



Vibe Reports Financial Results for Fourth Quarter and Year Ended December 31, 2019 and Provides Operational Update

SACRAMENTO, Calif., April 30, 2020 -- Vibe Bioscience Ltd. (CSE:VIBE)(OTC:VBSCF) (the “Company” or “Vibe”), a vertically integrated cannabis retailer and cultivator, is pleased to announce the financial and operating results for the three months and full year ended December 31, 2019 and provide an operational update. All financial information is provided in U.S. dollars unless otherwise indicated. The Financial Statements and Management’s Discussion and Analysis (“MD&A”) for the three and 12 months ended December 31, 2019 are available on the Company’s SEDAR profile at www.sedar.com and on Vibe’s website at www.vibebycalifornia.com.

2019 Operational Highlights^(a)

For the full year ended December 31, 2019 Vibe generated positive Adjusted EBITDA of \$293,224. Management anticipates positive EBITDA during the first quarter of 2020 and for fiscal year 2020 as a result of expanded operations, prudent fiscal management initiatives implemented in 2019 and continuing process improvements:

- **Redding Acquisition Completion.** In December 2019, Vibe secured a license for an adult-use cannabis retail operation located in Redding, California by completing the acquisition of membership interests in the securities of EVR Managers LLC. In February 2020, Vibe opened its Redding retail outlet that is currently exceeding Management’s forecasted customer count and revenue expectations. The Redding dispensary was the first newly constructed location to be fully branded under the “Vibe by California” store name. The Redding location’s vernacular design is intended to maximize customer foot traffic and streamline the purchasing process.
- **Increased Store Traffic.** During 2019 and Q1 2020, average daily customer counts in the Sacramento and Stockton stores increased significantly when compared to the prior year’s periods.
- **Expanded Payment Methods.** During the second quarter of 2019, Vibe expanded acceptable payment methods in its dispensaries, resulting in higher in-store sales for the second half of 2019.
- **Commenced Delivery Service.** In June 2019, Vibe was granted a delivery license for the City of Sacramento, allowing for door-to-door delivery of cannabis products throughout Sacramento. Customer adoption of Vibe’s delivery services in its Sacramento and Redding markets has continued to increase as clients adjust to the restrictions resulting from the COVID-19 pandemic.
- **Completed Development of its “Hype” Brand Extracts Products (“Hype Extracts”).** In October 2019, Vibe entered into a strategic extraction agreement with a local manufacturer to further expand and produce Hype branded products.
- **Improvements and Buildout of the Company’s Cultivation Facilities.** In the fourth quarter of 2019, the Company completed improvements to increase its nursery capacity, which it expects will increase its potential harvest schedule from 4 to 5 cycles per year and production yield by 20-25%; facilitate the wholesale production of clones available for sale; and provide research and development space for the Company’s cultivation team.
- **Undertook Significant Actions to Reduce G&A.** During 2019, the Company incurred various one-time restructuring charges at its Canadian head office resulting in anticipated monthly savings of approximately \$30,000 per month.

Financial Update:

The Company’s core cannabis business did not commence until the acquisition of the U.S. Targets on February 18, 2019. Consequently, revenue, gross margin, G&A, selling and marketing expense and adjusted EBITDA amounts include results of; (i) the U.S. Targets from February 18, 2019 to December 31, 2019; and (ii) the Company’s head office for the entire twelve months ended December 31, 2019. In 2018, the Company’s activities consisted of identifying and evaluating cannabis cultivation, retail dispensary and other ancillary business opportunities with a view to negotiate and enter into letters of intent and definitive agreements with respect to acquiring or developing such assets. The Company’s key financial results for the three and twelve months ended December 31, 2019 are as follows:

U.S. dollars	Three Month Ended December 31, 2019	The Year Ended December 31, 2019
Total revenue ^(a)	\$4,012,850	\$12,600,159

