FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Vext Science, Inc. (the "**Company**")
4152 N. 39th Avenue
Phoenix, AZ 85019
USA

Item 2: Date of Material Change

January 1, 2022

Item 3: News Release

A news release disclosing the information contained in this material change report was issued by the Company on May 30, 2022, through the newswire services of Newsfile Corp., a copy of which was filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

Item 4: Summary of Material Change

As of January 1, 2022, as a result of the passage of Arizona's adult-use marijuana program, the Company transitioned from a not-for-profit operating and accounting framework to a for-profit framework in the State of Arizona, concurrently with the Company's acquisitions (collectively, the "**Acquisitions**") of Herbal Wellness Center, Inc. ("**HWC**") and Organica Patient Group, Inc. ("**Organica**").

Unless otherwise noted, all currency references used in this material change report are in U.S. currency.

Item 5: Full Description of Material Change

5.1 Full Description of Material Change

<u>Change of Applicable Laws</u>

Prior to passage of Arizona's adult-use of marijuana program; Arizona law required all marijuana licensed dispensaries to operate as non-profit entities under the state's medical marijuana program. Following the passage of Arizona voter initiative 207 in November 2020, codified as A.R.S. §§ 2850, in addition to allowing for adult use, a marijuana establishment license may operate on a for-profit basis if the licensee promptly notifies the Arizona Department of Health Services, Department of Revenue, and takes all actions necessary to enable its for-profit operation, including converting its corporate form under the Arizona Restructuring Act. See A.R.S. § 36-2858(D)(2).

<u>Acquisitions of HWC and Organica</u>

HWC was formed as an Arizona non-profit corporation on May 6, 2011 and converted to a for-profit corporation effective January 1, 2022 in accordance with the Arizona Restructuring Entity Act (A.R.S. § 29-2401) and the Responsible Adult Use of Marijuana

Act (A.R.S. § 36-2858). HWC holds a medical marijuana dispensary certificate in the state of Arizona, certain cannabis inventory / biological assets, and other working capital items. On January 1, 2022, upon conversion to a for-profit organization, HWC elected and approved the Company to serve as the initial shareholder holding 100% of the 100,000 outstanding shares of HWC.

Organica was formed as an Arizona non-profit corporation on May 6, 2011 and converted to a for-profit corporation effective January 1, 2022 in accordance with the Arizona Restructuring Entity Act (A.R.S. § 29-2401) and the Responsible Adult Use of Marijuana Act (A.R.S. § 36-2858). Organica holds a medical marijuana dispensary certificate in the state of Arizona, certain cannabis inventory / biological assets, and other working capital items. On January 1, 2022, upon conversion to a for-profit organization, Organica elected and approved the Company to serve as the initial shareholder holding 100% of the 100,000 outstanding shares of Organica.

Operational and Accounting Changes

Prior to the Acquisitions, the Company operated (but did not control) two dispensaries owned by HWC and Organica pursuant to a management services agreement between subsidiaries of the Company and each of HWC and Organica (together, the "**Management Services Agreements**"), whereby it provided exclusive management, administration and operation services to HWC and Organica. Prior to the Acquisitions, substantially all of the Company's revenue in the State of Arizona was derived from managements fees, professional fees, equipment and property leasing payable pursuant to the Management Services Agreements and the Company was dependent on sales from HWC and Organica and had accumulated significant receivables from HWC and Organics ($29,024,302 as at January 1, 2022) which were classified as current assets and represented the Company's right to receive cash.

On January 1, 2022, concurrent with the Acquisitions, the Company restructured its operations in the State of Arizona from management of the dispensaries and cultivation centres to the ownership and control. Subsequent to the Acquisitions, revenue represented actual sales from the dispensaries owned by HWC and Organica as opposed to management fees, professional fees, equipment and property leasing. The Company's characterization, classification, and presentation of operating expenses has changed to reflect the dispensary acquisitions. Subsequent to the Acquisitions, the Company was no longer dependant on HWC and Organica as customers. In connection with the Acquisitions, the receivables payable by HWC and Organica to the Company pursuant to the Management Services Agreements were recharacterized as intercompany balances.

Consideration Paid

At the time of the Acquisitions, HWC and Organica were loss-making and had an aggregate negative working capital of $(15,807,304). The Company completed the Acquisitions for aggregate consideration of $35,435,080 (the "**Purchase Price**"), which was equal to the assets given up by the Company to obtain control over HWC and Organica.

The Company did not obtain a third-party valuation report or fairness opinion; however, after conducting market research including evaluation of comparable transactions and appraisal reports for the real property owned by HWC and Organica, management of the

Company determined that the deemed consideration given up and constituting the Purchase Price were favourable to the Company.

The Company allocated an aggregate of $30,236,974 of the Purchase Price towards the licenses ($26,068,630) and brand names ($4,168,344) associated with HWC and Organica. The Company determined that the fair values of the licenses and brand names were $47,698,000 and $7,534,000, respectively, based on independent estimates of value prepared for management of the Company.

For further details regarding the Purchase Price, please see Note 14 to the Company's audited annual financial statements for the year ended December 31, 2022 (the "**2022 Annual Financial Statements**"), a copy of which is filed on the Company's profile on SEDAR+ at www.sedarplus.ca.

Further Review

On March 8, 2024, the Company completed a change of auditors from BF Borgers CPA PC (the "**BF Borgers**") to Reliant CPA (the "**Reliant**") after the Company became aware of an engagement findings report dated October 12, 2023 (the "**CPAB Report**") from the Canadian Public Accountability Board with respect to work completed by BF Borgers on the 2022 Annual Financial Statements. The CPAB Report includes certain significant inspection findings related to the accounting treatment of the Acquisitions. In connection with its engagement, Reliant is expected to perform additional procedures on year-end 2022 balances and transactions. As of the date hereof, the Company is not aware of any requirement to restate the 2022 Annual Financial Statements.

For further details regarding the Company's change of auditors, please see Company's Change of Auditor Notice dated March 8, 2024, a copy of which is available on the Company's profile on SEDAR+ at www.sedarplus.ca.

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**

April 5, 2024