Vibe Growth Corporation

Condensed Consolidated Financial Statements
(Unaudited)

As at and for the Three and Nine Months Ended September 30, 2021

(In U.S. Dollars, Unless Otherwise Noted)

Notice for National Instrument 51-102

The accompanying unaudited interim condensed consolidated financial statements of Vibe Growth Corporation as at and for the three and nine months ended September 30, 2021, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed or audited by the Company's external auditors.

Vibe Growth Corporation
Unaudited Condensed Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

As at	*notes*	**September 30, 2021**	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		**$ 6,217,661**	$ 2,412,798
Accounts receivable		**147,806**	21,428
Inventory	*4*	**3,780,231**	3,162,192
Biological assets	*5*	**92,311**	270,290
Other current assets		**507,966**	341,906
Total current assets		**10,745,975**	6,208,614
Intangible assets and goodwill	*6*	**8,310,822**	6,541,457
Property and equipment	*7*	**10,980,819**	4,668,162
Right-of-use assets	*8*	**1,490,853**	923,957
Total assets		**$ 31,528,469**	$ 18,342,190
Liabilities			
Current liabilities			
Accounts payable		**$ 1,495,676**	$ 2,853,930
Income taxes payable		**4,715,053**	1,991,662
Current portion of lease obligations and notes payable	*9, 10*	**660,591**	499,160
Total current liabilities		**6,871,320**	5,344,752
Notes payable	*10*	**1,298,853**	1,427,346
Lease obligations	*9*	**1,030,787**	642,739
Deferred tax liability		**787,507**	817,138
Total liabilities		**$ 9,988,467**	$ 8,231,975
Shareholders' equity			
Share capital	*11(a)*	**$ 28,732,637**	$ 19,686,343
Warrants	*11(b)*	**3,542,432**	349,757
Contributed surplus		**1,740,686**	1,462,889
Accumulated other comprehensive loss		**(272,571)**	(144,330)
Deficit		**(12,203,182)**	(11,244,444)
		21,540,002	10,110,215
Total liabilities and shareholders' equity		**$ 31,528,469**	$ 18,342,190

Contingencies (Note 14)

The accompanying notes are an integral part of these condensed consolidated financial statements

Vibe Growth Corporation
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss
(Expressed in U.S. dollars)

	notes	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Revenue		**$ 7,637,333**	$ 7,236,441	**$ 22,971,758**	$ 17,192,568
Cost of goods sold		**5,130,117**	5,053,478	**15,453,924**	11,633,187
Gross margin before biological asset adjustments		**2,507,216**	2,182,963	**7,517,834**	5,559,381
Net effect of fair value adjustments for biological assets	*5*	**(658,865)**	128,333	**(549,476)**	264,446
Gross margin		**1,848,351**	2,311,296	**6,968,358**	5,823,827
Operating expenses					
General and administrative		**1,012,418**	754,974	**2,552,351**	2,056,507
Sales, security and marketing		**813,488**	587,637	**2,575,491**	1,821,877
Stock-based compensation	*11(c) and (d)*	**105,798**	13,762	**347,399**	73,426
Depreciation and amortization	*6, 7, 8*	**281,812**	208,704	**815,016**	560,634
		2,213,516	1,565,077	**6,290,257**	4,512,444
Other expenses (income)					
Bargain purchase gain		**-**	-	**-**	(344,051)
Transaction expenses	*3*	**4,503**	10,200	**39,303**	19,700
Finance expense	*9 and 10*	**58,350**	38,141	**166,245**	103,318
Other (income) expense		**14,498**	(76,430)	**(1,338)**	(198,576)
		77,351	(28,089)	**204,210**	(419,609)
Income before income taxes		**(442,516)**	774,308	**473,891**	1,730,992
Income tax expense (recovery)					
Current		**509,621**	512,874	**1,508,387**	1,257,438
Deferred		**(25,979)**	(23,274)	**(75,758)**	(66,637)
		483,642	489,600	**1,432,629**	1,190,801
Net income (loss) for the period		**(926,158)**	284,708	**(958,738)**	540,191
Other comprehensive loss					
Foreign currency translation gain (loss)		**(81,913)**	18,454	**(128,241)**	(38,485)
Net income (loss) and comprehensive income (loss) for the period		**$ (1,008,071)**	$ 303,162	**$ (1,086,979)**	$ 501,706
Income (Loss) per share					
Basic and Diluted		**$ (0.009)**	$ 0.004	**$ (0.010)**	$ 0.007
Diluted		**$ (0.009)**	$ 0.004	**$ (0.010)**	$ 0.007
Weighted average shares outstanding					
Basic and diluted		**103,050,599**	78,854,457	**97,453,064**	78,151,039

The accompanying notes are an integral part of these condensed consolidated financial statements

Vibe Growth Corporation
Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in U.S. dollars)

