

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Company**

Vext Science, Inc. (the “Company”)  
4152 N. 39<sup>th</sup> Avenue  
Phoenix, AZ 85019  
USA

**Item 2: Date of Material Changes**

December 15, 2022 and December 16, 2022

**Item 3: News Release**

A news release disclosing the information contained in this material change report was issued by the Company on December 15, 2022 through the newswire services of Canada NewsWire, a copy of which was filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**Item 4: Summary of Material Changes**

On December 15, 2022, the Company, through its wholly-owned subsidiary, Vapen Ohio, LLC (“**Vapen Ohio**”), entered into definitive agreements to acquire Appalachian Pharm Processing, LLC (“**AP Processing**”), an Ohio limited liability company, together with its subsidiaries and affiliated companies for total consideration of approximately US\$12.5 million (the “**Proposed Acquisitions**”).

On December 16, 2022, the Company, through its wholly-owned subsidiaries, entered into a loan agreement with an Ohio-based lender for an aggregate loan commitment of US\$10 million (the “**Ohio Loan**”).

**Item 5: Full Description of Material Change**

**5.1 Full Description of Material Change**

The Proposed Acquisitions

On December 15, 2022, Vapen Ohio entered into membership interest purchase agreements (collectively, the “**Purchase Agreements**”) with the other holders of membership interests (collectively, the “**Sellers**”) of each of AP Processing, Appalachian Pharm Products, LLC (“**AP Products**”) and APP1803, LLC (“**APP1803**” and, collectively with AP Processing and AP Products, the “**App Pharm Entities**”), pursuant to which Vapen Ohio agreed to acquire all of the outstanding membership interests (not already owned by the Company or its affiliates) for aggregate consideration of approximately US\$12.5 million, consisting of:

- (a) an aggregate of US\$750,000 in cash paid to the Sellers upon execution of the Purchase Agreements and a further US\$1,250,000 in staged payments on or before January 6, 2023;

- (b) an aggregate of US\$3 million principal amount of unsecured promissory notes (the “**Initial Promissory Notes**”) issued by Vapen Ohio in favour of the Sellers, upon execution of the Purchase Agreements;
- (c) an aggregate of approximately US\$6 million principal amount of unsecured promissory notes (the “**Closing Promissory Notes**”) to be issued by Vapen Ohio in favour of the Sellers, on the earlier of (i) closing of the Proposed Acquisitions and (ii) January 1, 2023; and
- (d) an aggregate of 8,999,989 common shares in the capital of the Company, at a deemed price of US\$0.156 per share, issued to the Sellers upon execution of the Purchase Agreements.

The Initial Promissory Notes bear simple interest, from the date of issuance, at a rate of 8% per annum and the outstanding principal plus accrued interest shall be repaid six months after closing of the Proposed Acquisitions. The Closing Promissory Notes will bear simple interest, from the date of issuance, at a rate of 8% per annum, and will be subject to interest only payments for a period of two years from the date of issuance and thereafter, will require quarterly payments of principal and interest on a 20 year amortization schedule and will mature on December 31, 2026.

In connection with execution of the Purchase Agreements, the Company converted the outstanding US\$4 million loan payable by APP1803 for a 50% economic interest and 48% voting interest in APP1803 and such loan was thereafter terminated in accordance with its terms.

Pursuant to the Purchase Agreements, the Company also entered into a management services agreement (the “**MSA**”) and revolving line of credit agreement (the “**RLOC**”) with AP Products. Under the MSA, the Company will provide certain management, staffing, administrative and other services to AP Products prior to completion of the Proposed Acquisitions in consideration of a service fee of a minimum of US\$50,000 per month, plus an additional amount determined based on the weight of medical marijuana cultivated and produced by AP Products for such month and reimbursements of the Company’s costs and expenses in connection with the MSA. Under the RLOC, the Company has agreed to provide AP Products with up to US\$15 million in funding (including, for greater certainty, all outstanding amounts previously funded by the Company in connection with the Company’s joint venture arrangement with the App Pharm Entities) to be used by AP Products for the build out and operations of AP Product’s cultivation facility. The loans under the RLOC accrue simple interest at the rate of 8% per annum and will be subject to interest only monthly payments beginning January 31, 2024, and thereafter, will be repayable in full on the earlier of (i) 48 months after the last advance and (ii) 12 months after termination of the Purchase Agreement with respect to AP Products.

The Proposed Acquisitions are subject to certain customary conditions precedent, including without limitation, receipt of all necessary regulatory approvals, and are expected to close by the end of the second quarter of 2023 and, pending receipt of regulatory approvals, may close in one or more closings.

In connection with the Purchase Agreements, David Eaton resigned from the board of directors of the Company and David Johns was appointed to the board of directors of the

Company, each effective December 15, 2022 after the completion of the Company's annual general meeting of its shareholders.

#### The Ohio Loan

The Company entered into a loan agreement dated December 16, 2022 among Vapen Ohio, New Gen Ohio LLC, New Gen Eloy, LLC, New Gen PHX, LLC, each a wholly-owned subsidiary of the Company, AP Processing, AP Products and 888 Prime LLC (collectively, the, "Borrowers"), as borrowers, and Wright-Patt Credit Union, Inc. (the "Lender"), as lender, pursuant to which the borrowers acquired the Ohio Loan. The Ohio Loan bears interest at an initial rate equal to the 5-year treasury rate + 5.00%, subject to a floor rate of 7.50%. As of December 16, 2022, the Ohio Loan was fully drawn.

As security for the indebtedness, liabilities and obligations of the Borrowers in connection with the Ohio Loan, each of the Borrowers granted to the Lender a security interest in all of its personal and real property, including without limitation deeds of trust and leasehold mortgages granted in favour of the Lender on the Company's properties located in the State of Arizona and the properties of the Company and the App Pharms Entities in the State of Ohio, respectively.

The proceeds of the Ohio Loan are expected to be used for construction and improvements associated with AP Product's (as defined below) cultivation facility (and may be funded by the Company to AP Products pursuant to the RLOC) and other general corporate purposes.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 5: Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 6: Omitted Information**

Not applicable.

### **Item 7: Executive Officer**

The following senior officer of the Company is knowledgeable about the material change and this material change report and may be contacted:

Eric Offenberger, Chief Executive Officer  
Telephone: 844-211-3725

### **Item 8: Date of Report**

December 28, 2022

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## **Cautionary Statement**

This report contains certain forward-looking information and forward-looking statements within the meaning of applicable Canadian and United States securities legislation (collectively “forward-looking statements”) which relate to future events or the business, operations and financial performance and condition of the Company. Statements in this report that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in the Company’s periodic filings with Canadian securities regulators. When used in this report, 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 to the Proposed Acquisition and closing thereof, future developments, the expected use of the Ohio Loan and the business and operations of the Company. Although the Company 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 report are made as of the date of this report. The Company disclaims any intention or obligation to update or revise such information, except as required by applicable law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein