

Vibe Reports 2021 Financial Results

2021 Highlights

- **Dispensary sales were up 19.5% in 2021**
- **Revenue was \$29.29 million, compared to \$24.24 million in 2020**
- **Adjusted EBITDA was \$2.31 million**
- **Positive Operating Cash Flow of \$219,427**
- **Completed two equity financings raising gross proceeds of CAD \$19.11 million**
- **Commenced development of a 10-acre F40 zoned agricultural land site in Monterey County via a \$5.1 million cash acquisition**
- **Cash position of \$9,098,475 at December 31, 2021**

Sacramento, California--(Newsfile Corp. - May 2, 2022) - Vibe Growth Corporation (**CSE: VIBE**) (**OTCQX: VIBEF**) (the "**Company**" or "**Vibe**"), a vertically integrated California cannabis enterprise, is pleased to announce its financial results for the 2021 fiscal year. All financial information is provided in U.S. dollars unless otherwise indicated.

The Consolidated Financial Statements and Management Discussion and Analysis ("MD&A") for the year ended December 31, 2021, are available on the Company's SEDAR profile at www.sedar.com and Vibe's website at www.vibecalifornia.com.

"Vibe managed to generate positive operating cash flow in 2021, with the financial results showing strong year-over-year growth despite a very challenging Q4 for all operators in California. These results represent steady execution even during a challenging operating environment in the California market. The year also saw substantial operating achievements combined with strategic investments in cultivation and retail dispensaries, positioning Vibe as a leader in a consolidating marketplace," commented Vibe CEO Mark Waldron.

Waldron continued, "We are in a much stronger position in retail and cultivation operations, and 2022 macro conditions have improved compared to late 2021. In addition, asset acquisition opportunities have increased as some market participants do not have the balance sheets to compete effectively. Vibe's financial strength and strong management team is well-poised to allow for an expansion of Vibe's retail and sales channels in California.

"It continues to be a great cannabis market for excellent operators, and Vibe's strategy has always been to exercise fiscal prudence and focus on the three key pillars that underpin our growth plan; vertical integration, cultivation expansion, and retail sales. While we eagerly await our final approvals and opening of our Salinas dispensary in June, our cultivation expansion initiatives at our Sacramento and Monterey County properties continue to progress on schedule and under budget. Growing our retail dispensary locations and expanding our cultivation footprint will provide Vibe significant economies of scale and the ability to improve margins significantly, optimizing return on capital for Vibe shareholders," added Waldron.

Fourth Quarter 2021 Highlights:

- **Revenue** in the fourth quarter was USD \$6.32 million, compared to USD \$7.05 million recorded in the fourth quarter of 2020;
- **Adjusted EBITDA** in the fourth quarter was USD \$0.01 million, compared to USD \$0.84 million recorded during the fourth quarter of 2020⁽¹⁾;
- **Dispensary Gross Margin** increased to 41.6%, compared to 35.5% in the fourth quarter of 2020⁽¹⁾;
- **Dispensary Sales** decreased 11.1% compared to the fourth quarter of 2020;
- **E-commerce Orders** accounted for 22.3% of transactions in the fourth quarter of 2021;

- **Equity Financing** of USD \$3.52 million was completed in December.
- **Cash Position** as of December 31, 2021, was USD \$9,098,475.

(1) This is a non-IFRS measure. Readers are cautioned that the amounts presented do not have standardized meanings prescribed by IFRS. Please see the non-GAAP Financial Measures Disclosure below.

2021 Financial Highlights:

The following table reconciles the net loss, EBITDA, Adjusted EBITDA and operating cash flow:

	For the twelve month period ended December 31,	
	2021	2020
Calculation of EBITDA		
Net income (loss)	\$ (4,298,739)	\$ 728,550
Add back:		
Interest expense	203,437	147,384
Income tax expense	1,789,056	1,692,251
Impairment of goodwill	1,595,694	-
Depreciation and amortization expense	<u>1,196,369</u>	<u>792,376</u>
EBITDA(a)	485,817	3,360,561
Calculation of adjusted EBITDA		
Add back non-cash items:		
Net effect of fair value adjustments for biological assets	717,409	-
Stock-based compensation	807,930	134,000
Bargain purchase gain	-	(344,051)
Unrealized foreign exchange loss	86,905	17,118
Ajustment for non-recurring expenses	<u>210,803</u>	<u>(202,553)</u>
Adjusted EBITDA(a)	2,308,864	2,965,075
Calculation of operating cash flow		
Interest expense	(203,437)	(147,384)
Current income expense	<u>(1,886,000)</u>	<u>(1,783,000)</u>
Operating cash flow (a)	\$ 219,427	\$ 1,034,691

To view an enhanced version of this table, please visit:

https://orders.newsfilecorp.com/files/7473/122460_a51176ae744ea86d_002full.jpg

The Company's key financial results for the three and twelve months ended December 31, 2021, and 2020 are as follows:

U.S. Dollars	For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the year ended December 31, 2020
Total revenue ^(a)	\$6,315,811	\$7,048,294	\$29,287,569	\$24,240,862
Gross margin	\$1,453,206	\$2,716,669	\$8,421,564	\$8,540,496
Adjusted Gross Margin ^(b)	1,621,139	\$2,634,677	\$9,138,973	\$5,559,381

Adjusted Gross Margin ^(b)	25.7%	37.4%	31.2%	33.8%
Net income (loss)	\$(3,340,001)	\$188,359	\$(4,298,739)	\$728,550
Adjusted EBITDA ^(a)	\$73,125	\$842,364	\$2,308,864	\$2,965,075

Special Note Regarding non-GAAP Financial Measures

- This is a non-GAAP measure. Readers are cautioned that the amounts presented do not have standardized meanings prescribed by IFRS. See discussion of non-IFRS Measures in the MD&A for reconciliation to measures reported in the Company's consolidated financial statements.
- Excludes changes in the fair value of biological assets.
- Operating Cash Flow is a non-GAAP measure that represents cash flows from normalized operating activities. The Company considers operating cash flow a key measure as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt.

