



Vibe Reports Record After Tax Net Income and Record Revenue for the Second Quarter 2020

SACRAMENTO, California, August 19, 2020 – **Vibe Bioscience Ltd. (CSE:VIBE, OTC:VBSCF, GERMANY:A061)**(the “Company” or “Vibe”), a California based cannabis retailer and cultivator, is pleased to announce record after tax net income during the second quarter of 2020 as a result of significantly increased sales volumes at its California dispensaries and cultivation assets, and reports the financial and operating results for the three and six months ended June 30, 2020. 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 six months ended June 30, 2020 are available on the Company’s SEDAR profile at www.sedar.com and on Vibe’s website at www.vibebycalifornia.com.

“Some said it couldn’t be done, but Vibe’s second quarter results show that a public cannabis company can both grow and be profitable, not in a few years, but right now,” said Mark Waldron, Chief Executive Officer of Vibe. “The second quarter of 2020 was extremely strong. Not only did we achieve record dispensary sales and increased cultivation yields, but Vibe also achieved record EBITDA and after-tax net income. Vibe’s brand is firmly establishing itself in California and providing exceptional experiences to our customers accelerates Vibe’s position as a leading, integrated California cannabis company.”

Second Quarter 2020 Financial Highlights ^(a)

- After-tax net income was positive \$477,814, versus a loss of \$885,080 in the second quarter of 2019;
- Adjusted EBITDA was \$792,925, a 136% increase from the first quarter of 2020 and a 600% increase from the second quarter of 2019;
- Revenue was \$5.68 million, an 84% increase from the second quarter of 2019;
- Adjusted funds flow was \$214,397 versus negative \$424,715 of adjusted funds flow in the second quarter of 2019^(a);
- Gross margin was \$2.04 million for the quarter, a 39% increase from the previous quarter, and an increase of 58% from 2019;
- General and administrative expenses decreased 22% from the first quarter of 2020.

Financial Highlights

The Company’s key financial results for the three and six ended months June 30, 2020 are as follows:

U.S. dollars	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Total revenue ^(a)	\$5,683,529	\$3,096,836	\$9,956,127	\$4,410,562
Gross margin	\$2,044,772	\$1,296,113	\$3,512,531	\$1,879,420
Gross margin % ^(a)	36.0	41.9	35.3	42.6
Net income (loss)	\$477,814	\$(855,080)	\$255,483	\$(3,077,051)



Adjusted funds flow ^(a)	\$214,397	\$(424,715)	\$227,670	\$(1,119,443)
EBITDA	\$1,169,510	\$(241,265)	\$1,417,154	\$(2,149,962)
Adjusted EBITDA ^(a)	\$792,925	\$113,322	\$1,128,474	\$172,658

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

Second Quarter 2020 Operational Highlights

- **NGEV acquisition.** In June 2020, the Company acquired a 13,500-square-foot cannabis cultivation facility in Crescent City, California. Under the NGEV Inc. ("NGEV") purchase agreement with security holders of NGEV, Vibe acquired all issued and outstanding shares of NGEV. The acquisition was completed with the issuance of 600,000 common shares of the Company and the assumption of approximately \$463,000 in term debt. Vibe immediately commenced an expansion of the cultivation canopy by approximately 40% that should be completed in the fourth quarter.
- **Redding delivery service commenced.** In April 2020, Vibe was approved for a delivery license from the City of Redding. Vibe expects to continue to realize the benefits of this throughout 2020. Customer adoption of Vibe's delivery services has continued to increase as clients adjust to the restrictions resulting from the COVID-19 pandemic.
- **Cultivation yield enhancement.** Engaged cultivation consultants for optimization and enhancement of existing cultivation facilities, to further improve harvest process efficiencies, increase yields and harvested annual volumes;

Additional Corporate Highlights

- July 2020 dispensary revenues increased 16.1% over June 2020;
- Management is increasingly identifying strategic opportunities for marijuana retail expansion in California;
- In July, Vibe entered into a triple net lease agreement with an option to purchase a commercial property in Ukiah, California. The property was previously entitled by the City of Ukiah to allow for cannabis operations inclusive of a retail cannabis dispensary and non-volatile cannabis manufacturing. Management is currently working with the City of Ukiah on obtaining a dispensary license.

About Vibe Bioscience Ltd.

Vibe is an 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. Vibe is listed on the Canadian Securities Exchange under the symbol VIBE, on the OTC under symbol VBSCF, and in Germany as A061. To learn more about Vibe, please visit www.vibebycalifornia.com.



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 that represents 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.

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 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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