



Vext Reports Financial Results for Q3 2023

- Generated revenue of \$8.1 million and Adjusted EBITDA¹ of \$1.1 million.
- Reported 14th consecutive quarter of positive EBITDA¹ and positive Adjusted EBITDA¹
- Recorded cash flow from operations of \$3.8 million YTD, marking 13 out of 14 consecutive quarters of positive cash flow from operations.
- On November 16th, closed the sale of Prescott Valley cultivation facility, generating \$6.5 million in cash.
- Closed private placement on October 12th for net proceeds of \$11.5 million, with insiders purchasing over 60% of the offering.
- Announced definitive agreements to acquire two additional retail dispensaries in Ohio on October 16th. On closing, Vext will have an operating Tier I cultivation facility, an operating manufacturing facility, and four dispensaries in Ohio², which is expected to transition to an adult-use market in 2024.

VANCOUVER, BC, November 28, 2023 - [Vext Science, Inc.](#) (“Vext” or the “Company”) (CSE: VEXT; OTCQX: VEXTF) a U.S.-based cannabis operator with vertical operations in Arizona and Ohio, today reported its financial results for the period ended September 30, 2023. All currency references used in this news release are in U.S. currency unless otherwise noted.

Summary Financial Results

	Q3 2023	Q2 2023	Q3 2022
Revenue	\$8,099,285	\$9,187,122	\$7,673,101
Gross margin before impact of biological assets (%) ¹	39%	30%	60%
EBITDA ¹	\$404,358	\$2,264,980	\$2,814,551
Adjusted EBITDA ¹	\$1,076,949	\$1,049,114	\$3,278,860
Adjusted EBITDA margin (%) ¹	13.3%	11.4%	42.7%

Management Commentary

Eric Offenberger, CEO of Vext, commented, “Q3 was another challenging period for all U.S. retailers, and cannabis was no exception. In an already seasonally slow period for Arizona, the consumer remained stretched, which led to continued pressure on retail price points and smaller baskets year-over-year. Despite these ongoing challenges, our team translated effective promotions into solid growth in traffic, and

¹ See "Non-IFRS Financial Measures" below for more information regarding Vext's use of non-IFRS financial measures and other reconciliations

² Vext has executed an asset purchase agreement (the "Asset Purchase Agreement"), together with other definitive agreements (together with the Asset Purchase Agreement, the "Definitive Agreements"), with the members of Big Perm's Dispensary Ohio, LLC ("Big Perm") to acquire from Big Perm two cannabis dispensaries located in Ohio, as well as all licenses and assets related to the business of such dispensaries for cash consideration of \$9.4 million, subject to adjustments in certain circumstances (the "Ohio Expansion Transaction"). Subject to receipt of required regulatory approvals and other customary conditions precedent, the Company expects that closing of the Ohio Expansion Transaction will occur in 2024.



transactions. This enabled our stores to perform better than the market and we estimate the additional share will position us well as consumer discretionary spending improves. Furthermore, we expect first harvest out of our Eloy facility in Q1 2024 and with the sale of our Prescott Valley facility subsequent to the end of the quarter, we are focused on maximizing the sell-through of our own product through our owned retail stores and with the goal to improve Adjusted EBITDA margins over the next several quarters.”

“We are particularly pleased with recent developments in the Ohio market. Shortly after the end of the quarter, Ohio voted to legalize adult-use cannabis. As one of the top ten states in the U.S. by population, it is expected to become a \$4 billion market within the next four years³. Our recently announced Ohio Expansion Transaction, once closed, will bring Vext to four dispensaries in the state and position us both to capture significant growth as Ohio launches and to sustain that growth as the market matures. We now have strategic vertical footprints in Arizona and Ohio and all major capex in both states is either complete or fully funded. Through 2024, our team will remain focused on building significant shareholder value through continued growth in market share and profitability in Arizona, while capturing a meaningful share of the large Ohio market as it transitions to adult-use in the new year,” added **Mr. Offenberger**.