	Common share capital	Warrants	Contributed surplus	AOCI*	Deficit	Total shareholders' equity
Balance at December 31, 2020	**$ 19,686,343**	**$ 349,757**	**$ 1,462,889**	**$ (144,330)**	**$ (11,244,444)**	**$ 10,110,215**
Shares issued in equity financing	9,964,306	2,842,145	-	-	-	12,806,451
Agents commission	205,213	59,614	-	-	-	264,827
Share issue costs	(1,529,247)	445,512	-	-	-	(1,083,735)
Exercise of stock options	205,213	-	(173,499)	-	-	31,714
Exercise of warrants	200,809	(50,699)	-	-	-	150,110
Expired warrants	-	(103,897)	103,897	-	-	-
Stock-based compensation	-	-	347,399	-	-	347,399
Net and comprehensive income (loss)	-	-	-	(128,241)	(958,738)	(1,086,979)
Balance at September 30, 2021	**$ 28,732,637**	**$ 3,542,432**	**$ 1,740,686**	**$ (272,571)**	**$ (12,203,182)**	**$ 21,540,002**
Balance at December 31, 2019	**$ 17,651,013**	**$ 25,227**	**$ 1,379,539**	**$ (79,772)**	**$ (11,972,994)**	**$ 7,003,013**
Shares issued in asset acquisition	284,677	123,594	-	-	-	**408,271**
Shares issued in business acquisitions	132,000	-	-	-	-	**132,000**
Shares issued for services rendered	35,355	-	-	-	-	**35,355**
Share issue costs	(2,200)	-	-	-	-	**(2,200)**
Exercise of stock options	76,767	-	(75,878)	-	-	**889**
Expiry of warrants	-	(25,227)	25,227	-	-	**-**
Stock-based compensation	-	-	73,426	-	-	**73,426**
Net and comprehensive income (loss)	-	-	-	(38,485)	540,191	**501,706**
Balance at September 30, 2020	**$ 18,177,612**	**$ 123,594**	**$ 1,402,314**	**$ (118,257)**	**$ (11,432,803)**	**$ 8,152,460**

The accompanying notes are an integral part of these condensed consolidated financial statements

Vibe Growth Corporation
Unaudited Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	**2021**	2020
Operating activities				
Net income (loss) for the period	**$ (926,158)**	$ 284,708	**$ (958,738)**	$ 540,191
Items not involving cash:				
Unrealized (gain) loss on changes in the fair value of biological assets	**658,865**	(128,333)	**549,476**	(264,446)
Stock-based compensation	**105,798**	13,762	**347,399**	73,426
Bargain purchase gain	**-**	-	**-**	(344,051)
Depreciation and amortization	**281,812**	208,704	**815,016**	560,634
Unrealized foreign exchange gain (loss)	**(42,031)**	19,057	**149,750**	103,177
Deferred income tax recovery	**(25,979)**	(23,274)	**(75,758)**	(66,637)
	52,307	374,624	**827,145**	602,294
Change in non-cash working capital:				
Accounts receivable	**74,428**	38,049	**(126,378)**	131,027
Inventory	**112,132**	(411,825)	**(390,265)**	(1,494,850)
Biological assets	**(608,810)**	25,995	**(914,426)**	47,349
Other current assets	**8,320**	(9,578)	**(166,060)**	(177,633)
Accounts payable and accrued liabilities	**(1,346,843)**	(326,777)	**(1,358,254)**	321,591
Income taxes payable	**509,000**	3,698	**1,507,003**	742,487
Cash flow provided from (used in) operating activities	**(1,199,466)**	(305,814)	**(621,235)**	172,265
Investing activities				
Cash (paid) on business acquisitions, net of cash acquired	**-**	-	**(380,000)**	(111,884)
Cash acquired in the asset acquisition	**-**	-	**-**	2,038
Intangible assets	**(105,809)**	-	**(435,809)**	-
Purchases of property and equipment	**(5,626,684)**	(38,296)	**(6,540,689)**	(270,342)
Cash flow provided from (used in) investing activities	**(5,732,493)**	(38,296)	**(7,356,498)**	(380,188)
Financing activities				
Issuance of common shares and warrants	**14,128**	118	**12,169,367**	888
Repayment of lease obligation	**136,341**	(53,102)	**(280,483)**	(156,473)
Repayment of notes payable	**(63,907)**	(42,175)	**(197,893)**	(63,734)
Cash flow provided from (used in) financing activities	**86,562**	(95,159)	**11,690,991**	(219,319)
Effect of translation of cash held in foreign currencies	**70,742**	14,492	**91,605**	(4,533)
Increase (decrease) in cash and cash equivalents	**(6,774,655)**	(424,777)	**3,804,863**	(431,775)
Beginning cash and cash equivalents	**12,992,316**	1,630,498	**2,412,798**	1,637,496
Ending cash and cash equivalents	**$ 6,217,661**	$ 1,205,721	**$ 6,217,661**	$ 1,205,721
Supplemental cash flow information				
Interest paid in the period	**$ 58,350**	$ 38,141	**$ 166,245**	$ 65,177
Income taxes paid in the period	**$ -**	$ 482,552	**$ -**	$ 5,775

1. NATURE OF OPERATIONS

Vibe Growth Corporation (the "Company" or "Vibe") business is to evaluate, acquire and develop cannabis cultivation, distribution and manufacturing assets and retail cannabis dispensaries, predominantly in the U.S., in order to become a vertically integrated cannabis operator. The Company currently operates four dispensaries with two dispensaries under development, one distribution and two cultivation operations with one cultivation site under development in the State of California plus one dispensary in Portland, Oregon. The Company's registered office is located at #301, 1665 Ellis Street Kelowna, British Columbia V1Y 2B3 and its U.S. head office is located at 8112 Alpine Ave Sacramento, California 95826. The Company's common shares trade on the Canadian Securities Exchange under the ticker symbol "VIBE."

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements ("consolidated financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These financial statements were authorized for issue by the Board of Directors on November 17, 2021. They do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020. These condensed consolidated financial statements have been prepared using accounting policies consistent with those used in the annual consolidated financial statements.

(b) Measurement basis

These condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value and specifically noted within the notes to these condensed consolidated financial statements.

(c) Functional and presentation currency

These condensed consolidated financial statements are presented in United States Dollars. The Canadian Dollar is the functional currency of the Company and its Canadian wholly own subsidiaries. The functional currency of the Company's subsidiaries operating in the United States is the United States Dollar.

