



## Vibe Reports Expansion of its Cultivation Operations and the Third Quarter 2019 Financial and Operational Results

CALGARY, Alberta, Nov. 28, 2019 -- Vibe Bioscience Ltd. (CSE: VIBE) (the "Company" or "Vibe"), a vertically integrated cannabis retailer and cultivator, is pleased to announce the completion of Phase 1 of its cultivation expansion, and its financial and operating results for the three and nine months ended September 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 nine months ended September 30, 2019 are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on Vibe's website at [www.vibebycalifornia.com](http://www.vibebycalifornia.com).

### Completion of Phase 1 Cultivation Expansion at Sacramento, California Campus

Vibe is pleased to announce the completion of the first phase of its build-out of the Company's 3,000 sq. ft. nursery in Sacramento, California. The purpose-built nursery is intended to support Vibe's cultivation expansion plans at its Sacramento Campus, which hosts both cultivation and retail operations. The completion of the nursery is expected to provide the following benefits:

- Larger scale operations that will extend vegetation growth phases, increasing Vibe's potential harvest schedule from 4 to 5 cycles per year;
- Increase production yield by approximately 20-25%, while decreasing operational costs per gram produced;
- Expand production capabilities allowing Vibe to better supply its clientele with high-quality Hype Cannabis branded products;
- Facilitate the wholesale production of high demand clones available for sale to the retail market; and
- Provide research and development space for the Company's cultivation team, giving them the ability to produce new strains and increase Vibe's in-store product offering. <sup>(b)</sup>

"The completion of Phase-1 of our upgrades to the Sacramento nursery is continuing evidence of our ability to execute on our plan to advance our business through organic growth and disciplined operations," said Vibe's CEO Mark Waldron. "We are excited by the opportunity this expansion gives us in ensuring the quality and variety of exceptional products we offer customers in our Vibe by California stores."

### Q3 2019 Financial Highlights:

Vibe Bioscience Corporation (the reverse takeover acquirer of Altitude Resources Inc.) was incorporated on June 11, 2018. Following the takeover, the only material transactions in the three months ended September 30, 2018 consisted of administrative expenses related to the acquisition of the Vibe's core cannabis business and those related to the Company's listing on the Canadian Securities Exchange. Vibe's cannabis operations commenced on February 18, 2019 with the acquisition of certain dispensary and cultivation assets in California (the "U.S. Operations").

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

USD	Q3 2019	Q2 2019	Change	% Change
Total revenue <sup>(a)</sup>	\$ 4,176,747	\$ 3,096,836	\$ 1,079,911	35%
Gross margin	\$ 1,560,073	\$ 1,296,113	\$ 263,960	20%
Adjusted EBITDA <sup>(a)</sup>	\$ 278,979	\$ 113,322	\$ 165,657	146%
Gross Margin % <sup>(a)</sup>	37.4	41.9	-	-
Adjusted EBITDA % <sup>(a)</sup>	6.7	3.7	-	-

(a) This is a non-IFRS 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 financial statements.

### U.S. Retail Highlights

USD	Q3 2019	Q2 2019	Change	% Change
Revenue <sup>(a)</sup>	\$ 3,959,387	\$ 2,898,975	\$ 1,060,412	37%
Gross margin <sup>(a)</sup>	\$ 1,594,798	\$ 1,428,025	\$ 166,773	12%
Gross Margin % <sup>(a)</sup>	40.3	49.3	-	-

(a) This is a non-IFRS 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 financial statements.

### Q3 2019 Corporate Development Highlights:

- **U.S. dispensary and cultivation operations continued their positive results in the third quarter of 2019:** The U.S. Operations generated revenue and adjusted EBITDA<sup>(a)</sup> of \$4,176,747 and \$713,717 in the three months ended September 30, 2019, a 35% and 6% increase respectively, compared to revenue and adjusted EBITDA<sup>(a)</sup> of \$3,096,836 and \$673,505, respectively, in the second quarter of 2019. In the nine months ended September 30, 2019, U.S. operations generated revenue and adjusted EBITDA<sup>(a)</sup> of \$8,587,309 and \$1,718,092, respectively. While sales volumes have increased, gross margins have decreased due to competitive market pressures.
- **Delivery service commenced:** In June 2019 the Company, through its wholly-owned subsidiary Alpine Alternative Naturopathic Inc. (“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 to realize the benefits of the delivery license throughout the remainder of 2019 and into 2020 as customers become familiar with the service offering.<sup>(b)</sup>
- **New extracts product development completed:** In the second quarter of 2019, the Company completed the development of its new “Hype Extracts” brand extracts products. In October 2019, the Company entered into a strategic extraction agreement with a Sacramento-area manufacturer to expand its Hype Extracts line. Under the terms of the agreement, Vibe and the manufacturer will procure bulk quantities of fresh-frozen and/or premium dried cannabis for an initial six-month term that commenced on October 23, 2019. Under the terms of the agreement, the manufacturer will provide extraction, formulation and production services for the development of distillate, live resin, wax and other cannabis oil derivatives to be sold under the Hype Extracts brand on a fee-for-service basis.<sup>(b)</sup>

