

VEXT Reports First Quarter 2020 Results

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VANCOUVER, June 1, 2020 /CNW/ - Vext Science, Inc. (CSE: VEXT & OTCQX: VEXTF) ("VEXT" or the "Company") a cannabinoid brand leader leveraging core expertise in extraction, manufacturing, cultivation, and marketing to build retail and distribution through management agreements, investments and joint venture partnerships, today reported financial results for the period ended March 31, 2020. All currency references used in this news release are in U.S. currency.

First Quarter Fiscal Year 2020 Summary Financial Results

(in millions, except per share amounts)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Gross revenues	\$4.1	\$6.5
Gross margin (%)	29%	49%
Operating expenses	\$2.3	\$1.0
Net income (loss) after taxes	\$(1.0)	\$2.2
Net income (loss) per share, diluted	\$(0.01)	\$0.02
EBITDA	\$(0.8)	\$2.3

Eric Offenberger, Chief Executive Officer of VEXT, commented: "In the fourth quarter of 2019, we adjusted the Herbal Wellness Center ("HWC") dispensary fee structure, which creates an incongruent first quarter year-over-year compare and does not accurately represent the progress in our business. The acquisition of an Arizona based company to provide exclusive turn-key services for Organica Patient Group, Inc. completed in the second quarter of 2020 provides the Company with another Arizona dispensary, which will increase revenue for the remainder of the year. COVID-19 related delays on goods imported from China, including cartridges and packaging, limited sales to HWC in the first quarter. Shipments from China have resumed and with HWC inventory levels replenished, we anticipate revenue to recover in the second quarter. Helped by increasing HWC sales, a second medical marijuana dispensary in Arizona, our multi-state joint ventures, and investments coming online, we anticipate returning to year-over-year revenue growth for the remainder of 2020. Also, operating expenses in the first quarter included several one-time and non-cash items, not incurred in the same period last year, and therefore we anticipate operating expense margins to improve going forward. VEXT has sufficient liquidity to execute on our strategy of adding additional partnerships and investments in new states that will accelerate our revenue growth, improve profitability, and increase shareholder value."

Please refer to the VEXT's MD&A filed with www.SEDAR.com on June 1, 2020 for a complete discussion of the Company's result of operations is based on its condensed consolidated financial statements for the quarter ended March 31, 2019.

First Quarter 2020 Results Overview

(for the period ended March 31, 2020, with all compares to the prior year three-month period)

The Company's revenues from operations were \$4.1 million, compared to \$6.5 million in the comparative quarter in 2019. During the fourth quarter of 2019, the Company adjusted revenue to better reflect the current business trends. Furthermore, revenue was impacted by the delay in shipments from China under Covid-19 restrictions, so it reduced the product sales to HWC. The revenue adjustments and delayed shipments from China due to the pandemic reduced the Company's gross revenue on a comparative quarterly basis, thus impacting the gross profit in the first quarter of 2020. Additionally, the Company's operating expenses were \$2.3 million compared to \$1.0 million in the comparative quarter in 2019 mainly due to several one-time and non-cash expenses and expenses related to being a public company that were not incurred in the same period prior year; therefore, this further impacted the net income and EBITDA for the first quarter of 2020.

As both medical and economic concerns have increased over the past few months, 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	
	Mar. 31, 2020	Mar. 31, 2019
Net income after taxes	\$(971,020)	\$1,661,417
Interest income (expense)	\$(76,726)	\$(29,212)
Taxes	-	\$(526,309)
Depreciation and amortization	\$56,983	\$34,232
EBITDA	\$(837,311)	\$2,251,170

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 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, 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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For further information: Daniel Southan-Dwyer, Vext Science, Inc., daniel@vextscience.com, 604-366-6277

CO: Vext Science, Inc.

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