For reporting purposes, the assets and liabilities of the Company and its Canadian subsidiaries are translated into United States Dollars at the closing rate at the date of the balance sheets, and revenue and expenses are translated at the average rate for the period. Foreign currency translation adjustments are recorded in other comprehensive income (loss).

(d) Covid-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This pandemic, which has continued to spread through variants, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the pandemic and its effects on the Company's business or ability to raise funds. The State of California has deemed the sale of cannabis an essential service allowing the Company to keep its dispensaries open and maintain its cultivation operations. The Company will continue to follow the guidance of local, state, national and international health authorities to make informed decisions and provide its clients and staff with information as the Company's priority is on the safety and well-being of its employees and clients.

(e) Basis of consolidation

These condensed consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Jurisdiction of incorporation
Vibe Investments, LLC	Nevada, U.S.A
Vibe by California Inc. (formerly Vibe Bioscience Inc.) ("Vibe U.S.")	Nevada, U.S.A
Hype Bioscience Corporation ("Hype Canada")	Alberta, Canada
Hype Holdings, LLC ("Hype USA")	California, U.S.A
Port City Alternative of Stockton Inc. ("Port City")	California, U.S.A
Alpine Cultivation LLC (formerly Alpine CNAA LLC) ("Alpine Cultivation")	California, U.S.A
Alpine Alternative Naturopathic Inc. ("Alpine Alternative" or "Sacramento")	California, U.S.A
EVR Managers LLC ("Redding")	California, U.S.A
NGEV Inc. ("NGEV" or "Crescent City")	California, U.S.A
Vibe Ukiah, LLC (formerly Vibe Desert) ("Ukiah")	California, U.S.A
Cathedral Asset Holding Corporation ("CAHC")	California, U.S.A
Vibe Salinas, LLC ("Salinas")	California, U.S.A
Desert Organic Solutions Inc. ("Palm Springs")	California, U.S.A
Portland Asset Holding Corporation ("PAHC")	Oregon, U.S.A
Vibe CBD, LLC ("Vibe CBD")	California, U.S.A

All subsidiaries are wholly-owned by the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. All significant intercompany accounts and transactions have been eliminated.

Use of estimates and judgments

The preparation of the condensed consolidated financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these condensed consolidated financial statements are as follows:

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis plants to the point of harvest, harvesting costs, and selling costs. In calculating final inventory values, management is required to determine an estimate of obsolete inventory and an estimate for any inventory for which cost is lower than estimated net realizable value and recognizes inventory provisions accordingly.

Business combinations
Judgement is required when assessing i) whether or not the acquisition of assets meets the criteria of a business combination; ii) the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with business combinations and iii) determining goodwill or a bargain purchase gain.

Discount rate for leases
Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Estimated useful lives and depreciation of property, equipment and intangible assets
Depreciation of property, equipment and intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Cash Generating Unit ("CGU")
IFRS requires that the Company's cannabis operations be aggregated into CGUs, based on their ability to generate largely independent cash flows, which are used to assess the dispensaries and cultivation operations for impairment. The determination of the Company's CGUs is subject to management's judgment.

Impairment of property, equipment, intangible assets and goodwill
Indicators of impairment are assessed by management using judgement, considering future plans, market conditions and cannabis prices. In assessing the recoverability, each CGU's carrying value is compared to its recoverable amount, defined as the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Income taxes
The Company recognises deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that sufficient taxable income will be generated in the future to recover such deferred tax assets. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

(Expressed in U.S. dollars unless otherwise noted)

Provisions and contingencies
The Company recognizes provisions based on an assessment of its obligations and available information. Any matters not included as provisions are uncertain in nature and cannot be reasonably estimated.

The Company makes assumptions to determine whether obligations exist and to estimate the amount of obligations that we believe exist. In estimating the final outcome of litigation, assumptions are made about factors including experience with similar matters, past history, precedents, relevant financial, scientific, and other evidence and facts specific to the matter. This determines whether a provision or disclosure in the financial statements is needed.

Stock-based compensation and warrants
The amounts recorded in respect of share-based compensation and share purchase warrants granted and the derivative liability for non-compensation warrants issued are based on the Company's estimation of their fair value, calculated using assumptions regarding the life of the option or warrant, interest rates and volatility. By their nature, these estimates and assumptions are subject to uncertainty, and the actual fair value of options or warrants may differ at any time.

Functional currency
Management judgement is required in determining the functional currency that represents the economic environment of underlying transactions, events and conditions.

3. BUSINESS COMBINATION

On May 4, 2021, the Company acquired all the existing shares of Desert Organic Solutions Inc. ("Palm Springs") in exchange for a cash payment of $380,000 and assumption of tax liabilities estimated at $1,221,000. The acquisition was treated as a business combination with the allocation of the purchase price based on the assessment of the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date. The fair values of the identifiable assets acquired and liabilities assumed as well as the purchase consideration transferred are presented below.

	May 4, 2021
Net assets acquired:	
Working capital, excluding cash	$ (1,206,388)
Property and equipment	7,032
Right-of-use asset	231,645
Intangible assets	154,789
Goodwill	1,470,694
Deferred income taxes	(46,127)
Lease obligations	(231,645)
Fair value of the net assets acquired	$ 380,000
Consideration:	
Cash	$ 380,000

(Expressed in U.S. dollars unless otherwise noted)

The acquisition contributed revenue of $194,200 and an operating loss before taxes of $264,700 from the date of acquisition to September 30, 2021. The Company estimates that had the acquisitions occurred on January 1, 2021, the increase in revenue would be approximately $260,000 and operating profit would have decreased by approximately $11,900 for the nine month period ended September 30, 2021. To complete the transaction the Company incurred transaction costs of $34,800.

