interim Financial Statements

These condensed consolidated interim financial statements for the period ended March 31, 2025 and 2024 were approved and authorized for issue by the Board of Directors on May 20, 2025.

e. Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in US dollars ("USD"). The Company's functional currency is the Canadian dollar, while the functional currency of the subsidiaries has been determined to be USD.

VEXT SCIENCE, INC.

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2025

(Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (*CONTINUED...*)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of loss and comprehensive loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency, which is USD, at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in the consolidated statement of loss and comprehensive loss within other comprehensive loss and are accumulated in the foreign currency translation reserve in the consolidated statement of financial position. When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive (loss) income related to the foreign operation are recognized in profit or loss.

f. Significant Accounting Judgements and Estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the Company's annual consolidated financial statements for the year ended December 31, 2024.

3. MATERIAL ACCOUNTING POLICIES

Standards not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which is intended to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. It will affect all companies using IFRS Accounting Standards. IFRS 18 introduces new sets of requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies through:

- Improved comparability in the statement of profit or loss or income statement
- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

IFRS 18 also requires companies to provide more transparency about operating expenses, helping investors to find and understand the information they need. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged. The Company will assess the impact of adoption of IFRS 18 on its financial statements.

VEXT SCIENCE, INC.

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2025

(Expressed in U.S. Dollars)

4. AMOUNTS RECEIVABLE

The Company's amounts receivable consists of the following:

	March 31, 2025	December 31, 2024
Amounts receivable	\$ 1,838,120	\$ 1,275,818
Allowance for credit losses	(285,722)	(285,722)
GST input tax credits	33,558	24,280
Total Amounts Receivable	\$ 1,585,956	\$ 1,014,376

5. INVENTORY

Inventory consists of costs directly related to the production or procurement of products sold to customers. These include salaries and benefits, cultivation supplies, product packaging, manufacturing costs, included biological assets and other production costs.

The Company's inventory consists of the following:

	March 31, 2025	December 31, 2024
Work in Process		
Capitalized Cost	\$ 1,047,338	\$ 1,681,987
Fair Value Adjustment	464,309	761,349
Carrying Value	1,511,647	2,443,336
Finished Goods		
Capitalized Cost	6,930,097	7,996,058
Fair Value Adjustment	632,913	1,300,503
Carrying Value	7,563,010	9,296,561
Total	\$ 9,074,657	\$ 11,739,897

For the period ended March 31, 2025, the Company recognized \$7,603,157 of inventory expensed to cost of goods sold (March 31, 2024 - \$6,451,226).

6. PREPAID EXPENSES, DEPOSITS AND OTHER RECEIVABLES

The Company's prepaid deposits and other receivables consist of the following:

	March 31, 2025	December 31, 2024
Vendor deposits	\$ 487,124	\$ 220,939
Deposit on Big Perm Dispensaries ⁽¹⁾	5,418,978	5,588,179
Prepaid Expense/Insurance/Maintenance	614,876	707,084
Security deposits	124,368	123,849
Total prepaid expenses, deposits, and other receivables	\$ 6,645,346	\$ 6,640,051

⁽¹⁾ As at March 31, 2025, \$5,418,978 was paid as a deposit on the Ohio dispensaries, Big Perm, to be renamed Herbal Wellness Center Jeffersonville and Herbal Wellness Center Athens. On April 1, 2025, the Company completed the Big Perm acquisition and will begin consolidating the two additional Ohio dispensaries in Q2 2025. Please refer to Note 23 for more information.

VEXT SCIENCE, INC.
Notes to Condensed Consolidated Interim Financial Statements
March 31, 2025
(Expressed in U.S. Dollars)

7. NOTES RECEIVABLE

As at March 31, 2025, the Company's notes receivable consist of the following:

	Current	Non-current	Total
Due from Rinse Repeat Ventures, an arm's length party, accruing interest at 0% per annum	\$ 233,636	\$ —	\$ 233,636
Total	\$ 233,636	\$ —	\$ 233,636

As at December 31, 2024, the Company's notes receivables consisted of the following:

	Current	Non-current	Total
Due from Rinse Repeat Ventures, an arm's length party, accruing interest at 0% per annum	\$ 257,263	\$ —	\$ 257,263
Working Capital loan for Jeffersonville Ohio Dispensary, an arm's length party, accruing interest at 0% per annum	33,701	—	33,701
Working Capital loan for Athens Ohio Dispensary, an arm's length party, accruing interest at 0% per annum	61,765	—	61,765
Due from Vapen Kentucky, an arm's length party, accruing interest at 0% per	447,251	—	447,251
Total	\$ 799,980	\$ —	\$ 799,980

As at March 31, 2025, and December 31, 2024, the Company's notes receivables related to Ohio consist of the following by location:

	December 31, 2023	Activity	December 31, 2024	Activity	March 31, 2025
CannAscend LLC					
Note Receivable due to acquisition	\$ 4,891,292	\$ (4,891,292)	\$ —	\$ —	\$ —
Total CannAscend LLC	4,891,292	(4,891,292)	—	—	—
Big Perm, LLC					
Working Capital - Jeffersonville	—	33,701	33,701	(33,701)	—
Working Capital - Athens	—	61,765	61,765	(61,765)	—
Total Big Perm LLC	—	95,466	95,466	(95,466)	—
Total	\$ 4,891,292	\$ (4,795,826)	\$ 95,466	\$ (95,466)	\$ —

VEXT SCIENCE, INC.

Notes to Condensed Consolidated Interim Financial Statements

March 31, 2025

(Expressed in U.S. Dollars)

8. OHIO ACQUISITION**Appalachian Pharm Entities**

On February 29, 2024, the Company completed the acquisition (the "Acquisition") of CannAscend Ohio Columbus, LLC ("CannAscend") which included a cannabis dispensary in Columbus, Ohio (the "Columbus Dispensary"), as part of the previously disclosed acquisition of Appalachian Pharm Processing, LLC, together with its subsidiaries and affiliated companies. As part of the closing, Vext paid cash consideration of \$2,880,317 and also agreed to pay to the seller \$125,939 for the pre-closing tax liability of the Columbus Dispensary. The consideration paid also includes the fair value of purchase option acquired by the Company on October 3, 2023 at February 29, 2024 as well as the settlement of pre-existing relationships.

