



VEXT Announces Financial Results for Q3-2020: Arizona Cannabis Operations Drive Adjusted EBITDA of US\$2.6 Million, +60% vs. Q2-2020

- Revenue of US\$8.0 million, + 43% vs. US\$5.6 million in Q3-2019; Adjusted EBITDA¹ of US\$2.6 million, +97% vs. US\$1.3 million in the prior year period.
- With Arizona's transition to adult-use framework in early 2021, VEXT is fully funded for planned expansions and well positioned to continue driving growth and generating value for shareholders.
- The Company currently operates two dispensaries in the key Phoenix market, a network of cultivation, kitchen and manufacturing facilities; and its [Vapen™](#) brand is currently stocked on the shelves of the vast majority of licensed dispensaries in the State.

VANCOUVER, BC, Nov. 24, 2020 /CNW/ - Vext Science, Inc. ("VEXT" or the "Company") (OTCQX: VEXTF) (CSE: VEXT) a cannabinoid brand leader based in Arizona, leveraging its core expertise in extraction, manufacturing, cultivation and marketing to build a profitable multi-state footprint, today reported its financial results for the period ended September 30, 2020. All currency references used in this news release are in U.S. currency unless otherwise noted.

Summary Financial Results (unaudited)

	Q3 2020	Q2 2020	Q3 2019
Gross Revenue	\$7,951,648	\$6,736,723	\$5,574,546
Gross margin (%)	39.4%	37.8%	45.7%
Net income after taxes	\$1,412,974	\$556,397	\$784,930
Net income per share, diluted	\$0.02	\$0.01	\$0.01
Adjusted EBITDA ¹	\$2,639,263	\$1,646,083	\$1,341,248

Management Commentary

Eric Offenberger, CEO of VEXT commented, "I am proud of our Arizona team for their efforts this quarter, which drove strong top line growth and even more importantly, the Adjusted EBITDA to match. It was an important operational quarter for VEXT, beginning with the successful grand opening of our second operated Phoenix dispensary, as well as the initiation of fully funded expansions across our Arizona footprint. While we are very pleased with our Q3 financial results, the fact that we achieved them in a medical-only market, suggests to us that Q3 is just the beginning of what we can achieve as we enter an adult-use framework in Arizona during early 2021. With two operating dispensaries in the core Phoenix market, our wholly-owned [Vapen](#) brand in the vast majority of licensed dispensaries in the state, and active cultivation, manufacturing and kitchen facilities, VEXT is prepared to capture its share of what we expect will be significantly higher retail traffic in 2021. Furthermore, with a consistent focus on generating profitability, all major capital expenditures either behind us or fully funded, and some of our out-of-state expansion relationships beginning to generate results next year, we are well positioned to continue generating results and shareholder value both in Q4 and all the way through 2021."

Summary of Recent Operating Developments

- On November 2, 2020, VEXT announced that it had closed an oversubscribed public offering for

aggregate gross proceeds of approximately \$4,827,354 (CAD\$6,400,000).

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

Non-IFRS Financial Measure

The Company has provided certain non-IFRS financial measures including Adjusted EBITDA. These non-IFRS financial measures do not have a standardized definition under IFRS, nor are they calculated or presented in accordance with IFRS and may not be comparable to similar measures presented by other companies. The Company has provided these non-IFRS financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Company believes that these supplemental non-IFRS financial measures provide a valuable additional measure to use when analyzing the operating performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented herein.

Adjusted EBITDA

Adjusted EBITDA represents Net income (loss) from operations, as reported, before interest and tax, adjusted to exclude extraordinary items, non-recurring items, other non-cash items, including stock-based compensation expense, depreciation and amortization, foreign exchange and acquisition related costs, if applicable.

Accordingly, the following information provides reconciliations of the supplemental non-IFRS financial measure presented herein to the most directly comparable financial measure calculated and presented in accordance with IFRS.

	Q3 2020	Q2 2020	Q3 2019
Net income after taxes	\$1,412,974	\$556,398	\$784,930
Interest expense	\$198,580	\$43,765	\$8,318
Taxes	-	-	\$305,626
Depreciation & amortization ¹	\$802,108	\$426,024	\$242,374
Accretion	\$37,542	\$25,354	-
Share-based compensation	\$86,790	\$461,926	-
Loss on asset disposal	\$82,531	-	-
Foreign exchange	\$18,738	\$132,616	-
Adjusted EBITDA	\$2,639,263	\$1,646,083	\$1,341,248

About VEXT Science, Inc.

[Vext Science, Inc.](#) is a US-based Cannabis THC and Hemp cannabinoid products company manufacturing THC cartridges, concentrates, edibles, and accessories under the [Vapen™](#) Brand, and Hemp based products under the Pure Touch Botanicals brand as well as the Vapen CBD brand. Based in Arizona, Vext Science, Inc. has one of the leading THC concentrates, edibles, and distillate cartridge brands sold in most of the state's 100+ dispensaries. Herbal Wellness Center is one of Arizona's leading dispensaries and we execute all aspects of the cultivation, extraction, edibles infusion and manufacturing processes which insures a product of the highest quality and purity. Product quality and purity are core to our marketing strategy. Vext Science, Inc. is executing its business growth by leveraging experience and expertise in extractions, product manufacturing, and marketing to expand in the U.S. and internationally through revenue and profit-sharing joint venture

partnerships. For more information visit our website at www.VextScience.com.

For more details on the Vapen brand:

Vapen website: VapenBrands.com

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

Facebook: [@vapenclear](https://www.facebook.com/vapenclear)

¹ Includes depreciation reported in cost of sales.

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

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, those listed in the annual information form of the Company dated September 17, 2020, the short form prospectus and the other filings made by the Company 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
Chief Executive Officer

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