



## VEXT Announces Financial Results for Q3-2021

- Revenue of US\$9.4 million; Adjusted EBITDA<sup>i</sup> of US\$3.6 million (margin of 38.0%); Fully diluted EPS of US\$0.01; and operating cash flow of US\$2.4 million.
- The Company will hold a conference call and webcast on Thursday November 18, 2021, at 8:00am ET to discuss its Q3 financial results.

VANCOUVER, November 18, 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 September 30, 2021. All currency references used in this news release are in U.S. currency unless otherwise noted.

### Summary Financial Results (unaudited)

	Q3 2021	Q3 2020	Q2 2021
Revenue	\$9,399,700	\$7,951,648	\$9,375,774
Gross margin <sup>i</sup> (%)	43.6%	39.4%	45.0%
Net income (loss) after taxes	\$970,106	\$1,412,974	\$1,792,449
Earnings per common share, fully diluted	\$0.01	\$0.01	\$0.01
Adjusted EBITDA <sup>i</sup>	\$3,567,827	\$2,581,347	\$3,463,735
Adjusted EBITDA margin <sup>i</sup> (%)	38.0%	32.5%	36.6%

### Management Commentary

**Eric Offenberger, CEO of VEXT**, commented, “During Q3, our team in Arizona generated solid revenue, while maintaining strict cost control and realizing efficiencies from our recently completed manufacturing expansion. These factors drove Adjusted EBITDA margins up by over 140bps sequentially, to 38%. Q4 is off to a strong start and overall, we expect continued growth in the Arizona market, which recently surpassed Colorado as the second largest cannabis market in the U.S.”<sup>ii</sup>

**Mr. Offenberger** added, “While market-wide inflationary pressures will likely translate into some additional price sensitivity within certain consumer groups in the short-term, Vext’s vertically integrated position gives it a competitive advantage. We have opted to divide our Eloy expansion into two phases, to allow construction costs to normalize and ensure we are able to optimally match Phase I production

with our own retail needs. We expect the next 12 months to be an important period for Vext as we continue to grow in Arizona, look for accretive opportunities to expand our footprint in the market and continue to solidify a vertical position in Ohio, all backed by a proven track record of operational excellence and profitability.”

### **Summary of Recent Operating Developments**

- Today, Vext also announced that given elevated construction costs market-wide, the Company has made the decision to revise the previously announced expansion schedule at its Eloy cultivation facility. The Company now plans to divide construction into two phases. Phase I is expected to be complete during Q3 2022, and will bring canopy at Eloy to ~17,000 square feet. Phase II, expected to be complete during Q3 of 2023, will bring total canopy on site to ~34,000 square feet.
- On November 17, 2021, Vext announced that an affiliated entity (the “Affiliate”) of Appalachian Pharm Processing, LLC, an Ohio limited liability company (“APP”), has received a Level I Cultivator provisional license (the “License”) to be co-located at the APP facility at 16064 Beaver Pike, Jackson, Ohio. The License, granted by the Ohio Department of Commerce, will enable the Affiliate to build-out an initial cultivation area of up to 25,000 square feet, with the potential to expand up to 50,000 square feet following further application and approval.
- On October 18, 2021, Vext announced that it had received approval to have ownership of a manufacturing operation in Ohio, through a 37.5% ownership interest in APP. In July 2022, the Company expects to apply to the Ohio regulators, through another affiliated joint venture partner (the "Joint Venture"), to transition an operating cannabis dispensary license to the Joint Venture. The combination of these acquisitions, once approved by the Ohio regulators and completed, will move Vext closer to vertical integration in Ohio, which is an attractive limited license state with the potential for a future transition into an adult-use market.

### **Q3-2021 Financial Results Conference Call**

Vext will host a conference call and webcast Thursday November 18, 2021, at 8:00 a.m. ET to discuss its third quarter financial results. The call will be chaired by Eric Offenberger, CEO and Vahan Ajamian, CFO:

Date: November 18, 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: 92801735

Playback #: 801735 (Expires December 2, 2021)

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

### 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.

	Q3 2021	Q3 2020	Q2 2021
Net income after taxes	\$970,106	\$1,412,974	\$1,792,449
Interest (net)	\$75,574	\$63,917	\$(38,194)
Income taxes	\$538,308	-	\$433,636
Depreciation & amortization <sup>iii</sup>	\$886,920	\$802,108	\$743,999
EBITDA	\$2,470,908	\$2,278,999	\$2,931,890
Accretion	\$785,192	\$37,542	\$208,946
Share (profit)/loss on JVs	\$2,602	\$76,747	\$102,938
Share-based compensation	\$171,479	\$86,790	\$220,410
Gain on derecognition of ROU	-	-	\$(3,195)
(Gain)/loss on investment	\$212,675	-	
(Gain)/loss on asset disposal	\$(75,000)	\$82,531	-
Foreign exchange	\$(29)	\$18,738	\$2,746
Adjusted EBITDA	\$3,567,827	\$2,581,347	\$3,463,735

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

For more details on the Vapen brand:

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

Instagram: [@vapen](#)

Facebook: [@vapenbrands](#)

## **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; inflation pressures; the timeline to buildout the Eloy cultivation facility, the timeline to transition an operating cannabis dispensary to the Joint Venture; 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](http://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

**For further information, please contact:**

Jonathan Ross, VEXT Investor Relations

[jon.ross@loderockadvisors.com](mailto:jon.ross@loderockadvisors.com)

416-244-9851

---

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

<sup>ii</sup> Headset.io

<sup>iii</sup> Includes depreciation reported in cost of sales.