	February 29, 2024	
Net assets acquired		
Cash	\$	88,538
Inventory		436,036
Prepaid expenses		23,831
Property and equipment		910,175
Right-of-use assets		666,394
Lease liability		(666,394)
Accounts payable		(395,946)
Due to Foremost RE, LLC		(918,273)
Dispensary license		9,831,000
Deferred tax liability		(2,064,510)
Total identifiable net assets acquired (a)	\$	7,910,851
Consideration		
Cash	\$	2,880,317
Settlement of pre-existing relationship		5,089,480
Payable to seller		125,939
Fair value of purchase option		2,881,000
Total consideration (b)		10,976,736
Goodwill and other intangible assets (b-a)	\$	3,065,885

9. INVESTMENT IN JOINT VENTURES

Vapen Kentucky, LLC

On February 1, 2020, an operating agreement of Vapen Kentucky, LLC (“Vapen KY”) was signed for the purpose of being engaged in commercial hemp processing, manufacturing, extraction, and distribution activities. The Company originally held 50% membership ownership of Vapen KY with Emerald Pointe Hemp, LLC (“EPH”) owning the other 50%. On March 16, 2025, the Company acquired the remaining 50% membership interest in Vapen Kentucky utilizing non-cash consideration. Please refer to Note 23 for more information.

Vapen-Oklahoma, LLC

On February 12, 2020, the Company entered into a joint venture term sheet with Texoma Processing and Extraction, LLC (“TPE”) regarding Vapen-Oklahoma, LLC (“Vapen OK”). The Company is a minority member of Vapen OK holding 25% membership ownership, whereas TPE is a majority member owning 75% membership ownership of Vapen-OK and both parties have equal voting rights. The Company has a 50% economic interest in the venture until the working capital loan is repaid. The terms of the initial joint venture will be five years, with automatic successive renewal terms of additional five-year periods each. The working capital loan is interest free.

As at March 31, 2025 and December 31, 2024, the balance of investments is comprised of the following:

	Vapen KY	Vapen OK	Total
Balance as at December 31, 2023	559,827	1,154,242	1,714,069
Contributions	199,200	20,001	219,201
Contributions - Impairment of AR balances (1)	—	534,114	534,114
Share of loss of the joint ventures during the year	(402,184)	(304,266)	(706,450)
Impairment (1)	—	(1,404,091)	(1,404,091)
Balance as at December 31, 2024	\$ 356,843	\$ —	\$ 356,843
Contributions	46,000	—	46,000
Contributions - Impairment of AR balances (1)	478,730	22,440	501,170
Impairment (1, 2)	(881,573)	(22,440)	(904,013)
Balance as at March 31, 2025	\$ —	\$ —	\$ —

(1) As at December 31, 2024, Management of the Company has determined that Vext’s investment in and receivable from Vapen OK was impaired. Accordingly, both will be written down to \$nil. This resulted in a non-cash contribution of \$534,114 related to the impairment of the accounts receivable due from Vapen OK, and an aggregate impairment loss of \$1,404,091, which will be recognized in net income for the year ended December 31, 2024. There was an additional non-cash contribution of \$22,440 related to the impairment of the accounts receivable due from Vapen OK for the period ended March 31, 2025.

(2) On March 15, 2025, the Company acquired the remaining membership interest of Vapen KY. This resulted in a non-cash contribution of \$478,730 related to the impairment of the accounts receivable due from Vapen KY, and an aggregate impairment loss of \$881,573, which was recognized in net loss for the period ended March 31, 2025.

10. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. The changes in the carrying value of biological assets are as follows:

Balance, December 31, 2024	\$	1,576,540
Capitalized costs		2,318,578
Change in fair value less costs to sell due to biological transformation		840,731
Transferred into inventory upon harvest		(3,422,616)
Balance at March 31, 2025	\$	1,313,233

The fair value less costs to sell of biological assets is determined using a market approach where the fair value at the point of harvest is estimated based on spot prices of wholesale cannabis less post-harvest costs and costs to sell. For in process biological assets, the estimated fair value at point of harvest is attributed based on the plants' stage of growth. Stage of growth is determined by reference to days remaining to harvest over average growth cycle.

The following key inputs are used in determining the fair value of biological assets:

- Average selling price per gram - third-party cannabis spot price for wholesale cannabis.
- Average yield per plant - the number of grams a finished cannabis inventory which are expected to be derived from each harvested cannabis plant.
- Wastage of plants based on their various stages of growth - represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested.
- Post-harvest costs - calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest; and
- Stage of completion in the cultivation process - calculated by taking the weighted average number of weeks in production over a total average grow cycle of approximately 15 weeks.

Significant unobservable inputs	March 31, 2025	December 31, 2024
Average selling price per gram of flower	\$ 1.59	\$ 1.87
Weighted average yield of flower per plant (in grams)	65.04	59.86
Effect on fair value		
Sensitivity	March 31, 2025	December 31, 2024
Increase or decrease by \$0.50 per gram	\$ 198,827	\$ 206,043
Increase or decrease by \$0.10 per gram	\$ 49,595	\$ 47,159
Increase or decrease of yield by 10%	\$ 131,323	\$ 157,654
The Company estimated the harvest yields for the cannabis plants at various stages of growth at the reporting date as follows:		
Total expected yield (in grams)	March 31, 2025	December 31, 2024
	2,670,606	2,559,368

The Company's estimates are, by nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The effect of changes in the fair value of biological assets and inventory:

	Three Months Ended	
	March 31, 2025	March 31, 2024
Unrealized change in fair value of biological assets	\$ (840,731)	\$ (773,855)
Realized change in fair value on inventory sold in the period	2,520,224	1,378,837
Net effect of changes in fair value of biological assets and inventory	\$ 1,679,493	\$ 604,982

As at March 31, 2025, the Company had 18,408 (December 31, 2024 - 20,039) plants in cultivation with 0 (December 31, 2024 - 0) plants greater than 80% grown; 2,605 (December 31, 2024 - 3,703) plants between 60% and 80% grown; and 15,803 (December 31, 2024 - 7,578) plants less than 60% grown. Expected yields of flower and trim per plant were established and extended to the plants currently under cultivation based upon their percent complete. A standard wastage factor is applied to arrive at the net value of the plants.

