VEXT Reports Fourth Quarter and Full Year 2019 Results

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- **2019 Revenue increased 21% to $22.3 million**
- **2019 Net income of $2.8 million**
- **2019 EBITDA of $3.7 million**
- **New ventures in multiple states will produce incremental revenue and net income in 2020**

VANCOUVER, April 30, 2020 /CNW/ - Vext Science, Inc. (CSE: VEXT & OTCQX: VEXTF) ("VEXT" or the "Company") a cannabinoid brand leader leveraging core expertise in extraction, manufacturing, and marketing to build wholesale distribution through revenue and profit sharing joint venture partnerships, today reported financial results for the period ended December 31, 2019. All currency references used in this news release are in U.S. currency.

Fiscal Year 2019 Summary Financial Results
(in millions, except per share amounts)

	Twelve Months Ended	
	Dec. 31, 2019	Dec. 31, 2018
Gross revenues	$22.3	$18.5
Gross margin (%)	42.0%	50.0%
Operating expenses	$5.8	$3.6
Net income (loss) after taxes	$2.8	$3.7
Net income (loss) per share, diluted	$0.04	$0.06
EBITDA	$3.7	$5.0

Eric Offenberger, Chief Executive Officer of VEXT commented: "2019 was a year of investment for Vext, in which we completed our public listing and created a vertically integrated business model. We have developed proven standard operating procedures (SOPs) to produce a full line of branded flower, and Vapen branded THC and CBD products. We provide our management and marketing services to Herbal Wellness Center, a not-for-profit, a licensed medical marijuana dispensary in Phoenix, Arizona. Herbal Wellness Center has been the primary driver of our revenue and net income to date. Vext is well-positioned to deliver revenue and EBITDA growth in 2020."

To leverage on the Company's successful platform and expand its footprint, it has entered into management agreements, operating agreements, or non-binding letter of intent in various states. Through these agreements, VEXT provides the SOPs and extraction expertise to its partners who then sell Vapen branded products. The Company's model targets enterprises with existing infrastructure and financial resources, which reduces both the capital and the lead-time required to enter new markets.

Listed below are the corporate activities anticipated to contribute to fiscal year 2020 net income:

- The Kentucky joint venture that commenced operations in Q1 2020;
- The Oklahoma joint venture that commenced operations in Q2 2020;
- The acquisition closed in Q2 2020 that provides for the management, administration, and operation services to Organica, a licensed medical marijuana dispensary and doubled the Company's dispensary presence in Arizona (Please refer to VEXT's news release dated April 8, 2020); and

- The Massachusetts joint venture is anticipated to begin operations in Q4 2020.

Continued Mr. Offenberger, "Financially, VEXT has adequate cash and resources to execute on our 2020 growth strategy. We are expanding our presence in new, high growth markets in an industry segment that has shown resilience in the current COVID-19 pandemic and is considered an essential service in states with legalized medicinal marijuana. We remain committed to our strategy of efficient, profitable growth and improving shareholder value."

Please refer to the VEXT's MD&A filed with www.SEDAR.com on April 29, 2020 for a complete discussion of the Company's result of operations is based on its condensed consolidated financial statements for the year ended December 31, 2019.

Full Fiscal Year 2019 Highlights

Gross Revenues increased 20.8% to $22.3 million from $18.5 million in the prior year. Growth in gross revenues was primarily due to increased product sales in VEXT's primary customer's Arizona dispensary.

Total cost of sales for the year was $13.0 million compared to $9.3 million for the prior year. The cost of sales increase year over year is due to the increase in personnel and other costs directly related to the increase in sales volumes. Included in these costs are federally mandated tariffs on imported products which did not exist in the comparative period.

Gross profit increased 2% to $9.4 million from $9.2 million in the prior year. Gross margin decreased 15% from 50% in the prior year to 42%. The decrease in profit margin percentage is attributable to growth in the wholesale business and related expenses from capital assets for cultivation utilized in 2019.

Operating expenses increased 62.3% to $5.8 million from $3.6 million in the prior year. The increase in operating expenses was primarily due to this being the first year of the Company operating as a public company. Given this is the first year as a public company, the Company increased its general business development expenditures, marketing expenses, capital markets related costs and corporate finance expenses. Due to the increased operating expenses, the net income before taxes decreased 24.8% to $3.7 million from $4.9 million in the prior year.

EBITDA, a non-IFRS financial measure, was $3.7 million or 17% margin as compared to $5.0 million or 27% margin.

Fourth Quarter 2019 Highlights
(in millions, except per share amounts)

	Three Months Ended	
	Dec. 31, 2019	Dec. 31, 2018
Gross revenues	$3.6	$4.7
Gross margin (%)	16%	41%
Operating expenses	$1.8	$0.9
Net income (loss) after taxes	$(0.8)	$0.3
Net income (loss) per share, diluted	$(0.01)	$0.01
EBITDA	$(1.2)	$0.4

Gross Revenues decreased 24% from $4.7 million in the prior year quarter to $3.5 million. Gross revenues primarily decreased due to adjustment of management agreements to better reflect the current market trend.

Gross profit decreased 71% from $1.9 million in the prior year quarter to $0.6 million. Growth in gross profit was impacted by an increase in cost of goods sold related to higher product sales at its Arizona dispensary, as well as an increase in salaries, wages and fees paid to contractors related to the Company's expansion into new markets that are expected to generate revenue in 2020. Gross margin decreased 61% from 41% in the prior year quarter to 16%.

As both medical and economic concerns have increased over the past month, regarding the spreading and impact of the novel coronavirus known as "COVID-19", the Company wants to assure its shareholders that it is taking all the necessary steps to protect employees and customers, ensuring full compliance with established guidelines. The safety of our employees and customers have been a primary focus.

About Vext Science

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 has one of the leading THC concentrates, edibles, and distillate cartridge brands sold in the majority 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 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.

Non-IFRS Financial Measures

The Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial performance. This non-IFRS financial measure is EBITDA. The Company calculates EBITDA as follows:

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Net income after taxes	$(832,085)	$349,912	$2,793,324	$3,748,562
Interest income (expense)	$88,836	$(25,754)	$65,957	$(14,973)
Taxes	$(289,872)	$4,136	$874,905	$1,131,432
Depreciation and ammortization	$31,404	$21,554	$135,351	$86,215
EBITDA	$(1,179,389)	$401,356	$3,737,623	$4,981,182

Management believes that these non-IFRS financial measures reflect the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-IFRS financial measures enable investors to evaluate the Company's operating results and future prospects in the same manner as management.

As there are no standardized methods of calculating these non-IFRS measures, the Company's methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non- IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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 "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 to future developments and the business and operations of VEXT.

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 Executive Officer

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