

# Vext Signs Agreement to Acquire Two Additional Ohio Retail Locations and Announces Concurrent Private Placement - Gives the Company a Scalable Footprint in a Large Growth Market

- With recreational legalization on the ballot in Ohio's general election in November 2023, this proposed transaction will position Vext with a meaningful footprint in the state and the scaled retail presence necessary to generate sustainable long-term returns as the market matures.
- Pro Forma for this announcement and the previously announced Appalachian Pharm acquisition, Vext will have an operating Tier I cultivation facility, an operating manufacturing facility, and four retail dispensaries in Ohio.
- Vext will raise \$10 million via a private placement of common shares, the majority of which is expected to be conducted with an existing institutional shareholder, senior management and members of the Company's board of directors.

Vancouver, British Columbia--(Newsfile Corp. - October 2, 2023) - [Vext Science, Inc.](#) (CSE: VEXT) (OTCQX: VEXTF) ("**Vext**" or the "**Company**"), a U.S.-based cannabis operator with vertical operations in Arizona and Ohio<sup>1</sup>, is pleased to announce the execution of a letter of intent (the "**LOI**") with the members (the "**Sellers**") of Big Perm's Dispensary Ohio, LLC ("**Big Perm**") to acquire two cannabis dispensaries located in Ohio (the "**Dispensaries**") owned by Big Perm, as well as all licenses and assets related to the business of the Dispensaries (the "**Acquired Assets**"), for aggregate consideration of approximately \$9.8 million, subject to adjustment in certain circumstances (the "**Ohio Expansion Transaction**").

The Company also announced a non-brokered private placement of common shares of the Company ("**Common Shares**") to raise up to \$10 million (the "**Offering**"). Vext anticipates that one institutional shareholder, as well as certain members of the Company's senior management team and board of directors will participate for over 60% of the Offering. Unless otherwise noted, all currency references used in this news release are in U.S. currency.

## Management Commentary

**Eric Offenberger, CEO of Vext**, commented, "The addition of two dispensaries to our growing vertical footprint in Ohio represents a critical step toward achieving scale and ensuring long-term returns on capital in this attractive growth market. The overall market environment, particularly from an equity perspective, remains challenging, but now is the right time for Vext to build a platform that will generate growing profitability and cash flow. We appreciate the support of our long-term shareholder base and insiders who have stepped up to support what I am confident will lead to significant value creation."

**Mr. Offenberger** continued, "Vext has a proven track record of operating profitably in the limited-license Arizona market and we were early to understand that fully integrated operations and matching long-term cultivation with owned retail demand, is the route to capturing sustained margins and value. Upon closing this transaction, along with the previously announced Appalachian Pharm acquisition, Vext will be positioned for success in the limited license Ohio market through four strategically located dispensaries, bringing us closer to the state cap of five locations."

## Terms of the Ohio Expansion Transaction

Under the terms of the LOI, in consideration for the Acquired Assets, Vext is anticipated to pay cash consideration equal to \$9.8 million, subject to adjustments in certain circumstances.

In addition, Vext has agreed to fund approximately \$3.4 million of construction costs related to the Dispensaries, which are payable upon closing of the Ohio Expansion Transaction.

The Ohio Expansion Transaction remains subject to a number of customary conditions, including, without limitation: the satisfactory completion of due diligence, the receipt of any required regulatory and third-party approvals, as well as the negotiation of definitive transaction documents. There can be no guarantees that the Ohio Expansion Transaction will be completed as contemplated or at all.

The Company is at arm's length from Big Perm and each of the Sellers. The Company currently expects that definitive agreement with respect to the Ohio Expansion Transaction will be executed prior to the end of October 2023 and that closing of the Ohio Expansion Transaction will occur in 2024.

## **About the Ohio Market**

The Ohio medical cannabis market continues to grow with a 15% increase in number of patients and 82% increase in number of operating dispensaries over the past 12 months.<sup>2</sup>

## **Concurrent Private Placement**

Pursuant to the Offering, the Company will offer up to 58,823,529 Common Shares at a price of \$0.17 per Common Share (the "**Offering Price**") for aggregate gross proceeds of up to \$10 million. The Offering is subject to an over-allotment option, allowing the Company to increase the number of Common Shares sold by up to 8,823,529 additional Common Shares for additional proceeds of up to \$1.5 million (the "**Over-Allotment Option**"). The Company may pay finders' fees to eligible arm's length third-parties in connection with the Over-Allotment Option.

Proceeds from the Offering, including the Over-Allotment Option (if any), are expected to be used to fund part of the purchase price for the Ohio Expansion Transaction and certain other obligations of the Company in connection with the Ohio Expansion Transaction. Closing of the Offering is expected to occur as soon as practicable, subject to certain customary conditions precedent.

The securities issued pursuant to the Offering, including the Over-Allotment Option (if any), will be subject to resale restrictions, including a hold period of four months and one day pursuant to applicable Canadian securities laws and further restrictions which will be set forth in the Shareholders Agreement (as defined below).