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Equipment and machinery	Building improvements	Leasehold improvements	Construction in progress	Automobile	Total
Cost								
Balance at December 31, 2023	\$ 1,820,779	\$ 7,555,841	\$ 18,637,216	\$ 13,673,091	\$ 9,286,971	\$ 369,685	\$ 208,533	\$ 51,552,116
Disposals	—	(279,945)	(643,665)	(1,526,230)	(179,061)	(77,928)	(6,225)	(2,713,054)
Additions	772,496	2,282,599	115,818	74,353	37,941	276,853	—	3,560,060
Additions from CIP	—	—	—	88,006	—	(88,006)	—	—
Additions from acquisition (Note 8)	—	—	935	—	909,240	—	—	910,175
Balance at December 31, 2024	\$ 2,593,275	\$ 9,558,495	\$ 18,110,304	\$ 12,309,220	\$ 10,055,091	\$ 480,603	\$ 202,308	\$ 53,309,296
Disposals	—	—	—	—	—	—	—	\$ —
Additions	—	22,000	—	—	525,950	269,871	—	\$ 817,821
Additions from CIP	—	—	—	—	159,744	(159,744)	—	\$ —
Balance at March 31, 2025	\$ 2,593,275	\$ 9,580,495	\$ 18,110,304	\$ 12,309,220	\$ 10,740,785	\$ 590,730	\$ 202,308	\$ 54,127,117
Accumulated Depreciation								
Balance at December 31, 2023	\$ —	\$ 907,807	\$ 5,878,795	\$ 4,891,090	\$ 1,238,619	\$ —	\$ 93,013	\$ 13,009,324
Disposals	—	(279,945)	(630,320)	(1,526,230)	(35,762)	—	(6,225)	(2,478,482)
Depreciation	—	224,293	2,577,305	2,215,615	1,767,146	—	50,666	6,835,025
Balance at December 31, 2024	\$ —	\$ 852,155	\$ 7,825,780	\$ 5,580,475	\$ 2,970,003	\$ —	\$ 137,454	\$ 17,365,867
Disposals	—	—	—	—	—	—	—	\$ —
Depreciation	—	72,942	640,536	530,796	430,852	—	1,097	\$ 1,676,223
Balance at March 31, 2025	\$ —	\$ 925,097	\$ 8,466,316	\$ 6,111,271	\$ 3,400,855	\$ —	\$ 138,551	\$ 19,042,090
Net Book Value								
December 31, 2023	\$ 1,820,779	\$ 6,648,034	\$ 12,758,421	\$ 8,782,001	\$ 8,048,352	\$ 369,685	\$ 115,520	\$ 38,542,792
December 31, 2024	\$ 2,593,275	\$ 8,706,340	\$ 10,284,524	\$ 6,728,745	\$ 7,085,088	\$ 480,603	\$ 64,854	\$ 35,943,429
Balance at March 31, 2025	\$ 2,593,275	\$ 8,655,398	\$ 9,643,988	\$ 6,197,949	\$ 7,339,930	\$ 590,730	\$ 63,757	\$ 35,085,027

Additions during the year ended December 31, 2024 were the assets of one acquisition on February 29, 2024 (Note 8). Additions during the period ended March 31, 2025 were primarily related to the relocation of the Jackson, Ohio retail location, which began operating on February 13, 2025.

Disposals during the year ended December 31, 2024 of \$244,689 net book value (NBV) were driven by expensing certain construction in progress, disposal of sundries and kitchen equipment and retirement of leasehold improvements due to a relocation. The disposal of the sundries, kitchen equipment and leasehold improvements resulted in a combined loss of \$(146,654).

Of total depreciation expense during the period ended March 31, 2025, \$1,580,493 was included in the cost of sales (March 31, 2024 was \$1,590,012) and \$95,731 was included in operating expense (March 31, 2024 was \$124,862).

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12. INTANGIBLE ASSETS AND GOODWILL

Identifiable intangible assets consist of the following:

Intangible Assets	Balance as at December 31, 2023	Additions	Amortization	Balance as at December 31, 2024	Additions	Amortization	Balance as at March 31, 2025
Firebrand (Brand name)	\$ 66,750	\$ —	\$ (53,400)	\$ 13,350	\$ —	\$ (13,350)	\$ —
Patent	180,000	—	(15,000)	165,000	—	(3,750)	161,250
Dispensary License - Ohio (Note 8)	5,031,582	—	(457,392)	4,574,190	—	(114,348)	4,459,842
Dispensary Licenses - Arizona	21,723,859	—	(2,172,387)	19,551,472	—	(543,095)	19,008,377
Brand Name - Ohio (Note 8)	298,500	—	(298,500)	—	—	—	—
Brand Name - Arizona	2,501,007	—	(833,669)	1,667,338	—	(208,418)	1,458,920
Customer Relationships - Arizona	219,229	—	(73,076)	146,153	—	(18,269)	127,884
Customer Relationships (Note 8)	2,039,306	—	(428,600)	1,610,706	—	(107,150)	1,503,556
Processing License (Note 8)	8,229,665	—	(699,916)	7,529,749	—	(174,979)	7,354,770
Cultivation License (Note 8)	21,702,448	—	(1,845,750)	19,856,698	—	(461,438)	19,395,260
Dispensary License - Ohio Columbus (Note 8)	—	9,831,000	(682,709)	9,148,291	—	(204,813)	8,943,478
Total	\$ 61,992,346	\$ 9,831,000	\$ (7,560,399)	\$ 64,262,947	\$ —	\$ (1,849,610)	\$ 62,413,337

On February 29, 2024, the Company completed an acquisition (Note 8) whereby \$9,831,000 of intangible assets were acquired.