The transaction is accounted for using the acquisition method. Allocation of the purchase price is based on a provisional assessment of the fair values of the identifiable assets acquired and liabilities assumed at the acquisition date and is subject to change. Management is continuing to review and assess information to accurately determine the acquisition date fair value of the assets and liabilities acquired. During the measurement period, the Company will continue to obtain information to assist in finalizing the fair value of net assets acquired, which may differ materially from the above preliminary estimates.

4. INVENTORY

The Company's inventory consists of the following:

	September 30, 2021	December 31, 2020
Harvested cannabis - raw materials	$ 833,549	$ 267,173
Work-in-progress	234,556	488,612
Cannabis related products and packaging	2,712,126	2,406,407
	$ 3,780,231	**$ 3,162,192**

The Company regularly performs a review of slow moving, obsolete and redundant items and records a provision for such amounts to reflect inventory balances at net realizable value. There were no slow moving, obsolete or redundant items of inventory at September 30, 2021.

5. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants in the cultivation division. The changes in the carrying value of the biological assets are as follows:

	September 30, 2021	December 31, 2020
Balance, beginning of period	**$ 270,290**	**$ 176,767**
Biological assets acquired in acquisitions and business combinations	-	162,749
Changes in fair value less cost to sell due to biological transformation	(549,476)	346,438
Production costs	1,591,767	1,474,974
Transferred to inventory upon harvest	(1,220,270)	(1,890,638)
Balance, end of period	**$ 92,311**	**$ 270,290**

The Company values biological assets at the end of each reporting period at fair value less costs to sell ("FVLCS"). The determination of fair value less costs to sell is based on a valuation model that estimates the expected harvest

(Expressed in U.S. dollars unless otherwise noted)

yield per plant applied to the estimated wholesale price per gram, less estimated selling costs. The model also considers the stage of the biological asset in the aggregate plant life cycle.
The valuation model includes the following estimates, all of which are Level 3 inputs in the fair value hierarchy:

(i) Average number of weeks in the growing cycle (from propagation to harvest) = 17 to 20 weeks based on historical results.

(ii) Average selling price of whole flower = $1.76 to $2.65 per gram based on historical and expected future sales.

(iii) Average harvest yield of whole flower = 50 grams per plant, net of expected wastage, based on historical results.

(iv) Selling costs (shipping, order fulfillment, and labelling) = $0.50 per gram based on historical results.

The above inputs are subject to volatility and uncontrollable factors which could significantly affect the fair value of biological assets in future periods. Management has quantified the sensitivity of the inputs on the calculation of the fair value of the biological assets for the respective period ended is as follows:

	Change in FVLCS at	
	September 30, 2021	**December 31, 2020**
Input		
Selling price per gram - 10% change	$ 12,000	$ 32,500
Harvest yield per plant - 10% change	$ 9,000	$ 27,000

At September 30, 2021, the average stage of completion of the biological assets is 93% based on the number of days remaining to harvest. The estimated FVLCS of dry cannabis at September 30, 2021 is approximately $99 per plant and the expected total yield is approximately 23,000 grams of cannabis.

(Expressed in U.S. dollars unless otherwise noted)

6. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill consist of the following:

	Intangible assets				
	Licenses	**Software**	**Trademark**	**Goodwill**	**Total**
Cost					
Balance at December 31, 2019	**$ 5,631,482**	**$ 192,472**	**$ 78,500**	**$ 5,417,473**	**$ 11,319,927**
Acquired in asset acquistion	339,193	-	-	-	339,193
Acquired in business acquisitions	405,392	-	-	633,952	1,039,344
Balance at December 31, 2020	**6,376,067**	**192,472**	**78,500**	**6,051,425**	**12,698,464**
Acquired in business acquisitions	154,789	-	-	1,470,694	1,625,483
Developed	105,809	-	-	-	105,809
Purchased	330,000	-	-	-	330,000
Balance at September 30, 2021	**$ 6,966,665**	**$ 192,472**	**$ 78,500**	**$ 7,522,119**	**$ 14,759,756**
Accumulated amortization					
Balance at December 31, 2019	**2,896,879**	**192,472**	**6,968**	**2,729,960**	**5,826,279**
Amortization expense	322,856	-	7,872	-	330,728
Balance at December 31, 2020	**3,219,735**	**192,472**	**14,840**	**2,729,960**	**6,157,007**
Amortization expense	286,056	-	5,871	-	291,927
Balance at September 30, 2021	**$ 3,505,791**	**$ 192,472**	**$ 20,711**	**$ 2,729,960**	**$ 6,448,934**
Net book value at December 31, 2020	$ 3,156,332	$ -	$ 63,660	$ 3,321,465	$ 6,541,457
Net book value at September 30, 2021	**$ 3,460,874**	**$ -**	**$ 57,789**	**$ 4,792,159**	**$ 8,310,822**

The Company assesses whether there are events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below their carrying values and therefore, require goodwill and intangibles to be tested for impairment at the end of each period. As at September 30, 2021, no impairment indicators exist.