Gross margin	\$1,178,152	\$4,617,645
Gross margin % ^(a)	29.4	36.6
Adjusted EBITDA ^(a)	\$(158,313)	\$293,224
Adjusted EBITDA % ^(a)	(3.9)	2.3

(a) This is a non-IFRS measure. Readers are cautioned that the amounts presented do not have standardized meanings prescribed by IFRS

Catalysts for 2020:

Vibe anticipates further growth over the next 12 months and positive EBITDA in the first quarter of 2020 and fiscal 2020 as a result of the 2019 operations highlights outlined above in addition to the following catalysts:

- Cultivation and nursery assets in Sacramento came online at the end of the fourth quarter of 2019 for optimization in Q1 2020;
- 13,500 square feet of new cultivation capacity in Crescent City, California to be acquired and operational in May 2020;
- Launch of current and planned marketing campaigns in key markets;
- Enhanced training of employees, focusing on total customer satisfaction;
- Establishment of a centralized effective product procurement strategy allowing negotiation of favorable terms and pricing, and ensuring supplier quality and efficiency;
- Use of technology to enhance the customer experience for rapid check in and purchasing, offering expedited service resulting in increased average daily customer counts in the Sacramento and Stockton locations compared to Q1 2019;
- Launched online platform with real-time inventory availability, delivery and express pickup options;
- Expanded inventory and product selection, offering the largest selection of product in each of Vibe's markets;
- Initiated the Vibe Reward program, offering valuable rewards to retain existing customers and increase lifetime customer value, and expanding Vibe's price match guarantee establishing Vibe as a value leader in each of our markets;
- Expansion of Hype Cannabis Co. product availability to stores in San Francisco and Los Angeles; and
- Engaging social media and online presence, featuring Vibe branding in the community.

Outlook:

In the fourth quarter of 2019, the Company continued to build on the positive results realized in the first five and a half months of operating two dispensaries and a cultivation facility. The U.S. Targets also benefited from positive seasonal effects in both the second and third quarters of 2019, whereas the fourth and first quarters are slower months for the Company. Vibe's Sacramento location 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 improvements being made to the Sacramento Cannabis Campus. Vibe's delivery service and online ordering system have been critical in meeting growing customer demand brought on by the COVID-19 pandemic.

Management expects the profitability of the U.S. Targets will continue in 2020 with the introduction of the new Hype Cannabis Co. Extracts line of products launched in August 2019, opening the Redding dispensary, additional cultivation capacity, continued roll-out of the door-to-door delivery service and ongoing improvements being made to existing dispensaries.

Management expects the gross margin^(a) realized by the dispensaries to be in the 35 to 40 percent range in 2020.

Management also anticipates Sacramento Cultivation will operate at a slight loss on a gross margin^(a) basis for the remainder of the first quarter of 2020 and then to be a net contributor to the gross margin in 2020.

In addition, management expects the improvements and expansions completed at Sacramento Cultivation will increase wholesale revenue in addition to increasing sales of the Company's proprietary "Hype Cannabis Co." brand, while lowering product costs at its three dispensaries as a result of increased vertical integration^(b). However, the full benefit of the investment in Sacramento Cultivation is not expected to be realized until 2020 or 2021, given the expected timeline to complete the upgrades.

The Company was partially negatively affected by increased general and administrative expenses incurred by the head office in the three months ended September 30, 2019 and December 31, 2019, largely due to a one-time charge of approximately \$200,000 in the restructuring of the Canadian head office, investor relations service, insurance costs and other expenses associated with public company requirements subsequent to the Company's public listing in April 2019. Management expects head office general and administrative expenses to be lower in 2020^(b).

About Vibe Bioscience Ltd.

Vibe is a vertically integrated cannabis company delivering exceptional retail experiences with its Vibe by California brand and ethos, premier cultivation product and high-efficiency delivery and on-line sales. 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. For more information, please visit www.vibebycalifornia.com.

(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 financial statements.

(b) This is a forward-looking statement. See “Forward-Looking Information”.

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 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.

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 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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