



VEXT Announces Record Financial Results for Q2-2021

- Revenue of US\$9.4 million; Adjusted EBITDAⁱ of US\$3.4 million (margin of 36.6%); Fully diluted EPS of \$0.01; and operating cash flow of \$4.5 million.
- The Company will hold a conference call and webcast on Tuesday August 24th at 8:00am ET to discuss its Q2 financial results.

VANCOUVER, BC, Aug. 24, 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 June 30, 2021. All currency references used in this news release are in U.S. currency unless otherwise noted.

Summary Financial Results (unaudited)

	Q2 2021	Q2 2020	Q1 2021
Revenue	\$9,375,774	\$6,736,723	\$9,160,291
Gross margin (%)	45.0%	37.8%	45.4%
Net income (loss) after taxes	\$1,792,448	\$556,397	\$1,139,077
Earnings per common share, fully diluted	\$0.01	\$0.01	\$0.01
Adjusted EBITDA ⁱ	\$3,436,001	\$1,899,990	\$3,061,896
Adjusted EBITDA margin (%)	36.6%	28.2%	33.4%

Management Commentary

Eric Offenberger, CEO of VEXT, commented, "Q2 was a solid quarter for Vext, with the consistent efforts of our Arizona team driving record performance at a dispensary level as well as continued demand for our Vapen brand from third-party dispensaries across the state. This effective operating performance translated into both record profitability and operating cash flow in the quarter. The Arizona market is expected to reach \$3 billion in annual sales by 2025ⁱⁱ, and Vext is positioning itself for continued profitable growth. We recently completed and began operating an expanded manufacturing facility, and during the quarter, closed the purchase of a 72,000 square foot facility in Eloy, which will nearly triple our indoor cultivation capacity when it comes online in early 2022. In a growing, limited license state, additional cultivation and manufacturing capacity are important strategic advantages. In July, we highlighted another avenue of growth for Vext, by agreeing to produce and distribute both MAJOR cannabis infused beverages and WYNK THC seltzers, in Arizona. With the capacity to produce high quality third-party products and an established distribution channel to the vast majority of dispensaries in the state, we expect to further leverage our existing infrastructure and drive incremental profitability for shareholders."

Mr. Offenberger added, "Outside of Arizona, we have continued to make progress in Ohio, where the Vapen brand continues to sell well. Ohio is a very promising market, with a limited license framework similar to what we are used to in Arizona. In July, we announced that after a 12-month period, through a joint venture, we would be able to formally apply to the Ohio Board of Pharmacy to transfer ownership of a provisional cannabis dispensary license to Vext and its partners. Between Arizona and Ohio, we expect the next 12 months to be a very exciting growth period as we continue to build a focused, profitable, multi-state footprint."

Summary of Recent Operating Developments

- On July 6, 2021, Vext announced it had signed a Memorandum of Understanding with SōRSE Technology Corp. ("SōRSE") to exclusively produce and sell SōRSE's MAJOR cannabis-infused beverages in Arizona. SōRSE is a leader in water-soluble emulsion technology for integrating functional ingredients into commercially available consumer packaged goods.
- On July 20, 2021, the Company provided an update on its progress toward establishing a retail presence in the State of Ohio. Following on its March 15th announcement that it had signed a letter of intent (the "LOI") to form a joint venture to access a provisional cannabis dispensary license (the "Provisional License") held by an Ohio entity (the "License Co."), Vext announced that the License Co. had received a Certificate of Operation by the Ohio Board of Pharmacy (the "Board") and was fully operational. Once the License Co. has been operational for 12 months, Vext and its joint venture partner may apply to the Board for a change in ownership of the Provisional License.
- On July 27, 2021, Vext announced that it had signed an agreement with Agtech PA LLC ("Agtech") to exclusively produce and sell Wynk THC seltzers ("Wynk") in Arizona. Wynk™ is currently partnering with processors across the country to become the first nationally branded premium THC beverage company in the United States. Vext expects to begin selling Wynk during the second half of 2021.

Q2-2021 Financial Results Conference Call

Vext will host a conference call and webcast Tuesday August 24, 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: August 24, 2021 | Time: 8:00am 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: 43455452

Playback #: 455452 (Expires September 7, 2021)

Listen to webcast: <https://bit.ly/3yvpSJb>

Non-IFRS Financial Measure

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.

	Q2 2021	Q2 2020	Q1 2021
Net income after taxes	\$1,792,448	\$556,397	\$1,139,077
Interest expense	(65,928)	43,765	13,876
Income taxes	433,636	-	398,900
Depreciation & amortization ⁱⁱ	743,999	426,024	718,394
EBITDA	\$2,904,155	\$1,026,186	\$2,270,247
Accretion	208,946	25,354	58,399
Share (Profit)/Loss on JVs	102,938	253,908	303,157
Share-based compensation	220,410	461,926	424,953
Gain on derecognition of ROU	(3,195)	-	-
Office and general	-	-	-
Loss on asset disposal	-	-	-
Foreign exchange	2,746	132,616	5,140
Adjusted EBITDA	\$3,436,001	\$1,899,990	\$3,061,896

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's 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](tel:844-211-3725)

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

ⁱⁱ MJBiz Factbook – 2021, 9th Edition.

ⁱⁱⁱ Includes depreciation reported in cost of sales.

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