Goodwill	Balance as at December 31, 2023	Additions	Balance as at December 31, 2024	Additions	Balance as at March 31, 2025
Goodwill - Arizona	\$ 461,752	\$ —	\$ 461,752	—	461,752
Goodwill - Ohio (Note 8)	1,607,516	3,065,885	4,673,401	—	4,673,401
Total	\$ 2,069,268	\$ 3,065,885	\$ 5,135,153	\$ —	\$ 5,135,153

At acquisition, goodwill is allocated to the CGUs expected to benefit from the synergies of the business combination in which the goodwill arises. The annual impairment test date is December 31. The recoverable amount of the Company's goodwill was calculated based on its fair value less costs of disposal, determined using the income approach based on discounted cash flows projected over a period of five years. No impairment was recognized as a result of the annual goodwill impairment test.

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13. PAYABLES AND ACCRUED LIABILITIES

The Company's Payables and accrued liabilities consist of the following:

	March 31, 2025	December 31, 2024
Trade payables	\$ 3,110,445	\$ 3,736,547
Sales tax payable	536,529	500,822
Income tax payable	5,378,927	5,378,927
Payroll liabilities	1,625,828	1,310,437
Accrued liabilities	910,502	985,303
Total Payables and accrued liabilities	\$ 11,562,231	\$ 11,912,036

14. NOTES PAYABLE

Current notes payable are made up of the following:

	March 31, 2025	December 31, 2024
Promissory Note - EWB #1 (1)	\$ 1,029,652	\$ 1,029,652
Promissory Note - EWB #2 (1)	395,645	395,645
Promissory Note - WPCU #1 (2)	137,011	137,011
Promissory Note - WPCU #2 (2)	12,970	12,970
Promissory Note - RDF Acquisition	691,751	971,026
Promissory Note - App Pharms Products (3)	113,511	113,511
Promissory Note - App Pharms Processing (3)	176,130	176,130
Standby Facility Line of Credit (LOC) (4)	666,667	1,666,667
Promissory Note - Athens (5)	130,362	130,362
Promissory Note - Portsmouth (6)	10,610	10,610
Total	\$ 3,364,309	\$ 4,643,584

Non-current notes payable are made up of the following:

	March 31, 2025	December 31, 2024
Promissory Note - EWB #1 (1)	\$ 1,589,140	\$ 1,833,953
Promissory Note - EWB #2 (1)	10,917,669	10,986,738
Promissory Note - WPCU #1 (2)	9,750,602	9,937,067
Promissory Note - WPCU #2 (2)	991,968	995,156
Promissory Note - App Pharms Products (3)	2,156,717	2,156,718
Promissory Note - App Pharms Processing (3)	3,300,611	3,346,463
Promissory Note - Athens (5)	1,455,490	1,487,630
Promissory Note - Portsmouth (6)	336,834	339,390
Total	\$ 30,499,031	\$ 31,083,115

14. NOTES PAYABLE (CONTINUED...)

(1) On July 8, 2022, the Company completed a financing with East West Bank comprised of two promissory notes with gross proceeds of \$22,185,000 and financing costs of \$967,914. The promissory notes are secured by an interest in substantially all of the Company's assets. The first promissory note of \$5,000,000 is subject to an interest rate calculated based on the Wall Street Journal Prime plus a spread of 2.75% (10.25% at March 31, 2025), and are subject to a floor of 6.25%. The second promissory note of \$17,185,000 incurs interest at a fixed rate of 9.59%. Blended payments for principal and accrued interest are due on the 15th day of the calendar month and the promissory notes mature on July 15, 2027. The Company has the right to prepay any or all of the principal balance outstanding at any time. The promissory notes require the Company to maintain certain financial covenants including a debt coverage ratio and a debt to tangible net worth ratio. The Company is in compliance with its covenants as of December 31, 2024.

(2) On December 16, 2022, the Company completed a financing with Wright-Patt Credit Union with gross proceeds of \$10,000,000 and financing costs of \$733,024 related to its Ohio operations (the "Ohio loan 1"). On March 17, 2023 the Company received an additional \$1,000,000 on the same terms and conditions with net additional closing costs of \$8,987 (the "Ohio loan 2"). The Ohio loans are secured by an interest in certain of the Company's assets in Ohio. The Ohio loans are subject to an interest rate calculated based on the Constant Maturities Rate published by the Federal Reserve Board plus a spread of 5% (9.2% at March 31, 2025), and is subject to a floor of 7.5%. The interest rate is reset on January 1, 2028 to the Constant Maturities Rate plus a spread of 5% at that date. Blended payments for principal and accrued interest are due on the 15th day of the calendar month and the Ohio loans mature on January 1, 2033. The Company has the right to prepay any or all of the principal balance outstanding at any time subject to a penalty of up to 3% of the loan balance.

(3) On January 1, 2023, the Company issued unsecured promissory notes (collectively and, as amended from time to time, the "App Pharms Products and App Pharms Processing Promissory Notes") to (i) the sellers of Appalachian Pharms Products, LLC, in the aggregate principal amount of \$2,270,228 and (ii) the sellers of APP1803, LLC, in the aggregate principal amount of \$3,148,641. The App Pharms Products and App Pharms Processing Promissory Notes have a fixed rate of 8.00%, with accrued interest beginning on January 1, 2024. Principal payments began on January 1, 2025 based on a 20 year amortization schedule. The App Pharms Products and App Pharms Processing Promissory Notes mature on December 31, 2026, and the Company has the right to prepay any or all of the principal balance outstanding at any time.

