

Vibe Reports Second Quarter 2022 and Provides Operational Update

Sacramento, California--(Newsfile Corp. - August 25, 2022) - Vibe Growth Corporation (**CSE: VIBE**) (**OTC: VIBEF**) (the "Company" or "Vibe"), a vertically integrated California cannabis enterprise, has released its 2022 second quarter financial results. All financial information is provided in U.S. dollars unless otherwise indicated. The Condensed Consolidated Financial Statements and Management Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2022, are available on the Company's SEDAR profile at www.sedar.com and Vibe's website at www.vibebycalifornia.com.

"During the first half of 2022, the Vibe team was focused on opening the Ukiah dispensary in March, preparing for the opening of the Salinas dispensary in July, accelerating the brand marketing of Hype, and bringing the Sacramento cultivation expansion online," commented Vibe CEO, Mark Waldron. "Vibe has implemented numerous marketing and sales initiatives along with operational improvements and expense streamlining that allowed the Company to return to a positive EBITDA quarter, successfully navigating some of the economic headwinds facing some California cannabis operators."

Second Quarter 2022 Highlights

- Revenues were \$5.73 million for the second quarter of 2022, compared to \$5.67 in the first quarter of 2022, representing a 1.1% increase;
- Dispensary Gross Margin increased to 48.2%, compared to 33.5% in the comparative 2021 quarter⁽¹⁾;
- Generated positive EBITDA and Adjusted EBITDA of \$366,551 and \$428,041 compared to an EBITDA loss and adjusted EBITDA loss of \$285,405 and \$25,506 in the first quarter of 2022;
- E-commerce Orders accounted for 18.8% of transactions in the second quarter of 2022;
- As of June 30, 2022, the cash position was \$7.35 million with no significant debt.

(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.

Financial Highlights

The Company's key financial results for the three and six months ended June 30, 2022, and 2021 are as follows:

U.S. Dollars	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Total revenue ^(a)	\$ 5,728,286	\$ 7,791,690	\$ 11,399,262	\$ 15,334,425
Gross margin	\$ 2,336,296	\$ 2,555,295	\$ 4,295,727	\$ 5,120,007
Net loss	\$ (654,511)	\$ (100,825)	\$ (1,644,979)	\$ (32,580)
Adjusted funds flow ^(b)	\$ (224,203)	\$ 331,582	\$ (596,338)	\$ 774,838
EBITDA ^(a)	\$ 366,551	\$ 726,074	\$ 79,146	\$ 1,557,506
Adjusted EBITDA ^(a)	\$ 428,041	\$ 896,235	\$ 384,992	\$ 1,818,071

Special Note Regarding non-GAAP Financial Measures

(a) 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.

(b) Adjusted funds flow (previously referred to as funds flow from operations) is a non-GAAP measure representing cash flows from operating activities as presented in the Company's Consolidated Statements of Cash Flows before the changes in non-cash working capital. The Company considers adjusted funds 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.

Operational Highlights

Vibe Retail Expansion Strategy

Vibe has continued to expand its retail cannabis dispensary portfolio across California, with the newest store addition located in Salinas, CA, opening its doors to the public on July 15, 2022. The new Vibe By California branded Salinas dispensary at 1031 El Camino Real, Salinas, CA, is open for adult-use cannabis sales from 9 am to 8 pm. The Salinas dispensary offers direct access and visibility on U.S. Route 101, providing consumers with a wide selection of leading cannabis brands and products.

The Salinas dispensary joins the Company's existing California locations in Sacramento, Stockton, Redding, Palm Springs, Ukiah, plus Portland, Oregon. Vibe is positioned to execute its growth strategy of expanding its retail dispensary portfolio and scaling its cultivation business in California. Vibe's management team continues to actively explore expansion opportunities as it looks to add new dispensaries to its portfolio to meet the growing demand for its Vibe By California and Hype Cannabis Co. products.

Operational Improvements

Operationally the Company continues to focus on improving its business efficiencies, integrating new stores and delivering an exceptional customer experience. Of primary note, management in the last quarter focused on improving staffing and labour efficiency, adding and shifting headcounts to newer dispensary locations requiring additional labour support while softening its new hire requirements in more established Vibe locations. While many companies in California continue to face labour challenges, the Vibe team has avoided many of these issues and has right-sized its labor requirements to meet its current, and future staffing needs effectively.

Cultivation Expansion in Monterey County

Vibe's Monterey greenhouse buildout will serve as the Company's flagship cultivation facility in California, with Phase 1 construction of approximately 70,000 square feet now underway. Greenhouse building materials sourced and ordered in late 2021 have been delivered and received. The Monterey greenhouses will utilize low iron glass ("Dutch Glass"), allowing full-spectrum ultraviolet light transmittance. Vibe believes it will be one of the lowest cost cultivators in the region.

While only 10% of the Company-owned 10-acre property in Monterey County, California, will be used for its Phase 1 flagship greenhouse construction project, an additional 5% of square footage included in the Phase 1 construction plan is the conversion of two existing wood greenhouses. One of the wood greenhouses will be used to develop a genetic stock and propagation program to feed the new glass greenhouses, and the second will be used for flowering. The construction plan also includes a processing facility and a separate distribution center to support the cultivation operations. The Company anticipates adding approximately 18,000 square feet of the canopy by upgrading the existing two wood greenhouses.

