



# VEXT Signs Letter of Intent to Enter Growing Ohio Cannabis Market

VANCOUVER, BC, March 12, 2021 /CNW/ - [Vext Science, Inc.](#) ("VEXT" or the "Company") (CSE: VEXT) (OTCQX: VEXTF) a cannabinoid brand leader based in Arizona, leveraging its core expertise in extraction, manufacturing, cultivation and marketing to build a profitable multi-state footprint, announced today that it has entered into a letter of intent (the "LOI") that will enable it to establish a retail presence in the state of Ohio, through a joint venture with an Ohio limited liability company (the "JV Co."). The JV Co. has acquired an exclusive option to acquire all of the ownership interest of an Ohio entity (the "Option") holding a provisional cannabis dispensary license (the "Provisional License"). VEXT intends to acquire a 50% economic interest in the JV Co. through an Ohio subsidiary.

**Eric Offenberger, CEO of VEXT** commented, "The Vapen brand has been available to patients in Ohio since 2020 and based on that success we are excited to enter into this LOI to move toward establishing a retail footprint in the state. As a limited-license state with a large population and growing medical market, Ohio has the return on capital characteristics we look for, and we expect it to become an important cannabis market as it continues to develop. As a company, we are following a differentiated approach to expansion outside of our home market of Arizona, with a focus on partnering with existing entities in limited-license states and bringing the power of our award-winning Vapen brand and manufacturing expertise to the table. We are currently active in six states outside of Arizona and expect these relationships to progressively add to our results and generate value as we continue to focus on profitable growth."

Ohio has a population of approximately 11.7 million residents<sup>1</sup>. Medical cannabis sales began in 2019 and are expected to reach approximately US\$325 million in 2021<sup>2</sup>. Of 60 dispensary licenses granted, 51 are currently operational.

## Letter of Intent

The LOI contemplates a subsidiary of VEXT acquiring a 50% economic interest (48% voting interest) (the "Equity Interests") in the JV Co., which has signed various agreements to acquire 100% of the membership interests of the Ohio entity holding the Provisional License (the "License Co."). The contemplated change in ownership is subject to approval by the State of Ohio's Board of Pharmacy (the "Board") and cannot occur until License Co. has received a certificate of operation and been operational for 12 months.

As a part of the transaction with JV Co., a subsidiary of VEXT will enter into a loan agreement with JV. Co. with a contingent option to convert into the Equity Interests upon approval by the Board of the License Co. change in ownership. Under the loan terms, VEXT will loan US\$4 million to the JV Co. (the "Secured Loan"), which will be secured against all of JV Co.'s assets, JV Co.'s right to collection of certain payments under its agreements with License Co., and such other security as the parties may agree. VEXT has already funded a total of US\$2.3 million against the Secured Loan through various promissory notes.

<sup>1</sup> U.S. Census Bureau – July 1, 2019

<sup>2</sup> Marijuana Business Daily – average of sales range provided

JV Co. will apply the Secured Loan to first pay off certain loans made to JV Co. by the members of the JV Co. (the "Member Loans"), to the extent that JV Co. used the Member Loans to acquire the Option, and with remaining amounts (if any) to apply to the working capital of JV Co. VEXT will have the option to convert the Secured Loan into the Equity Interests at the time the Board approves of JV Co. acquiring 100% of the membership interests of the License Co. If the Board does not approve of the change in ownership (or, if JV Co.'s transaction with License Co. is terminated for any reason), then JV Co. will be required to pay back certain portions of the Secured Loan as agreed upon in the Definitive Agreements (as defined below).

In addition to the Secured Loan, VEXT will contribute and provide certain knowledge and expertise (collectively, the "Operational Experience") to assist JV Co. in meeting its responsibilities under JV Co.'s transaction with License Co. VEXT will also be providing Operational Experience towards the operations of License Co. following approval by the Board of the contemplated change in ownership.

For purposes of consummating the contemplated transaction, VEXT and JV Co. are required under the terms of the LOI to negotiate in good faith and enter into the following agreements within thirty (30) days after signing: (i) a Loan Agreement that will consolidate the various notes comprising the Secured Loan (*i.e.*, the US\$2.3 million) into a single Secured Loan; (ii) an Amended and Restated Operating Agreement for JV Co. to be effective if, and when, VEXT becomes a member of JV Co.; and (iii) a Services Agreement between VEXT's subsidiary and JV Co. concerning the Operational Experience to be contributed by VEXT (collectively, the "Definitive Agreements").

## **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](http://www.VextScience.com).

For more details on the Vapen brand:

Vapen website: [VapenBrands.com](http://VapenBrands.com)

Instagram: [@vapen](#)

Facebook: [@vapenclear](#)

## **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 COVID-19, to future developments and the business and operations of VEXT, the acquisition of a 50% economic interest in the JV Co., the entering into of the Definitive Agreements, the transfer of the Provisional License, and revenue and profit contribution for VEXT's operations.

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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