In connection with the Offering, the Company intends to enter into a shareholders agreement (the "**Shareholders Agreement**") with certain management shareholders and other subscribers under the Offering (collectively, the "**Subject Shareholders**"), pursuant to which the Company and the Subject Shareholders will agree to a number of rights and restrictions applicable to the Company and the Subject Shareholders, including, without limitation, the following: (i) an agreement to vote their shares of Vext in favour of the election of the Chief Executive Officer of the Company and a nominee (the "**SSOFL Nominee**") of Sopica Special Opportunities Fund Limited ("**SSOFL**") to the board of directors of the Company; (ii) the grant of a right of refusal to the other Subject Shareholders for the transfer of any shares of Vext held by the Subject Shareholders; (iii) an agreement, in certain circumstances, to vote their shares of Vext in favour of any sale of the Company proposed by SSOFL and (iv) certain matters which must be approved by the board of directors of the Company (including the SSOFL Nominee), including, without limitation, (a) a liquidation of the Company; (b) the issuance of additional securities of the Company; (c) the incurrence of certain additional debt; (d) certain related party transactions; and (e) amendments to executive compensation arrangements. In connection with the Shareholders Agreement, the Company expects that the SSOFL Nominee will be appointed to the board of directors of the Company on, or as soon as practicable after, closing of the Offering. The Shareholders Agreement, when signed, will constitute applicable shareholder approval, in respect of the Offering and the

Shareholders Agreement, for the purposes of the requirements of the Canadian Securities Exchange, as the Subject Shareholders hold greater than 50% of the outstanding votes associated with shares of the Company.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this news release in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful. Such securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and, accordingly, may not be offered or sold in the United States or to, or for the account or benefit of, "U.S. persons" (as those terms are defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Certain insiders of the Company, including SSOFL (collectively, the "**Offering Insiders**"), are expected to acquire securities under the Offering. Each of the Offering Insiders may be considered a "related party" as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Accordingly, the Offering may be a "related party transaction" as defined in MI 61-101. The Company anticipates relying on the exemption from the formal valuation requirement at Section 5.5(a) of MI 61-101 and the exemption from minority approval requirement at Section 5.7(1)(a) of MI 61-101, in respect of participation by the Offering Insiders in the Offering, as neither the fair market value of the securities to be acquired by the Offering Insiders nor the consideration for such securities is anticipated to exceed 25% of the Company's market capitalization.

## **Update on APP Acquisition**

As previously announced, the Company has received the approval of the Ohio Department of Commerce for the ownership transfer of Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies (collectively, "**APP**"), for a total consideration of approximately \$12.5 million, with \$11 million paid in cash or promissory notes and \$1.5 million through the issuance of Common Shares (the "**APP Acquisition**"). The Company is working with APP to satisfy the remaining conditions of closing and currently expects that closing of the Ohio Acquisition will occur imminently, subject to the terms of the definitive purchase agreements. For further details about the terms of the APP Acquisition, see the Company's news releases dated December 15, 2022, and August 23, 2023. As a result of closing of the Ohio Acquisition, Vext will also obtain the right to acquire ownership of a cannabis dispensary in Columbus, Ohio. The Company has applied to the Ohio Board of Pharmacy for an ownership transfer of such dispensary and expects to receive approval this year and to close promptly after receipt of regulatory approval.

## **Advisors**

Eight Capital acted as financial advisor, McMillan LLP and Bianchi & Brandt acted as legal counsel and LodeRock Advisors provided capital markets communication services to Vext.

## **About Vext Science, Inc.**

[Vext Science, Inc.](#) is a U.S.-based cannabis operator with vertical operations in Arizona and Ohio. Vext's expertise spans from cultivation through to retail operations in its key markets. Based out of Arizona, Vext owns and operates state-of-the-art cultivation facilities, fully built-out manufacturing facilities as well as dispensaries in both Arizona and Ohio. The Company manufactures Vapen™, one of the leading THC concentrates, edibles, and distillate cartridge brands in Arizona. Its selection of award-winning products are created with Vext's in-house, high-quality flower and distributed across Arizona and Ohio, as well as through Vext's partnerships in other states. Vext's leadership team brings a proven track record of building and operating profitable multi-state operations, with the Company having operated profitably since 2016. The Company's primary focus is to continue growing in its core states of Arizona and Ohio, bringing together cutting-edge science, manufacturing, and marketing to provide a reliable

and valuable customer experience while generating shareholder value.

Vext Science, Inc. is listed on the Canadian Securities Exchange under the symbol VEXT and trades on the OTCQX market under the symbol VEXTF. Learn more at [www.vextscience.com](http://www.vextscience.com) and connect with Vext on [Twitter/X](#) and [LinkedIn](#).

For more details on the Vapen brand:

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

Instagram: [@vapen](#)

Facebook: [@vapenbrands](#)

## **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 to the Offering including the timing and completion thereof, the exercise of the Over-Allotment Option, the use of proceeds of the Offering, Offering Insider participation in the Offering, statements related to the Shareholders Agreement, including the receipt of applicable shareholder approval, statements regarding the Ohio Expansion Transaction, including negotiation and execution of the definitive transaction agreements, the anticipated closing date and receipt of regulatory approvals related thereto, and other statements regarding future developments and the business and operations of the Vext, market projections of the cannabis industry in Ohio, and the Company's business plans in Ohio, all of which are subject to the risk factors contained in Vext's continuous disclosure filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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.**

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<sup>1</sup> Vext has entered into a definitive agreement to acquire Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies. Subject to the terms of the definitive purchase agreements, this proposed acquisition (the "APP Acquisition") is expected to close imminently.

<sup>2</sup> Ohio Medical Marijuana Control Program.



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