Summary of Recent Announcements

- On November 16, 2023, the Company announced that it had completed the previously announced sale of its cultivation facility located in Prescott Valley, Arizona to affiliates of Elevate Cannabis Co. for \$6.5 million in cash.
- On October 16, 2023, the Company announced that it has reached agreement pending a regulatory review period on an asset purchase agreement (the "Asset Purchase Agreement"), together with other definitive agreements, with Big Perm's Dispensary Ohio, LLC ("Big Perm") and the members thereof, 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, for aggregate consideration of approximately \$9.4 million, subject to adjustment in certain circumstances. The regulatory review period has since expired and the Asset Purchase Agreement was formally executed on October 27, 2023.
- On October 12, 2023, the Company announced that it had completed a non-brokered private placement of \$11.5 million through the issuance of 67,647,058 common shares of the Company at a price of \$0.17 per Common Share, including the full exercise of a \$1.5 million over-allotment option.
- On October 4, 2023, the Company announced that it has completed the acquisition of Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies.

³ <https://mjbizdaily.com/ohio-votes-on-adult-use-marijuana-legalization-lawmakers-may-be-hurdle/>



Q3 2023 Financial Results Conference Call

Vext will also host a conference call and webcast on Tuesday, November 28, 2023 at 8:00 a.m. ET to discuss its third quarter financial results.

Date: November 28, 2023 | **Time:** 8:00am ET

Participant Dial-in: 416-915-3239 or 1-800-319-4610

Replay Dial-in: 1-800-319-6413

Conference ID: 10022744

Playback #: 0563 (Expires on December 12, 2023)

Listen to webcast: <https://www.gowebcasting.com/13095>

For more details, visit Vext's [investor website](#) or contact the IR team at investors@vextscience.com.

Non-IFRS Financial Measures

This news release contains certain “non-IFRS financial measures” (equivalent to “non-GAAP financial measures”, as such term is defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* (“NI 52-112”)), “non-IFRS ratios” (equivalent to “non-GAAP ratios”, as such term is defined in NI 52-112), including “Gross margin”, “EBITDA”, “Adjusted EBITDA” and “Adjusted EBITDA margin”. These 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 EBITDA as earnings before interest, taxes, depreciation and amortization. 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 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 financial measures provide a valuable additional measure to use when analyzing the operating performance of the business. These supplemental 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 information provides reconciliations of the non-IFRS financial measures presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS.

Gross Margin Before Impact of Biological Assets

Gross Margin Before Impact of Biological Assets is defined as: Gross Profit Before Impact of Biological Assets, divided by Revenue.



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EBITDA and Adjusted EBITDA

	Q3 2023	Q2 2023	Q3 2022
Net Income after taxes	\$ (1,838,204)	\$ 535,454	\$ 423,533
Interest (net)	956,561	1,010,812	620,687
Income taxes	(1,064,372)	(1,141,064)	190,425
Depreciation and amortization	2,350,373	1,859,779	1,579,906
EBITDA	\$ 404,358	\$ 2,264,980	\$ 2,814,551
Accretion	(5,983)	(6,004)	-
Share (profit)/loss on joint	47,777	13,854	53,014
Share-based compensation	73,623	68,862	660,488
(Gain)/loss on asset disposal	-	-	2,893
(Gain)/loss on investment	-	-	-
Refinance of loan payable	-	-	-
Loan costs WPCU loan	-	342	-
FV of WPCU loan	126,366	219,518	-
Loan costs EWB amortized	44,287	43,969	-
Other income	-	-	-
RSU taxes	4,274	4,274	-
Foreign exchange	448	310	(45)
ERC tax credit	-	(1,680,793)	-
Relative FV adjustment to inventory	-	-	-
Change in FV of biological	381,800	119,802	(252,041)
Adjusted EBITDA	\$ 1,076,949	\$ 1,049,114	\$ 3,278,860



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 and connect with Vext on [Twitter/X](#) and [LinkedIn](#).

For more details on the Vapen brand:

Vapen website: VapenBrands.com

Instagram: [@vapen](#)

Facebook: [@vapenbrands](#)

Forward Looking Statements

This news release contains "forward-looking statements" or "forward-looking information" (together, "forward-looking statements") within the meaning of applicable securities laws. Wherever possible, words such as "may", "would", "could", "should", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "potential for", "see" and similar expressions have been used to identify these forward-looking statements. Forward-looking statements in this news release include, 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, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations of legislative changes in the State of Ohio; expectations for other economic business or competitive factors related to the Company; the Company's business outlook; and expectations regarding the closing of the Ohio Expansion Transaction, including the anticipated closing date and receipt of regulatory approvals related thereto. 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, those listed in the Company's filings with the Canadian securities regulatory authorities (which may be viewed at www.sedarplus.ca). 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.

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SOURCE: Vext Science, Inc.