(4) On May 29, 2024, the Company entered into a loan agreement with certain third-party lenders (collectively, the "Lenders"), including Sopica Special Opportunities Fund Limited (an insider of the Company), pursuant to which the Company has obtained a standby credit facility in the principal amount of up to \$2 million (the "Standby Credit Facility") to provide additional financial flexibility primarily in connection with the Company's working capital investment and dispensary additions in Ohio. Interest on any drawn portion of the Standby Credit Facility accrues at a rate of 12% per annum. Any undrawn amounts are subject to a monthly standby commitment fee equal to 0.25% of such undrawn amounts. All obligations owing under the Standby Credit Facility were converted into a term loan on November 28, 2024, repayable over a period of six months and maturing on May 28, 2025.

(5) On April 8, 2024, the Company completed the acquisition (the "Property Acquisition") of real property associated with a cannabis dispensary in Athens, Ohio. As consideration for the Property Acquisition, the Company has paid aggregate consideration of \$2.6 million, consisting of \$0.9 million in cash and the issuance of a promissory note in the principal amount of \$1.7 million (the "Promissory Note"). The Promissory Note bears interest at the rate of 7.0% per annum and is repayable over a period of 10 years, maturing on April 4, 2034.

(6) On December 11, 2024, the Company completed the acquisition (the "Portsmouth Property Acquisition") of real property associated with a cannabis dispensary in Portsmouth, Ohio. As consideration for the Portsmouth Property Acquisition, the Company has paid aggregate consideration of \$435,000, consisting of \$85,000 in cash and the issuance of a promissory note in the principal amount of \$350,000 (the "Portsmouth Promissory Note"). The Portsmouth Promissory Note bears interest at the rate of 10.0% per annum and is repayable over a period of 15 years, maturing on December 3, 2039.

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15. LEASES

Right-of-use asset:

The ROU asset and lease liability schedules for the period ended March 31, 2025 are below:

Location	Balance at December 31, 2023	Additions	Disposals	Amortization	Balance at December 31, 2024	Additions	Disposals	Amortization	Balance at March 31, 2025
AZ Dispensary	\$ 119,747	\$ —	\$ —	\$ (59,872)	\$ 59,875	\$ —	\$ —	\$ (15,068)	\$ 44,807
AZ Dispensary Parking	120,545	—	—	(60,272)	60,273	—	—	(14,968)	45,305
AZ Corporate Office	427,742	—	—	(77,415)	350,327	—	—	(19,463)	330,864
OH Cultivation Lease	855,245	—	—	(245,916)	609,329	—	—	(61,479)	547,850
OH Processing Lease	904,565	—	—	(110,292)	794,273	—	—	(27,573)	766,700
Jackson, OH Dispensary	198,260	—	(181,629)	(15,314)	1,317	—	—	(1,317)	—
Columbus, OH Dispensary	—	666,394	—	(111,067)	555,327	—	—	(33,320)	522,007
Columbus, OH Dispensary Parking	—	34,509	—	(9,073)	25,436	—	—	(2,722)	22,714
Jackson, OH Dispensary 2	—	733,384	—	(34,996)	698,388	—	—	(22,257)	676,131
Columbus, OH Dispensary 2	—	285,232	—	(22,904)	262,328	—	—	(18,324)	244,004
HWC KY	—	15,140	—	(15,140)	—	—	—	—	—
HWC KY III	—	11,548	—	(7,699)	3,849	—	(3,849)	—	—
HWC KY I	—	114,696	—	(9,974)	104,722	—	(104,722)	—	—
Total	\$ 2,626,104	\$ 1,860,903	\$ (181,629)	\$ (779,934)	\$ 3,525,444	\$ —	\$ (108,571)	\$ (216,491)	\$ 3,200,382

As at February 29, 2024, the Company acquired one new lease when it acquired the Columbus Dispensary. In Q3 2024, the Company acquired one new lease as part of the relocation of the Jackson Dispensary, which began operating on February 13, 2025.

The total amortization expense for the three months ended March 31, 2025 was included in operating expenses.

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15. LEASES (CONTINUED...)

Lease liability:

Lease liability for the period ended March 31, 2025 and year ended December 31, 2024 were as follows:

	Total
Balance at December 31, 2023	2,755,174
Additions	1,860,903
Disposals	(181,629)
Interest Expense	413,347
Lease payments	(1,057,163)
Balance at December 31, 2024	3,790,632
Additions	—
Disposals	(105,813)
Interest Expense	114,357
Lease payments	(304,199)
Balance at March 31, 2025	3,494,977
Less: current portion	(748,200)
Long-term lease liability	\$ 2,746,777

The following table discloses the undiscounted cash flow for the nine lease obligations remaining at March 31, 2025:

	March 31, 2025	
Less than one year	\$	1,178,558
One to five years		4,714,231
More than five years		5,991,003
Total undiscounted lease obligations		11,883,792
Less imputed interest		(9,137,015)
Total present lease obligations	\$	2,746,777

The following table provides a summary of the lease expenses recognized in the statement of operations for the period ended March 31, 2025 and March 31, 2024:

	March 31, 2025		March 31, 2024	
Interest expense (included in cost of good sold – property and equipment leasing)	\$	106,961	\$	83,339
Interest expense (included in general and admin in operating expenses)	\$	7,395	\$	8,403
Amortization (included in operating expenses)	\$	216,491	\$	153,106

16. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the consolidated financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Corporate Secretary.

Remuneration attributed to key management personnel for the period ended March 31, 2025 and March 31, 2024 is summarized as follows:

	March 31, 2025	March 31, 2024
Share-based compensation	\$ 6,805	\$ 43,027
Salaries and wages included in cost of goods sold	53,395	40,363
Salaries, wages and commissions included in operating expenses	122,826	146,133
Consulting fees included in operating expenses	48,250	21,250
Total	\$ 231,276	\$ 250,773

Other related parties include close family members of the Company's Corporate Secretary and Directors and a company that is controlled by a Director.