(Expressed in U.S. dollars unless otherwise noted)

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Buildings	Land	Equipment and other	Construction in process	Total
Cost					
Balance at December 31, 2019	**2,334,084**	**800,000**	**210,866**	**359,470**	**3,704,420**
Acquired in business acquisitions	-	-	681,056	-	681,056
Purchases	-	-	362,401	254,876	617,277
Transfers from construction in process	-	-	359,470	(359,470)	-
Impact of foreign exchange	-	-	(146)	-	(146)
Balance at December 31, 2020	**$ 2,334,084**	**$ 800,000**	**$ 1,613,647**	**$ 254,876**	**$ 5,002,607**
Acquired in business acquisitions	-	-	7,032	-	7,032
Purchases	371,791	5,242,346	271,065	677,213	6,562,415
Transfers from construction in process	-	-	335,950	(335,950)	-
Impact of foreign exchange	-	-	458	-	458
Balance at September 30, 2021	**$ 2,705,875**	**$ 6,042,346**	**$ 2,228,152**	**$ 596,139**	**$ 11,572,512**
Accumulated amortization					
Balance at December 31, 2019	**55,248**	**-**	**49,221**	**-**	**104,469**
Depreciation expense	47,984	-	182,099	-	230,083
Impact of foreign exchange	-	-	(107)	-	(107)
Balance at December 31, 2020	**$ 103,232**	**$ -**	**$ 231,213**	**$ -**	**$ 334,445**
Depreciation expense	35,890	-	221,722	-	257,612
Impact of foreign exchange	-	-	(364)	-	(364)
Balance at September 30, 2021	**$ 139,122**	**$ -**	**$ 452,571**	**$ -**	**$ 591,693**
Net book value at December 31, 2020	$ 2,230,852	$ 800,000	$ 1,382,434	$ 254,876	$ 4,668,162
Net book value at September 30, 2021	**$ 2,566,753**	**$ 6,042,346**	**$ 1,775,581**	**$ 596,139**	**$ 10,980,819**

Assets under construction consist of improvements and renovations being completed on the Company's buildings or at leased premises. The construction and upgrades are not yet complete and will not be subject to depreciation until the underlying asset is available for use. The Company did not dispose of any property and equipment in the nine month period ended September 30, 2021 and there were no impairments of property and equipment at September 30, 2021.

(Expressed in U.S. dollars unless otherwise noted)

8. RIGHT-OF-USE ASSETS

Right-of-use assets consist of the following:

	Dispensary Leases
Cost	
Balance at December 31, 2019	$ 851,423
Acquired in business acquisitions	352,296
Acquired in asset acquisition	133,346
Balance at December 31, 2020	1,337,065
Acquired	867,846
Change in cash flow estimate	(35,473)
Balance at September 30, 2021	**$ 2,169,438**
Accumulated depreciation	
Balance at December 31, 2019	**$ 181,543**
Depreciation expense	231,565
Balance at December 31, 2020	**413,108**
Depreciation expense	265,477
Balance at September 30, 2021	**$ 678,585**
Net book value at December 31, 2020	$ 923,957
Net book value at September 30, 2021	**$ 1,490,853**

A reconciliation of the discounted lease obligation is set forth below:

	September 30, 2021	December 31, 2020
Balance, beginning of the period	$ 950,925	$ 688,667
Acquired in business acquisitions	231,645	352,296
Acquired in asset acquistion	-	133,346
Additions to leased assets	636,201	-
Principal Paid	(280,483)	-
Change in cash flow estimate	(34,861)	(223,384)
Balance, end of the period	1,503,427	950,925
Less current portion of lease obligation	(472,640)	(308,186)
Lease obligations	**$ 1,030,787**	**$ 642,739**

(Expressed in U.S. dollars unless otherwise noted)

The Company has the following future commitments associated with its dispensary lease obligations:

Less than one year	$ 143,789
2 - 5 years	1,500,525
Thereafter	114,609
Total lease payments	1,758,923
Amount representing interest over the term	(255,496)
Present value of the net obligation	$ 1,503,427

The Company utilized certain IFRS 16 exemptions to exclude low-value right-of-use assets and short-term lease arrangements as leases. The Company has a variable lease agreement at NGEV whereby the rent is based on 10% of the net revenue. Variable lease arrangements are recognized as operating lease payments and totalled $136,182 and were recognized in costs of goods sold in the consolidated statements of operations during the nine month period ended September 30, 2021.

10. NOTES PAYABLE

The Company's notes payable consists of the following:

	September 30, 2021	December 31, 2020
Note payable:		
Land and buildings *(1)*	$ 1,084,529	$ 1,118,687
Deferred rent *(2)*	92,165	131,666
Promissory note *(3)*	233,909	278,118
Vehicles *(4)*	76,201	89,849
Total notes payable	1,486,804	1,618,320
Less current portion:	(187,951)	(190,974)
Notes payable, long term	**$ 1,298,853**	**$ 1,427,346**

(1) The Company has a secured note payable outstanding related to the acquisition of land and buildings in Sacramento, California totaling $1,084,529 at September 30, 2021 (Note 7). The note bears interest at 6% per year, requires monthly payments of principal and interest totaling $9,314 and matures in April 2036. Interest expense recognized in the 2021 nine month period totaled $49,663 and principal repaid was $34,159. Principal repayments due in the next 12 months totaling $47,997 are recorded as current liabilities on the condensed consolidated statement of financial position at September 30, 2021.

(Expressed in U.S. dollars unless otherwise noted)

(2) In conjunction with the acquisition of NGEV in 2020, the Company assumed an unsecured deferred rent note payable. The note is non-interest bearing, requires monthly payments of $4,389 and matures in July 2023. Principal repayments due in the next 12 months totaling $52,668 are recorded as current liabilities on the condensed consolidated statement of financial position at September 30, 2021.

(3) Pursuant to the acquisition of NGEV, the Company assumed an unsecured promissory note. The promissory note bears interest at 12% per annum, requires monthly payments of $7,500 and matures in November 2024. Principal repayments due in the next 12 months totaling $65,453 are recorded as current liabilities on the condensed consolidated statement of financial position at September 30, 2021.

(4) The Company also has five vehicle acquisition notes payable. The notes payable bear interest ranging from 0% to 4.99% per year, require monthly payments of principal and interest totaling $1,870 and mature in January 2023, September, July and September 2025 and April 2026. Principal repayments due in the next 12 months totaling $21,833 are recorded as current liabilities on the consolidated statement of financial position at September 30, 2021.