Additional Fourth Quarter Highlights:

- **Vibe Growth Corporation Uplists to OTCQX Best Market (October 5, 2021)**

Effective October 5, its common shares have been approved for trading under the ticker symbol "VIBEF" on the OTCQX[®] Best Market (the "OTCQX"), a U.S. trading platform operated by the OTC Markets Group, Inc. "The OTCQX Market provides Vibe access to a much larger audience of U.S.-based institutional and retail investors and complements our CSE listing by providing investors with direct access to our common shares in both countries. Canadian and U.S. institutional and retail investors can take an active part in the exciting growth that California cannabis offers," Waldron added. Vibe Growth continues to trade on the Canadian Securities Exchange ("CSE") under its existing symbol "VIBE". [Read Full Release](#)

- **Vibe Growth Announces Closing of Strategic Investment of C\$3.52 Million in a Non-Brokered Private Placement of Common Shares (December 22, 2021)**

A strategic investor in Vibe Growth Corp. is investing \$3.52-million in a non-brokered private placement of common shares. Mark Waldron, chief executive officer of Vibe, stated, "We are extremely pleased to welcome this strategic shareholder in Vibe. The investment demonstrates confidence in our team's ability to execute on our growth and expansion strategy -- growing our retail dispensary locations and expanding our cultivation footprint, which will provide Vibe significant economies of scale and the ability to improve margins and optimize return on capital for Vibe shareholders." [Read Full Release](#)

Events Subsequent to December 31, 2021:

- **Vibe Growth Corporation Announces Expansion of California Dispensary Portfolio (February 8, 2022)**

Vibe Growth Corp. has received provisional approval from the California Department of Cannabis Control to commence adult-use retail sales at its newest dispensary location in Salinas, California. [Read Full Release](#)

- **Vibe Further Expands its California Dispensary Portfolio, receiving a State license to open its seventh dispensary location in Ukiah, California (February 22, 2022)**

Vibe received its license from the DCC under its subsidiary - Vibe Ukiah LLC, for adult-use sales in its dispensary located at 441 State Street N, conveniently located in the heart of Ukiah's vibrant downtown core. The new Vibe By California branded Ukiah dispensary is scheduled to open on

March 4th and offers exceptional foot traffic access and visibility from the city's bustling downtown core. The Ukiah dispensary will provide consumers across the Mendocino Valley with a wide selection of leading cannabis brands and products. [Read Full Release](#)

- **Vibe's newest dispensary, located in Ukiah, California, opens its doors to the public (March 10, 2022)**

The Ukiah store hours are from 9 am to 9 pm and will provide residents and visitors to the Mendocino Valley with a wide selection of leading cannabis brands and products. Vibe's Ukiah dispensary will offer a curated product assortment featuring top-tier California brands and the Company's [Hype Cannabis Co.](#) marijuana product lineup. Online ordering with same-day express pickup is available at www.vibebycalifornia.com. Mark Waldron, CEO of Vibe stated, "We are thrilled to be opening our doors to the Ukiah community, and we look forward to providing our customers with the largest selection of premium cannabis products and a wonderful retail experience." [Read Full Release](#)

About Vibe Growth Corporation

Vibe Growth Corporation and its cannabis retail brand, [Vibe By California](#), is a trusted, vertically integrated cannabis enterprise with retail dispensaries; cannabis greenhouse cultivation; premium indoor cultivation; commercial cannabis distribution; brand sales and marketing; e-commerce platform; home delivery; and [Hype Cannabis Co.](#) marijuana and Vibe CBD (cannabidiol) products. Vibe is focused on maximizing shareholder value through accelerating organic growth, opportunistic acquisitions, distressed workouts, and new license applications. The Company operates retail and e-commerce under its iconic Vibe By California brand.

To learn more about Vibe, please visit: www.vibebycalifornia.com

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Forward-Looking Information

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "anticipate", "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the parties' current belief or assumptions as to the outcome and timing of such future events, and may be impacted as a result of general economic conditions or the ongoing COVID-19 pandemic. Actual future results may differ materially.

The forward-looking information contained in this release is made as of the date hereof and the parties are not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein. Risk factors related to the Company are described in the Company's Management Discussion and Analysis, a copy of which is available under the Company's profile on SEDAR.

This press release includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its

estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this press release or ascertained the underlying economic assumptions relied upon by such sources.

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Unlike in Canada which has Federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Cannabis Act (Federal), readers are cautioned that in the U.S., cannabis is largely regulated at the State level. To the knowledge of Vibe Growth Corporation, there are to date a total of 35 states, plus the District of Columbia, that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the U.S. and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. Federal law. Strict compliance with State laws with respect to cannabis will neither absolve Vibe Growth Corporation of liability under the U.S. Federal law nor will it provide a defence to any Federal proceeding, which may be brought against Vibe Growth Corporation. Any such proceedings brought against Vibe Growth Corporation may adversely affect its operations and financial performance.



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