Related Party Relationships:

Product Sales	March 31, 2025	March 31, 2024
Happy Travel LLC	\$ —	\$ 1,987
Vapen Oklahoma - Processing	—	16,689
Total	\$ —	\$ 18,676

Cash Contributions for Operating Expenses	March 31, 2025	March 31, 2024
Vapen Kentucky	\$ 77,251	\$ 85,240
Happy Travel LLC	237	167,678
Vapen Oklahoma - Processing	22,440	13,132
Total	\$ 99,928	\$ 266,050

Cash from contributions for operation expenses include cash advances, payroll, health insurance, and other miscellaneous expenses. Amounts are valued at historical cost.

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16. RELATED PARTY TRANSACTIONS (CONTINUED...)**Due from related party:**

The non-current portion of balances due from related parties is as follows:

	March 31, 2025	December 31, 2024
Beginning Balance	\$ 1,347,114	\$ 1,328,383
Payments	(33,750)	(135,000)
Interest Accrued	38,777	153,731
11.5% per annum interest bearing, due on December 31, 2025 from Jason T. Nguyen, Director	\$ 1,352,141	\$ 1,347,114

Effective December 31, 2023, Jason T. Nguyen transitioned out of his executive positions with the Company, including resigning from all positions with the Company's subsidiaries and affiliates. Mr. Nguyen remained in his position as a director of the Company and Chairman of the board of directors, and Mr. Nguyen stepped down as Chairman of the board of directors on August 20, 2024. Concurrently with Mr. Nguyen's resignation from his executive positions, the Company amended the terms of the existing promissory note issued by Mr. Nguyen in favor of the Company, in the principal amount of \$1,328,383 (the "Promissory Note"), to provide for, among other things, the following: (i) an extension to the maturity date of the Promissory Note to the earlier of (x) December 31, 2025, (y) the date in which Mr. Nguyen sells any shares of the Company (subject to limited exceptions), and (z) any change of control of the Company; (ii) an increased interest rate equal to 11.5% per annum, compounded quarterly; (iii) quarterly scheduled interest payments; (iv) a mandatory prepayment of no less than 50% of the Promissory Note in the event the volume weighted average trading price of the Subordinated Voting Shares of the Company reaches a specified threshold, enforceable at the discretion of the Company; and (v) the pledge by Mr. Nguyen of all shares of the Company legally or beneficially owned by Mr. Nguyen as security for the obligations of Mr. Nguyen under the Promissory Note.

Due to related parties:

David Johns (Director) was one of the sellers of the App Pharma entities and as such holds a portion of the promissory notes payable for App Pharms Products and App Pharms Processing (Note 14). During the period ended March 31, 2025, \$52,893, in interest was accrued on these notes payable. Payment of interest began January 1, 2025. During the period ended March 31, 2025 and year ended December 31, 2024, the portion of the promissory notes payable due is as follows:

	March 31, 2025	December 31, 2024
Promissory Note - App Pharms Processing (current)	\$ 28,358	\$ 28,358
Promissory Note - App Pharms Products (current)	8,732	8,732
Total Current Promissory Note Payable (Director)	37,090	37,090
Promissory Note - App Pharms Processing (non-current)	538,793	538,793
Promissory Note - App Pharms Products (non-current)	165,901	165,901
Total Non-current Promissory Note Payable (Director)	704,694	704,694
Total Promissory Note Payable (Director)	741,784	741,784
Interest Payable	52,893	59,505
Total Interest Payable (Director)	\$ 52,893	\$ 59,505

Amounts due to related parties as at March 31, 2025 and December 31, 2024 included the following:

	March 31, 2025	December 31, 2024
Payables and Accrued Liabilities		
Jason T. Nguyen, Director and former Executive	346,724	474,334
Total	\$ 346,724	\$ 474,334

Effective December 31, 2023, the Company agreed to pay Mr. Nguyen a severance in an aggregate amount equal to \$948,314, equal to 24 months of base compensation, with such payments to completed in equal monthly payments.

17. SHARE CAPITAL

(a) Share Capital

The Company is authorized to issue the following shares:

- Unlimited common shares (“Subordinated Voting Shares”) without par value; and
- Unlimited Class A common shares with multiple voting rights (“Multiple Voting Shares”), each convertible into 100 Subordinated Voting Shares in accordance with the Company’s articles.

For the period ended March 31, 2025:

- During the period, the Company issued an aggregate of 138,009 Subordinated Voting Shares upon settlement of 160,418 RSUs, which were settled for a combination of Subordinated Voting Shares and cash equivalent to the amount the Company was permitted to withhold under the Company's restricted share unit plan for the remittance of tax related to the settlement of such restricted share units.

Fiscal year ended December 31, 2024:

- On March 6, 2024, upon receipt of regulatory approval, the Company completed a debenture conversion transaction. The Company issued to the holders of the non-convertible debentures an aggregate of 27,700,625 Subordinated Voting Shares in full satisfaction of the outstanding \$4.6 million principal amount, together with accrued and unpaid interest up to December 31, 2023 and a 2.5% conversion incentive fee, at a deemed price of \$0.175 per share. In relation to the issuance, the carrying value of \$4,847,609 was allocated from shares to be issued.
- On February 4, 2024, upon the Company completing the acquisition of Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies, 8,999,989 Subordinated Voting Shares were released from escrow and were valued at \$1,936,399 (Note 8).
- During the year, the Company issued an aggregate of 2,258,304 Subordinated Voting Shares upon settlement of 3,282,555 RSUs, which were settled for a combination of Subordinated Voting Shares and cash equivalent to the amount the Company was permitted to withhold under the Company's restricted share unit plan for the remittance of tax related to the settlement of such restricted share units.