The following table presents the contractual maturities of the notes payable at September 30, 2021 on an undiscounted basis:

	Notes payable				
	Land and Buildings	**Deferred Rent**	**Promissory Note**	**Vehicles**	**Total**
Amounts due					
Less than one year	$ 47,998	$ 52,668	$ 65,453	$ 21,832	**$ 187,951**
One to three years	$ 223,526	$ 39,497	$ 168,456	$ 28,368	**$ 459,847**
Four to five years	$ 223,526	$ -	$ -	$ 25,993	**$ 249,519**
Thereafter	$ 589,487	$ -	$ -	$ -	**$ 589,487**
Total maturities at September 30, 2021	**$ 1,084,537**	**$ 92,165**	**$ 233,909**	**$ 76,193**	**$ 1,486,804**

(a) Share capital

The Company is authorized to issue an unlimited number of common shares. Holders of common shares are entitled to participate in dividends when declared by the Company.

(Expressed in U.S. dollars unless otherwise noted)

The Company has the following issued and outstanding common shares:

	September 30, 2021	December 31, 2020
Balance, beginning of period	**82,613,028**	**77,577,212**
Issued in equity financings	19,456,750	-
Agents commision	408,000	-
Issued in acquisitions	-	3,712,092
Issued in asset acquisitions	-	669,398
Issued in exchange for services rendered	-	455,036
Exercise of warrants	291,850	-
Exercise of stock options	286,646	199,290
Balance, end of period	**103,056,274**	**82,613,028**

(i) *On March 16, 2021, the Company raised gross proceeds of CAD $15,954,435 via the issuance of 19,456,750 Units. Each Unit was priced at CAD $0.82 and is comprised of one common share and one-half share purchase warrant with a whole warrant exercisable at $1.06 until March 16, 2024. The Company issued 1,331,736 broker warrants to the Underwriters and Agents exercisable at CAD $0.82 until March 16, 2024 and 408,000 Units as partial consideration for their commission. The Company incurred CAD $1,020,213 of professional fees and commissions related to the financings.*

(b) Warrants

	September 30, 2021	December 31, 2020
Balance, beginning of period	**2,000,000**	**125,810**
Issued in acquisitions	-	1,200,000
Issued in asset acquisitions	-	800,000
Issued in equity financings *(Note 11(b)(i))*	9,728,375	-
Agents commision *(Note 11(b)(i))*	204,000	-
Agents warrants *(Note 11(b)(i))*	1,331,736	-
Exercised	(291,850)	-
Expired	(672,507)	(125,810)
Balance, end of period	**12,299,754**	**2,000,000**

(Expressed in U.S. dollars unless otherwise noted)

Date of Grant	Number Outstanding	Exercise Price (CAD $)		Weighted Average Remaing Contractual Life	Expiry Date	
November 11, 2020	1,035,643	$	0.62	0.06	October 21, 2021	
March 16, 2021	1,331,736	$	0.82	2.46	March 16, 2024	*(i)*
March 16, 2021	9,728,375	$	1.06	2.46	March 16, 2024	*(i)*
March 16, 2021	204,000	$	1.06	2.46	March 16, 2024	
	12,299,754					

Subsequent to September 30, 2021, 1,035,643 warrants issued in the PAHC transactions expired.

(c) Stock Options

The Company has a stock option plan that provides for the issuance to its directors, officers, employees and consultants options to purchase from treasury a number of common shares not exceeding 10% of the common shares that are outstanding from time to time which is the number of shares reserved for issuance under the plan. The options are non-transferable if not exercised. The exercise price is based on the Company's common shares prior to the day of the grant, which may be different from the closing price of such shares on the day of grant for options granted to date. To date the exercise price has not been materially different from the trading price of the shares on the grant date. A summary of the status of the Company's stock option plan as at September 30, 2021 and December 31, 2020 and changes during the respective periods ended on those dates is presented below:

	September 30, 2021			**December 31, 2020**		
	Number of options	**Weighted average exercise price** (CAD $)		**Number of options**	**Weighted average exercise price** (CAD $)	
Balance, beginning of period	**4,162,698**	**$**	**0.77**	**4,600,218**	**$**	**0.62**
Granted	695,000		1.01	495,000		0.49
Exercised	(286,646)		0.14	(199,287)		0.006
Cancelled / Expired	(2,062,884)		1.05	(733,233)		0.61
Balance, end of period	**2,508,168**	**$**	**0.61**	**4,162,698**	**$**	**0.77**
Exercisable, end of period	**1,765,006**	**$**	**0.52**	**3,033,398**	**$**	**0.83**

(Expressed in U.S. dollars unless otherwise noted)

The range of exercise prices for the options outstanding and exercisable at September 30, 2021 are as follows:

Date of Grant	Number Outstanding	Exercise Price (CAD $)	Weighted Average Remaing Contractual Life	Expiry Date	Number Exerciseable
August 2, 2018	99,643	$ 0.006	1.84	August 2, 2023	99,643
March 12, 2019	303,263	$ 0.52	0.41	February 28, 2022	303,263
March 12, 2019	303,262	$ 0.52	0.20	December 12, 2021	303,262
May 30, 2019	362,000	$ 0.52	1.66	May 30, 2023	241,338
October 1, 2019	150,000	$ 0.20	2.00	October 1, 2023	150,000
October 9, 2019	100,000	$ 0.20	0.02	October 9, 2021	100,000
April 8, 2020	100,000	$ 0.15	0.22	December 19, 2021	100,000
October 8, 2020	245,000	$ 0.56	3.02	October 8, 2024	75,000
December 16, 2020	150,000	$ 0.60	3.21	December 16, 2024	100,000
March 17, 2021	140,000	$ 1.05	2.46	March 17, 2024	105,000
March 25, 2021	555,000	$ 1.07	2.48	March 25, 2024	187,500
	2,508,168				1,765,006

Subsequent to the period end, 86,646 options were exercised with an exercise price of CAD $0.006 and 100,000 options were exercised with an exercise price of CAD $0.20.

