



Vibe Reports Second Quarter 2019 Financial and Operational Results

CALGARY, ALBERTA, August 28, 2019, – Vibe Bioscience Ltd. (**CSE: VIBE**) (the “Company” or “Vibe”), a vertically integrated cannabis retailer and cultivator, is pleased to announce its financial and operating results for the three and six months ended June 30, 2019. All financial information is provided in U.S. dollars (“USD”) unless otherwise indicated. The Financial Statements and Management’s Discussion and Analysis (“MD&A”) for the three and six months ended June 30, 2019 are available on the Company’s SEDAR profile at www.sedar.com and on Vibe’s website at www.vibebycalifornia.com.

Q2 2019 Financial Highlights:

The Company was incorporated on June 11, 2018 with the only material transaction in the three months ended June 30, 2018 consisting of the issuance of initial common share capital for nominal consideration. Therefore, there are no comparative results for the three months ended June 30, 2019. Further, the Company’s core cannabis business did not commence until February 18, 2019 when the Company acquired certain dispensary and cultivation operations in California (the “U.S. Operations”). Consequently, revenue, gross margin^(a) and adjusted EBITDA^(a) for Q1 2019 include results from February 18, 2019 to March 31, 2019 (42 days) for the Company’s U.S. Operations and for the entire three months ended March 31, 2019 for the Company’s Canadian head office.

Consolidated (U.S. Operations and Canadian Head Office) Highlights

USD	Q2 2019	Q1 2019 ^(b)	Change	Percent change
Revenue	\$ 3,096,836	\$ 1,313,726	\$ 1,783,110	135.7
Gross margin	1,296,113	583,307	712,806	122.2
Adjusted EBITDA ^(a)	\$ 113,322	\$ 59,336	\$ 53,986	91.0
Gross margin % ^(a)	42.0	44.4	-	-
Adjusted EBITDA % ^(a)	3.7	4.5	-	-

U.S. Operations Highlights

USD	Q2 2019	Q1 2019 ^(b)	Change	Percent change
Revenue	\$ 3,096,836	\$ 1,313,726	\$ 1,783,110	135.7
Gross margin ^(a)	1,296,113	583,307	712,806	122.2
Adjusted EBITDA ^(a)	\$ 673,505	\$ 330,870	\$ 342,635	103.6
Gross margin % ^(a)	41.9	44.4	-	-
Adjusted EBITDA % ^(a)	21.7	25.2	-	-

(a) Readers are cautioned that these measures are non-IFRS measures and do not have standardized meanings prescribed by IFRS. See the discussion of Non-IFRS Measures in the Q2 2019 MD&A for reconciliation to IFRS amounts reported in Vibe’s financial statements.

(b) Results for the U.S. Operations are included from February 18, 2019 to March 31, 2019 (42 days).



- *Results of the U.S. Operations are included for a full three months for the first time in Q2 2019.* The Company's U.S. dispensary and cultivation operations continued their positive results in the three months ended June 30, 2019, generating revenue and adjusted EBITDA^(a) of \$3,096,836 and \$673,505, respectively, compared to revenue and adjusted EBITDA^(a) of \$1,313,726 and \$303,870, respectively, from February 18, 2019 (the acquisition date) to March 31, 2019. The U.S. operations also benefited from the seasonality of the retail cannabis business which experiences higher revenue in the summer months.
- *Delivery service commenced.* In June 2019, the Company, through Alpine Alternative, was granted a delivery license for the City of Sacramento which allows for door-to-door delivery of cannabis products throughout California's Central Valley. The Company launched its delivery service on June 7, 2019 and expects^(b) to realize the benefits of the delivery license throughout the remainder of 2019 and into 2020 as customers become familiar with the service offering.
- *New extracts product development completed.* In the second quarter of 2019, the Company completed the development of its new Hype brand extracts product which Vibe began selling in its Alpine Alternative and Port City dispensaries in August 2019.
- *Planned improvements to the Company's cultivation facilities are expected^(b) to be complete in Q4.* The first phase of upgrades to the Vibe's cultivation facilities located in Sacramento, CA are near completion with the resulting increased nursery capacity expected to be operational in the fourth quarter of 2019.

Q2 2019 versus Q1 2019 – Operating Review:

Revenue, gross margin^(a) and adjusted EBITDA^(a) increased in Q2 2019 compared to Q1 2019 as a result of the acquisition of the dispensary and cultivation operations in California which was completed on February 18, 2019. Therefore, the three months ended June 30, 2019 is the first quarter the results of the U.S. Operations are included for the entire period.

Vibe also realized increased revenue and gross margin^(a) from the U.S. Operations in Q2 2019 as a result of the summer month seasonality inherent in the adult-use recreational cannabis business. The gross margin %^(a) realized by the U.S. Operations will differ slightly period-over-period as a result of variations in product mix sold at each dispensary in addition to the timing of plant harvests at the cultivation operations.

Management expects^(b) the profitability of the U.S. Operations will continue into the third quarter of 2019 as the seasonality from the summer months generally continues through September. In addition, Vibe introduced the new Hype branded extracts product in August 2019 and continues the roll-out of the door-to-door delivery service provided by the Alpine Alternative dispensary.

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(b) Readers are cautioned that statement represents forward looking information that is based on various assumptions and subject to certain risk factors – see discussion of Cautionary Note Regarding Forward Looking Information in the Q2 2019 MD&A.



The increased profitability of the U.S. Operations in Q2 2019 was partially offset by an increase in certain general and administrative expenses incurred by the Canadian head office related to the costs associated with being a public company pursuant to the Company's public listing completed in April 2019. Consequently, adjusted EBITDA %^(a) on a consolidated basis decreased to 3.7% in Q2 2019 compared to 4.5% in Q1 2019. Management expects^(b) general and administrative expenses in the second half of the year to be reflective of the expenses incurred in the second quarter of 2019.

For more information, please visit our website at www.vibebycalifornia.com and sign-up for our mailing list.

Further details about Vibe are included in Vibe's Listing Statement (CSE Form 2) dated March 25, 2019, a copy of which is available under Vibe's profile on SEDAR at www.sedar.com and at www.vibebycalifornia.com

About Vibe

Vibe is a vertically integrated cannabis company whose mission is to become an industry leading multi-state operator. The Company delivers exceptional retail experiences with its "Vibe by California™" brand and ethos, premier cultivation product, and high-efficiency delivery and distribution. The Company's management team brings expertise in retail, cannabis cultivation, and mergers and acquisitions to support its U.S. expansion through accretive acquisitions and organic growth.

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 managements' current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially.

The forward-looking information contained in this release is made as of the date hereof and the Company is 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 Listing Statement dated March 25, 2019, 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 for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

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Forward-Looking Information (cont'd)

Unlike in Canada which has Federal legislation uniformly governing the cultivation, distribution, sale and possession of 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 Bioscience Ltd., 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 with respect to cannabis will neither absolve Vibe Bioscience Ltd. of liability under the U.S. Federal law, nor will it provide a defense to any Federal proceeding, which may be brought against Vibe Bioscience Ltd. Any such proceedings brought against Vibe Bioscience Ltd. may adversely affect its operations and financial performance.

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