(b) Warrants

The following table reflects the continuity of warrants for the period ended March 31, 2025:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2023	11,678,889	CAD 1.34
Expired	(11,312,980)	CAD 1.37
Outstanding, December 31, 2024 and March 31, 2025	365,909	CAD 0.50

17. SHARE CAPITAL (CONTINUED...)

As at March 31, 2025, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price	Weighted Average Remaining Life (Years)	Expiry Date
365,909	CAD 0.50	0.34	May 3, 2025

As at December 31, 2024, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price	Weighted Average Remaining Life (Years)	Expiry Date
365,909	CAD 0.50	1.34	May 3, 2025

(c) Stock options

The Company has adopted a Stock Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding Subordinated Voting Shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the Subordinated Voting Shares on the grant date. Options granted under the Plan including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

The continuity of stock options for the period ended March 31, 2025 is as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2023	5,027,334	CAD 0.89
Granted	1,122,000	CAD 0.48
Forfeited	(201,800)	CAD 0.61
Outstanding, December 31, 2024 and March 31, 2025	5,947,534	CAD 0.82

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17. SHARE CAPITAL (CONTINUED...)

As at March 31, 2025, the Company had the following stock options outstanding:

Number Outstanding	Number Exercisable	Exercise Price	Weighted Average Life (years)	Expiry Date
678,000	678,000	CAD 1.00	3.77	January 4, 2029
200,000	200,000	CAD 1.00	4.12	May 13, 2029
833,334	833,334	CAD 0.75	5.12	May 12, 2030
375,000	375,000	CAD 0.75	5.66	November 26, 2030
235,000	235,000	CAD 1.22	5.77	January 6, 2031
500,000	500,000	CAD 1.43	5.89	February 19, 2031
190,000	126,662	CAD 0.58	7.06	April 19, 2032
10,000	6,666	CAD 0.58	7.24	June 23, 2032
1,000,000	1,000,000	CAD 1.00	7.41	August 24, 2032
250,000	250,000	CAD 0.60	7.41	August 24, 2032
125,000	125,000	CAD 0.50	7.73	December 22, 2032
280,000	280,000	CAD 0.50	7.98	March 22, 2033
200,000	200,000	CAD 0.68	8.45	September 11, 2033
1,021,200	340,388	CAD 0.48	9.15	May 24, 2034
50,000	16,667	CAD 0.49	9.59	October 31, 2034
5,947,534	5,166,717	CAD 0.82	6.65	

As at December 31, 2024 the Company had the following stock options outstanding:

Number Outstanding	Number Exercisable	Exercise Price	Weighted Average Life (years)	Expiry Date
678,000	678,000	CAD 1.00	4.27	January 4, 2029
200,000	200,000	CAD 1.00	4.62	May 13, 2029
833,334	833,334	CAD 0.75	5.62	May 12, 2029
375,000	375,000	CAD 0.75	6.16	November 26, 2030
235,000	235,000	CAD 1.22	6.27	January 31, 2031
500,000	500,000	CAD 1.43	6.39	February 19, 2031
190,000	126,662	CAD 0.58	7.56	April 19, 2032
10,000	6,666	CAD 0.58	7.73	June 23, 2032
1,000,000	1,000,000	CAD 1.00	7.9	August 24, 2032
250,000	250,000	CAD 0.60	7.9	August 24, 2032
125,000	125,000	CAD 0.50	8.23	December 22, 2032
280,000	186,662	CAD 0.50	8.48	March 22, 2033
200,000	200,000	CAD 0.68	8.95	September 11, 2033
1,021,200	340,338	CAD 0.48	9.65	May 24, 2034
50,000	16,667	CAD 0.49	9.84	October 31, 2034
5,947,534	5,073,329	CAD 0.82	6.88	

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17. SHARE CAPITAL (CONTINUED...)

Total share-based compensation for options was \$20,912 for the period ended March 31, 2025 (2024 - \$(27,568)). Additionally, for the period ended March 31, 2025 the Company recognized \$3,542 of share-based compensation related to restricted shares units (2024 - \$40,633), for a total of \$24,454 share-based compensation for the period ended March 31, 2025 (2024 - \$13,065).

The fair value of the options granted during the period was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2025	December 31, 2024
Expected volatility	88.47% - 93.62%	88.47% - 93.62%
Expected option life (years)	1-9	1-9
Risk-free interest rate	2.70 -3.69%	2.70 -3.69%
Expected dividend yield	0	0

(d) Restricted Share Units

The Company approved the implementation of a restricted share units (the “RSU”) plan on November 12, 2020, which RSU plan is designed to provide certain directors, officers, consultants and other key employees of the Company and its related entities with the opportunity to acquire restricted share of the Company. RSUs may be exercised by any holder of RSU to receive an award payout of either: (a) Subordinated Voting Share of the Company for each whole vested RSU; or (b) a cash amount equal to the defined date value of such vested RSU.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the Subordinated Voting Share on the grant date multiplied by the number of RSUs granted and taking into account market conditions.

The fair value is expensed over the vesting term. Upon conversion of the RSU, the carrying amount is recorded as an increase in common share capital and a reduction in the RSU reserve.

On February 28, 2024, the Company granted 641,673 RSUs to directors of the Company, in which 25% is vested on the grant date and 25% vest every 6 months from grant date and expire on February 28, 2027.

On May 24, 2024, the Company granted 2,721,647 RSUs to employees of the Company including officers and a director, in which the full amount can be exercised into Subordinated Voting Shares on October 1, 2024 and expire on May 24, 2027.

The Company recognized \$3,542 as share-based compensation for the period ended March 31, 2025 (2024 - \$40,633).