(d) Restricted Share Units

At the Company's September 24, 2020 Annual and Special Meeting of Shareholders, the shareholders approved an equity settled Restricted Share Unit plan ("RSU") for certain officers and employees. The units are awarded at no cost to the recipient and the fair market value determined at the grant date is expensed uniformly over their vesting period. The fair market value of the award is based on the trading price for the shares on the Canadian Stock Exchange ("CSE") on the grant date. RSU expense is recognized over the vesting period with a related credit to contributed surplus. Vibe recognizes the expense based on the best available estimate of the number of RSUs expected to vest and revises the estimate if necessary. Upon redemption of RSUs, the contributed surplus balance is reduced through a credit to shareholders' capital. The weighted average fair value of 150,000 RSUs granted during the year ended December 31, 2020, were $0.55 (CAD) per RSU and in March 2021, 100,000 RSU's were granted at $1.07 (CAD) per RSU based on the Company's share price at the date of grant.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, other current assets, accounts payable and notes payable.

<u>Fair Value Measurements</u>

All financial instruments are initially recognized at fair value and subsequently measured at amortized costs.

The carrying value of cash and cash equivalents, accounts receivable, other current assets and accounts payable approximately their value due to the short period to maturity of these instruments.

The fair value of the notes payable approximates the fair value as they are based on amounts owed to third parties and estimated internal borrowing rates (in the case of lease obligations) using current market price indicators.

Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset.

The Company's approach to managing liquidity is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing the Company's business objectives. The Company prepares annual capital expenditure budgets which are monitored regularly and updated as considered necessary. Store sales are monitored daily to provide current cash flow estimates and the Company utilizes authorizations for expenditures on projects to manage capital expenditures. Any funding shortfall may be met in several ways, including, but not limited to, the issuance of new debt or equity instruments or expenditure reductions.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Less than one year	One to Three years	Four to Five years	Thereafter	Total
Financial liability					
Accounts payable	$ 1,495,676	$ -	$ -	$ -	$ 1,495,676
Notes payable	187,951	459,847	249,519	589,487	1,486,804
Lease obligations	143,789	875,750	624,775	114,609	1,758,923
Total contractual maturities	**$ 1,827,416**	**$ 1,335,597**	**$ 874,294**	**$ 704,096**	**$ 4,741,403**

Market risk is comprised of four components: currency risk, interest rate risk concentration risk and price risk.

i) Foreign Currency Exchange Risk

The Company operates on an international basis and therefore foreign exchange risk exposures arise from transactions denominated in currencies other than the United States Dollar. The Company is exposed to foreign currency fluctuations as it holds cash and incurs expenditures in administrative costs in foreign currencies. The Company incurs expenditures in Canadian Dollars and United States Dollars and is exposed to fluctuations in exchange rates in these currencies. There are no exchange rate contracts in place at September 30, 2021 and December 31, 2020.

ii) Interest Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not currently exposed to interest rate risk as its notes payable bear interest at fixed rates.

(Expressed in U.S. dollars unless otherwise noted)

iii) Concentration Risk

The Company only operates in California. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

iv) Price Risk

Price risk is the risk of variability in fair value due to movements in market prices. Please refer to Note 5 Biological Assets for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

13. CAPITAL MANAGEMENT

The Company views its capital as the combination of notes payable and shareholders' equity. The Company's objectives when managing its capital are to safeguard assets while maximizing the growth of the business and return to shareholders. The overall capitalization of the Company is as follows:

	September 30, 2021	December 31, 2020
Notes payable, including current portion	$ 1,486,804	$ 1,618,320
Shareholders' equity	21,540,002	10,110,215
Total capital	**$ 23,026,806**	**$ 11,728,535**

In order to meet the Company's capital management objectives, management is focused on several specific strategies as follows:

(i) Ensuring the Company has the financing capacity to continue to execute on opportunities to increase overall market share through strategic acquisitions.
(ii) Maintaining a strong capital base to secure investor, creditor and market confidence and ensure the Company's strategic objectives are met.
(iii) Providing shareholder return through profitable business opportunities that grow the Company and benefit other stakeholders, while also safeguarding the entity's ability to continue as a going concern.

In managing the Company's capital, management considers current economic conditions, the risk characteristics of the underlying assets and the Company's planned capital requirements, within guidelines approved by its Board of Directors. Total capitalization is maintained or adjusted by issuing new debt or equity securities when opportunities are identified and through the disposition of under-performing assets to reduce debt or equity when required.

14. CONTINGENCIES

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines or restrictions on its operations and losses of permits that could cause the Company to cease operations. While management believes that the Company is compliant with applicable local and state regulations at September 30, 2021, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. Accordingly, the Company may be subject to regulatory fines, penalties or operating restrictions in the future.

(Expressed in U.S. dollars unless otherwise noted)

Although the possession, cultivation and distribution of cannabis for recreational and medical use is permitted in California, cannabis is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with its business plans. In addition, the Company's assets, including real property, cash, equipment and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

From time to time, the Company may be involved in litigation or has claims sought against it in the normal course of business operations. Management of the Company is aware of one claim whereby former consultants are demanding to exercise stock options granted. The Company's position is the options were terminated.