Rebranded Hype Product Line

Following a period of discovery and consumer research, the Company successfully rolled out the rebranded and expanded Hype Product line with new designs and packaging. "Rebranding Hype Cannabis Co. has been an extraordinary effort by our passionate team members," says Mary Ellen Schrock, the Company's Brand Evangelist. "The striking new aesthetic is based on four pillars - our heritage, premium products, people, and trust. The transformative branding is deeply influenced by our passionate team that works hard to earn consumers' trust by producing the highest quality products available in the market today."



Rebranded Hype Product Line (Source: Hype Cannabis Co.)

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

https://images.newsfilecorp.com/files/7473/134889_50c5a69b34aa8950_002full.jpg

"Hype Cannabis Co. products have been selling extremely well, and we are devoted to consistently evolving our product offerings to meet the needs of the consumer. I am extremely excited by our renewed brand personality being integrated deeply into our DNA, combining it with our uncompromising desire to grow and produce marijuana products with maximum consistency," said Chris DiNatale, Brand Manager of Hype.

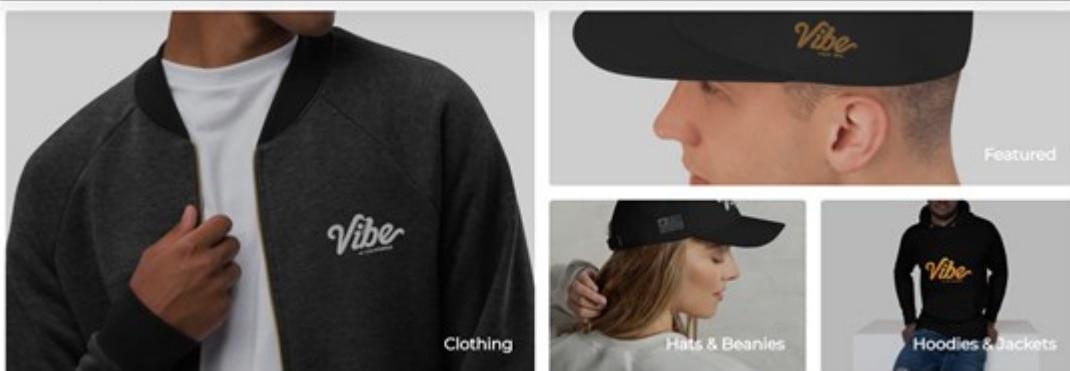
Marketing Initiatives

As well as developing the new brand identity and packaging design, Vibe has also focused on improving its traditional, online and social media marketing efforts to support Hype's new look. The Company has implemented marketing initiatives such as improvements to Vibe's website and online store, creative social media campaigns, and increased traditional and digital advertising. The Company is currently focusing its summer marketing initiatives on improving its target marketing campaigns, increasing local market visibility and expanding its brand awareness for its Palm Springs and Ukiah locations.

Vibe Launches California Cannabis Lifestyle Clothing Line

In addition to Vibe's expanded marketing initiatives, the Company has also launched its custom clothing line, a collection proudly designed in collaboration with the famed Los Angeles, California-based designer Mary Ellen Schrock. The new private label collection introduces a complete line of ready-to-wear pieces at an accessible price point. Vibe clothing products are now available online at www.vibecalifornia.com and the Company's retail locations. Additional products will be introduced in a fall collection later this year.

The California cannabis lifestyle and culture-influenced designs are for those who want to challenge the status quo for special events and everyday wear. The initial product line features sweatshirts, hoodies, t-shirts, hats, leggings, and much more, with beachwear dropping later this summer. A portion of all sales will fund Community Vibes initiatives.



Vibe California Cannabis Lifestyle Clothing Line
(Source: <https://vibecalifornia.com>)

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"Responsibly sourced materials such as our organic ring-spun cotton and recycled materials significantly reduce waste. Introducing recycled materials is fundamental to the sustainable future of fashion. We currently have hundreds of items available for immediate purchase and intend to double the number of items with our Fall 2022 collection," says Joe Starr, Chief Operating Officer.

About Vibe Growth Corporation

Vibe Growth Corporation and its cannabis retail brand, Vibe By California, is a trusted, vertically integrated California 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](#) products. In California, 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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Cautionary Note Regarding Product & Forward-Looking Information

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performances. The use of any of the words "anticipate," "could," "intend," "expect," "believe," "will," "projected," "estimated," and similar expressions or 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 maybe impacted as a result of general economic conditions. In this news release, forward-looking statements relate to, among other things, the Company's expectations of revenue, EBITDA profitability and adjusted funds flow, higher sales volumes, and the Company's retail operations. 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 does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The 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 may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. Newswire Services or dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

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 33 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 concerning cannabis will neither absolve Vibe of liability under the U.S. Federal law nor will it provide a defense to any Federal proceeding which may be brought against Vibe Growth Corporation. Any such proceedings brought against Vibe may adversely affect its operations and financial performance.



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