### Operations Review:

The third quarter of 2019 was positive for the Company, building from the positive results realized in the first half of the year. The U.S. Operations contributed revenue and gross margin<sup>(a)</sup> of \$4,176,747 and \$1,560,073, respectively, in the third quarter and contributed adjusted EBITDA<sup>(a)</sup> of \$713,717. As of September 30, 2019, the U.S. Operations have generated positive results for the Company realizing \$1,718,092 of adjusted EBITDA<sup>(a)</sup> on revenue of \$8,587,309 since their acquisition in February 2019.

The U.S. Operations benefited from positive seasonal effects in both the second and third quarters of 2019. Alpine Alternative also launched its door-to-door delivery service in June 2019 and improvements to the store layout continue in connection with the first phase of the upgrades and enhancements at the Vibe Cultivation LLC and Alpine Alternative facilities.

The Company completed the development of its new “Hype Extracts” brand extracts products in the second quarter of 2019, which the Company started selling through the Company’s retail dispensaries in August 2019. In addition, Alpine Alternative received a delivery license from the City of Sacramento in June 2019 and subsequently commenced door-to-door delivery service, the benefit of which is expected to be realized through the remainder of 2019 and into 2020.<sup>(b)</sup> Vibe believes that by providing multiple and varied ways of product payment and delivery, the Company will attract a broader and more diverse customer demographic and further increase customer loyalty.<sup>(b)</sup>

The Company is prudently monitoring its general and administrative expenditures and aiming to eliminate all non-essential costs. The Company incurred a one-time \$100,000 restructuring charge with respect to its Canadian head office, which the Company expects will result in future savings of approximately \$30,000 per month.<sup>(b)</sup>

As a result of the restructuring of the Canadian head office, and the Company’s decision not to allocate capital to the development licenses in Canada and instead to focus on the U.S. Operations, the Company recognized a one-time \$1,881,065 non-cash charge related to certain Canadian intangible assets.

### 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.

Vibe is focused on completing strategic acquisitions during the remainder of 2019 and has an additional dispensary in Redding, California under the definitive agreement. The Redding dispensary does not currently have any operations, and therefore, will not be immediately profitable or cash flow positive to the Company. However, management believes the proposed acquisition of the Redding dispensary is a cost-effective means of acquiring a retail license, and therefore, increasing market share in the northern California retail cannabis market.<sup>(b)</sup>

The Redding dispensary is currently undergoing improvements that will result in it being the first location to be entirely branded under the "Vibe by California" store name. The Redding location is expected to become fully operational in early December 2019<sup>(b)</sup>. Closing of the Redding acquisition is expected to occur in the four quarter of 2019, pending the satisfaction of customary closing conditions associated with the acquisition (including receipt of all necessary third-party consents and approvals).

Management remains focused on generating revenue growth organically through investment in product development, existing cultivation and retail infrastructure. The Company believes that by investing in product development and cultivation, manufacturing and distribution operations it will be able to increase sales from its existing retail channel in addition to gaining market share in the wholesale supply of cannabis.<sup>(b)</sup>

For more information, please visit our website at [www.vibebycalifornia.com](http://www.vibebycalifornia.com) and sign-up for our mailing list. Further details about Vibe are included in Vibe's Listing Statement (CSE Form 2) available on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.vibebycalifornia.com](http://www.vibebycalifornia.com)

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(a) Readers are cautioned that these measures are non-IFRS measures and do not have standardized meanings prescribed by IFRS. See discussion of Non-IFRS Measures in the Q3 2019 MD&A for reconciliation to IFRS amounts reported in Vibe's financial statements.

(b) Readers are cautioned that these statements represent forward looking information that is based on various assumptions and subject to certain risk factors – see discussion of Forward Looking Information, below, and Cautionary Note Regarding Forward Looking Information in the Q3 2019 MD&A.

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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. 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 Listing Statement dated March 25, 2019 and most recently filed management's discussion and analysis, copies of which are 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.*

*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.*