



VEXT Announces Record Financial Results for Q1-2021

- Revenue of US\$9.2 million, +43% sequentially; Adjusted EBITDA¹ of US\$3.1 million, +27% sequentially.
- Adjusted fully diluted EPS of US\$0.01.
- Phoenix dispensaries operated by VEXT generated successive record months in March 2021 and April 2021, with the trend continuing into May 2021².
- The Company will hold a conference call and webcast to discuss its Q1 financial results at 8:00 a.m. ET.

VANCOUVER, May 26, 2021 /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 March 31, 2021. All currency references used in this news release are in U.S. currency unless otherwise noted.

Summary Financial Results (unaudited)

	Q1 2021	Q4 2020	Q1 2020
Revenue	\$9,160,291	\$6,409,489	\$4,096,098
Gross margin (%)	45.4%	47.3%	29.4%
Net income after taxes	\$1,139,077	\$1,126,716	(\$971,020)
Earnings per common share, fully diluted	\$0.01	\$0.02	(\$0.01)
Adjusted EBITDA ¹	\$3,061,896	\$2,412,690	(\$74,717)
Adjusted EBITDA margin (%)	33.4%	37.6%	n.m. ³

Management Commentary

Eric Offenberger, CEO of VEXT commented, "Our team generated strong financial performance in Q1, fueled by a record month in March for our operated Phoenix dispensaries. Momentum in the Arizona market continues to build, and with recent announcements of fully funded expansions to effectively triple our cultivation footprint and a four-fold expansion to our manufacturing space, we are prepared for the upcoming growth. Vext continues to translate solid top-line performance into expanding Adjusted EBITDA and positive fully diluted earnings per share. The Company has been profitable since 2016⁴ and we are committed to delivering organic growth for shareholders, while judiciously building our footprint in Arizona, both on the retail side of the business and through wholesale channels led by the strength of the Vapen brand."

¹See "Non-IFRS Financial Measures" in this news release for more information regarding VEXT's use of Non-IFRS financial measures and other reconciliations.

²As of the date of this news release.

³The reference to n.m. means "not meaningful".

⁴Based on net income after taxes.

Summary of Recent Operating Developments

- On May 11, 2021, Vext announced that it had received approval from the City of Eloy to build and operate a state-of-the-art medical cannabis cultivation facility. As announced on April 7, 2021, Vext entered into a purchase and sale agreement to acquire a vacant 72,000 square foot industrial facility (~34,000 square feet of future canopy) located in the City of Eloy.
- On May 20, 2021, the Company announced that it had received approval from the State of Arizona to begin operations in its recently expanded, dedicated extraction and manufacturing

facility located at 4215 N. 40th Avenue, Phoenix. Previously, the Company had been conducting extraction and manufacturing operations in space co-located with one of its cultivation facilities. As part of the move to a dedicated footprint, Vext increased overall space by four times and built additional automation into its processes. The expansion included: additional extract and concentrates production space; a tripling of the Company's kitchen capacity in order to meet growing demand for edibles as the Arizona adult-use market develops; a re-designed finished goods area to support increased efficiency and throughput; and a dedicated product development lab, which the Company will utilize to continue innovating the Vapen line of branded products.

Q1-2021 Financial Results Conference Call

Vext will host a conference call and webcast Wednesday May 26, 2021, at 8:00 a.m. ET to discuss its first quarter financial results. The call will be chaired by Eric Offenberger, CEO and Vahan Ajamian, CFO:

Date: May 26, 2021 | Time: 8:00 a.m. ET

Participant Dial-in: 416-764-8609 or 1-888-390-0605

Replay Dial-in: 416-764-8677 or 1-888-390-0541

Conference ID: 67631670

Playback #: 631670 (Expires June 9, 2021)

Listen to webcast: <https://bit.ly/2RfEtrf>

Non-IFRS Financial Measures

The Company has provided certain non-IFRS financial measures including "Gross margin", "Adjusted EBITDA" and "Adjusted EBITDA margin". 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 defines "Gross margin" as Gross Profit divided by Revenue. The Company defines "Adjusted EBITDA" as 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. The Company defines "Adjusted EBITDA margin" as Adjusted EBITDA divided by Revenue.

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. The following tables provide a reconciliation of each of the non-IFRS measures to its closest IFRS measure.

Adjusted EBITDA

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.

Q1 2021	Q4 2020	Q1 2020
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Net income after taxes	\$1,139,077	\$1,126,716	(\$971,020)
Interest expense	13,876	10,168	76,726
Income taxes	398,900	514,000	-
Depreciation & amortization ⁵	718,394	629,228	269,098
EBITDA	\$2,270,247	\$2,280,112	(\$625,196)
Accretion	58,399	36,589	26,134
Share (Profit)/Loss on JVs	303,157	127,627	62,520
Share-based compensation	424,953	243,554	87,406
Office and general	-	-	500,000
Loss on asset disposal	-	77,987	766
Foreign exchange	5,140	(353,179)	(126,347)
Adjusted EBITDA	\$3,061,896	\$2,412,690	(\$74,717)

* Includes a one-time severance payment.

⁵Includes depreciation reported in cost of sales.

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 dispensary banners and we execute all aspects of the cultivation, extraction, edibles infusion and manufacturing processes which ensures 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. 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](#)

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

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: the Company's outlook for and expected operating margins, capital allocation and other financial results; statements relating to the business and future activities of, and developments related thereto, the Company after the date of this news release; statements relating to the business and future activities of, and developments related thereto, the Company after the date of this news release, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations regarding cultivation and manufacturing capacity; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic business or competitive factors related to the Company; the Company' business outlook, 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
844-211-3725

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