Under the terms of certain agreements and the Company's by-laws the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service.

15. SEGMENTED DISCLOSURE

The Company has five reportable operating segments for the three and nine month period ended September 30, 2021: Dispensaries, Cultivation, Distribution, Real Estate and Corporate. The Company, through its operating segments, is engaged primarily in the retail sale and cultivation of cannabis. Management will regularly review the operating results of each operating segment to assess the operating segments' profitability and, correspondingly, the ability of each operating segment to sustain capital, enable future growth through capital investment and to repay debt.

The following tables show information regarding the Company's segments as at and for the three and nine month period ended September 30, 2021.

As at September 30, 2021	Dispensaries	Cultivation	Distribution	Real Estate	Corporate	Consolidating Adjusmtents	Total
Assets							
Current assets							
Cash and cash equivalents	$ 1,040,779	$ (75,542)	$ 5,265	$ 3,663	$ 5,243,496		$ 6,217,661
Accounts receivable	5,800	1,561,472	822,608	-	37,033	(2,279,107)	147,806
Inventory	1,674,375	327,204	1,764,796	-	13,856	-	3,780,231
Biological assets	-	92,311	-	-	-	-	92,311
Other current assets	368,437	72,051	18,849	3,000	45,629	-	507,966
Total current assets	$ 3,089,391	$ 1,977,496	$ 2,611,518	$ 6,663	$ 5,340,014	$ (2,279,107)	$ 10,745,975
Intangible assets and goodwill	7,544,942	461,721	304,159	-	-	-	8,310,822
Property and equipment	969,383	2,222,792	504	7,786,023	2,117	-	10,980,819
Right-of-use assets	1,380,994	-	109,859	-	-	-	1,490,853
Total assets	$ 12,984,710	$ 4,662,009	$ 3,026,040	$ 7,792,686	$ 5,342,131	$ (2,279,107)	$ 31,528,469
Liabilities							
Current liabilities							
Total current liabilities	$ 2,388,879	$ 150,244	$ 1,801,901	$ 47,997	$ 4,761,406	$ (2,279,107)	$ 6,871,320
Notes payable	52,941	209,378	-	1,036,534	-	-	1,298,853
Lease obligations	955,199	-	75,588	-	-	-	1,030,787
Deferred tax liability	674,567	112,940	-	-	-	-	787,507
Total liabilities	$ 4,071,586	$ 472,562	$ 1,877,489	$ 1,084,531	$ 4,761,406	$ (2,279,107)	$ 9,988,467

(Expressed in U.S. dollars unless otherwise noted)

For the Three Months Ended September 30, 2021	Dispensaries	Cultivation	Distribution	Real Estate	Corporate	Consolidating Adjustments	Total
Revenue	$ 7,013,789	$ 194,961	$ 428,583	$ -	$ -	$ -	$ 7,637,333
Cost of goods sold	$ 4,918,825	$ (158,296)	$ 369,588	$ -	$ -	$ -	5,130,117
Gross margin before biological asset adjustments	2,094,964	353,257	58,995	-	-	-	2,507,216
Net effect of adjustments for biological assets	-	(658,865)	-	-	-	-	(658,865)
Gross margin	2,094,964	(305,608)	58,995	-	-	-	1,848,351
Operating expenses							
General and administrative	619,879	120,032	37,297	471	234,739	-	1,012,418
Sales, security and marketing	772,392	26,496	14,600	-	-	-	813,488
Stock-based compensation	-	-	-	-	105,798	-	105,798
Depreciation and amortization	214,147	46,850	8,394	12,094	327	-	281,812
	1,606,418	193,378	60,291	12,565	340,864	-	2,213,516
Other expenses (income)	57,152	489	-	16,383	3,327	-	77,351
Income (loss) before income taxes	431,394	(499,475)	(1,296)	(28,948)	(344,191)	-	(442,516)
Income tax expense (recovery)	(22,394)	(3,585)	-	-	509,621	-	483,642
Net income (loss) for the period	$ 453,788	$ (495,890)	$ (1,296)	$ (28,948)	$ (853,812)	$ -	$ (926,158)

For the Nine Months Ended September 30, 2021	Dispensaries	Cultivation	Distribution	Real Estate	Corporate	Consolidating Adjustments	Total
Revenue	$ 21,543,990	$ 1,330,987	$ 1,327,781	$ -	$ -	$ (1,231,000)	$ 22,971,758
Cost of goods sold	14,519,711	896,112	1,102,101	-	-	(1,064,000)	15,453,924
Gross margin before biological asset adjustments	7,024,279	434,875	225,680		-	(167,000)	7,517,834
Net effect of adjustments for biological assets	-	(716,476)	-	-	-	167,000	(549,476)
Gross margin	7,024,279	(281,601)	225,680	-	-	-	6,968,358
Operating expenses							
General and administrative	1,580,512	176,489	120,440	10,993	663,917	-	2,552,351
Sales, security and marketing	2,409,546	97,490	68,455	-	-	-	2,575,491
Stock-based compensation	-	-	-	-	347,399	-	347,399
Depreciation and amortization	624,699	132,803	20,635	35,889	990	-	815,016
	4,614,757	406,782	209,530	46,882	1,012,306	-	6,290,257
Other expenses (income)	99,911	16,667	-	49,663	37,969	-	204,210
Income (loss) before income taxes	2,309,611	(705,050)	16,150	(96,545)	(1,050,275)	-	473,891
Income tax expense (recovery)	(65,092)	(10,666)	-	-	1,508,387	-	1,432,629
Net income (loss) for the period	$ 2,374,703	$ (694,384)	$ 16,150	$ (96,545)	$ (2,558,662)	$ -	$ (958,738)