The continuity of RSU for the period ended March 31, 2025 is as follows:

	Number of RSU's
Outstanding December 31, 2023	282,158
Granted	3,363,320
Forfeited	(42,087)
Exercised	(3,282,555)
Outstanding, December 31, 2024	320,836
Exercised	(160,418)
Outstanding, March 31, 2025	160,418
Exercisable, March 31, 2025	—

17. SHARE CAPITAL (CONTINUED...)

(e) Special Advisory Warrants

The continuity of special advisory warrants for the period ended March 31, 2025 is as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2023	1,000,000	CAD 1.00
Expired	720,000	CAD 1.00
Outstanding, December 31, 2024 and March 31, 2025	280,000	CAD 1.00

As at March 31, 2025, the Company had the following special advisory warrants outstanding:

Outstanding	Exercise Price	Weighted Average Remaining Life (years)	Expiry Date
280,000	CAD 1.00	2.75	December 31, 2027

As at December 31, 2024 the Company had the following special advisory warrants outstanding:

Outstanding	Exercise Price	Weighted Average Remaining Life (years)	Expiry Date
280,000	CAD 1.00	3.00	December 31, 2027

18. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to support the growth and development of its operations and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets.

In order to maximize ongoing development efforts, the Company does not pay dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Company currently is subject to externally imposed capital requirements as disclosed in Note 14. There were no changes in the Company's approach to capital management during the period.

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19. SEGMENTED REPORTING

The Company's operations consist of a single operating segment engaged in the cultivation, manufacturing, distribution and sale of cannabis within the United States. All revenues are generated in the United States for the period ended March 31, 2025 and 2024 and all material property and equipment and intangible assets are located in the United States.

The Company defines its major geographic operating segments as Arizona and Ohio. Due to jurisdictional cannabis compliance issues ever-present in the industry, each state operation is by nature operationally segmented.

Key decision makers primarily review revenue, cost of goods sold, and gross profit as the primary indicators of segment performance. As the Company continues to expand via acquisition, the segmented information will expand based on management's agreed upon allocation of costs beyond gross margin.

For the period ended March 31, 2025, the Company recognized sales of \$11,560,968 (2024 - \$8,390,023) of which approximately 47% (2024 - 69%) were derived from the Company's operation in Arizona.

For the period ended March 31, 2025 and March 31, 2024

	Arizona	Ohio	Total
Balance at March 31, 2024			
Total Sales	\$ 5,829,558	\$ 2,560,465	\$ 8,390,023
Cost of Goods Sold	4,252,641	2,198,585	6,451,226
Gross Profit	\$ 1,576,917	\$ 361,880	\$ 1,938,797
Balance at March 31, 2025			
Total Sales	\$ 5,427,020	\$ 6,133,948	\$ 11,560,968
Cost of Goods Sold	4,583,663	3,019,257	7,602,920
Gross Profit	\$ 843,357	\$ 3,114,691	\$ 3,958,048
Balance at December 31, 2024			
Property, plant, and equipment	\$ 20,710,178	\$ 15,233,251	\$ 35,943,429
Intangible Assets	21,543,312	42,719,635	64,262,947
Goodwill	461,752	4,673,401	5,135,153
Balance at March 31, 2025			
Property, plant, and equipment	\$ 20,705,552	\$ 14,379,475	\$ 35,085,027
Intangible Assets	20,756,430	41,656,907	62,413,337
Goodwill	461,752	4,673,401	5,135,153

20. FAIR VALUE MEASUREMENT

The fair value of the Company's accounts receivable, short-term notes receivable, loans to joint operation, deposits and other receivables and payables approximate their carrying value, due to their short-term nature. The fair value of other financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The fair value of notes payable approximate their carrying value due to variable interest rates which represent market value.

The Company's cash and investment are measured at fair value under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets and liabilities.

Ohio Loans

The Ohio Loan was recognized at its estimated fair value at the initial recognition of \$11,000,000 using a discounted cash flow approach. At March 31, 2025, the fair value of the Ohio Loan is \$11,082,205. The fair value of the Ohio Loan was estimated using Level 3 inputs and is most sensitive to changes in market discount rates.

Sensitivity Analysis:

The key inputs used in determining the fair value of the Ohio Loan is as follows:

	March 31, 2025	December 31, 2024
Key unobservable inputs		
Discount rate	9.91 %	8.85 %

Assuming all other inputs remain constant, a 2% change in the discount rate used will have the following impact on the fair value of the Ohio Loan at March 31, 2025:

Discount rates	2%	(2%)
Increase (decrease)	\$ 1,002,000	\$ (1,002,000)

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

Balance at December 31, 2023	\$ 13,056,812
Repayments	(1,086,947)
Interest	954,534
Change in fair value	650,877
Accumulated Other Comprehensive Income	(2,493,071)
Balance at December 31, 2024 (Note 14)	\$ 11,082,205
Repayments	(271,738)
Interest	234,888
Change in fair value	(152,804)
Balance at March 31, 2025 (Note 14)	10,892,551

21. CONTINGENCIES

As at March 31, 2025, the Company has no known contingencies.

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with current period presentation.

23. SUBSEQUENT EVENTS

- On April 1, 2025, the Company completed the acquisition of two cannabis dispensaries from Big Perm's Dispensary Ohio, LLC ("Big Perm") together with all related licenses and assets, other than certain excluded assets (the "Ohio Expansion Transaction"), following receipt of the regulatory approval from Ohio Division of Cannabis Control ("DCC"). The Company has paid aggregate cash consideration of approximately US\$8.1 million in connection with the Ohio Expansion Transaction, including the funding of certain construction costs, capital expenditures and working capital needs associated with the dispensaries.
- On April 4, 2025, the Company announced that Vapen Kentucky, a wholly owned subsidiary of Vext, together with its local partner, has entered into a definitive agreement (the "Sale Agreement") to sell a medical cannabis processing license in the state of Kentucky for gross proceeds to the Company of US\$880,000 (the "Transaction"). The company expects the Transaction to close during the second quarter of 2025. Upon closing of the Transaction, Vapen Kentucky's operations will be restructured to focus exclusively on hemp-related business opportunities.
- On May 2, 2025, 365,909 warrants expired.