UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2019

or

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Vitalibis, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**333-202970**	**30-0828224**
(State or other jurisdiction of incorporation or organization)	*(Commission File Number)*	*(IRS Employer Identification No.)*

3960 Howard Hughes Parkway Suite 500 Las Vegas, NV 89169
(Address of principal executive offices)

702-944-9620
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:
None

Name of each exchange on which registered:
None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class:
None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☒ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging Growth Company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's second fiscal quarter ending June 30, 2019: $2,566,514

As of March 10, 2020, there were 33,082,700 shares of Common Stock, $.001 par value issued and outstanding. There was no non-voting common equity issued as of March 10, 2020.

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FORWARD LOOKING STATEMENTS

There are statements in this annual report that are not historical facts. These "forward-looking statements" can be identified by use of terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. For a discussion of these risks, you should read this entire Registration Statement carefully, especially the risks discussed under "Risk Factors." Although management believes that the assumptions underlying the forward- looking statements included in this Registration Statement are reasonable, they do not guarantee our future performance, and actual results could differ from those contemplated by these forward- looking statements. The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. In the light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this Registration Statement will in fact transpire. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We do not undertake any obligation to update or revise any forward-looking statements.

PART I

ITEM 1. BUSINESS

Overview

We are an emerging growth company as defined in Section 2(a)(19) of the Securities Act. We will continue to be an emerging growth company until: (i) the last day of our fiscal year during which we had total annual gross revenues of $1,000,000,000 or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act; (iii) the date on which we have, during the previous 3-year period, issued more than $1,000,000,000 in non-convertible debt; or (iv) the date on which we are deemed to be a large accelerated filer, as defined in Section 12b-2 of the Exchange Act.

As an emerging growth company, we are exempt from:

Section 14A (a) and (b) of the Exchange Act, which requires companies to hold stockholder advisory votes on executive compensation and golden parachute compensation;

The requirement to provide in any registration statement periodic report or other report to be filed with the Securities and Exchange Commission, certain modified executive compensation disclosure under Item 402 of Regulation S-K or selected financial data under Item 301 of Regulation S-K for any period before the earliest audited period presented in our initial registration statement;

Compliance with new or revised accounting standards until those standards are applicable to private companies;

The requirement under Section 404(b) of the Sarbanes-Oxley Act of 2002 to provide auditor attestation of our internal controls and procedures; and

Any Public Company Accounting Oversight Board ("PCAOB") rules regarding mandatory audit firm rotation, or an expanded auditor report and any other PCAOB rules subsequently adopted, unless the Securities and Exchange Commission determines the new rules are necessary for protecting the public.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the Jumpstart Our Business Startups Act.

Vitalibis, Inc. (the “Company”) was formed on April 11, 2014, as a Nevada corporation, under the name Crowd 4 Seeds, Inc. On January 9, 2017, the Company filed a certificate of amendment to its Certificate of Incorporation with the Secretary of State of the State of Nevada in order to change its name to "Sheng Ying Entertainment Corp." On December 16, 2017, new management took over control of the Company and, on February 5, 2018, the Company filed a certificate of amendment to its Certificate of Incorporation with the Secretary of State of the State of Nevada in order to change its name to “Vitalibis, Inc”.

As of December 31, 2019, and through current date, most of our resources and work have been devoted to adopting and integrating our new business plan, research and development, seeking capital to finance our operations and complying with our obligations under applicable securities laws, rules and regulations.

We are a public company and, as such, we have incurred and will continue to incur significant expenses for legal, accounting and related services. As a public entity, subject to the reporting requirements of the Exchange Act of 1934, we incur ongoing expenses associated with professional fees for accounting, legal and a host of other expenses including annual reports and proxy statements, if required. We estimate that these costs will range up to $80,000 per year over the next few years and may be significantly higher if our business volume and transactional activity increases, based on our overall business volume (and financial transactions), and we will not yet be subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 until we exceed $75 million in market capitalization (if ever). These obligations will certainly reduce our ability and resources to expand our business plan and activities. We hope to be able to use our status as a public company to increase our ability to use non-cash means of settling outstanding obligations (i.e. issuance of restricted shares of our common stock) and compensate independent contractors who provide professional services to us, although there can be no assurances that we will be successful in any of these efforts. We will also reduce compensation levels paid to management (if we attract or retain outside personnel to perform this function) if there is insufficient cash generated from operations to satisfy these costs.

We hope to be able to use our status as a public company to enable us to use non-cash means of settling obligations and compensate persons and/or firms providing services to us, although there can be no assurances that we will be successful in any of those efforts. However, these actions, if successful, will result in dilution of the ownership interests of existing shareholders, may further dilute common stock book value, and that dilution may be material. Such issuances may also serve to enhance existing management's ability to maintain control of the Company because the shares may be issued to parties or entities committed to supporting existing management. The Company may offer shares of its common stock to settle a portion of the professional fees incurred in connection with its registration statement. No negotiations have taken place with any professional and no assurances can be made as to the likelihood that any professional will accept shares in settlement of obligations due to them.

Other than as set out herein, we have not been involved in any bankruptcy, receivership or similar proceedings, nor have we been a party to any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of our business.

We do not have any subsidiaries.

Going Concern

Our auditor has issued a "going concern" qualification as part of its opinion in the Audit Reports for the years ending December 31, 2019 and 2018, disclosing that our ability to continue as a going concern is contingent on us being able to raise working capital to grow our operations and generate revenue. There can be no assurance we will be able to do so.

Current Business

Commencing in December 2017, the Company changed its business to focus on the development of technologies and products related to hemp-based personal care and nutritional products.

The Hemp Market

Our current business plan, which is in the early stages of operations, marketing and sales of our products, is focused exclusively on the non-medicinal hemp-based product market which includes full spectrum oils with naturally occurring cannabidiol ("CBD") along with other elements of the hemp plant including cannabinoids, terpenes, chlorophyll, flavonoids, etc.

Full spectrum oil can be produced from hemp, which is a legal crop in the United States. Scientific research is now bringing to light the many health benefits of full spectrum hemp-based products.

The Company

Vitalibis® is a socially conscious brand focused on people, products and the planet. We are a technology-based formulator of premium, full spectrum phytocannabinoid rich hemp products with naturally occurring cannabidiol (CBD), along with safe personal care and nutritional products. Our Ambassador program combines critical elements of social selling, ecommerce and affiliate marketing into one highly focused business system which empowers our people and social mission-driven ecosystem.

Operations

Consumer Products and Technology SaaS

We market and sell consumer products containing full spectrum phytocannabinoid rich hemp oil with naturally occurring CBD under our Vitalibis® brand in a range of market sectors including wellness, and personal care. We currently distribute 3 Vitalibis® branded products and we expect to continue to add new products to our Vitalibis® portfolio to enhance our line of full spectrum phytocannabinoid rich hemp products with naturally occurring cannabidiol (CBD) and hemp-related consumer products. We also expect to develop and launch new brands under the Vitalibis® product development umbrella to more effectively market and sell certain products. We also sell water soluble full spectrum phytocannabinoid rich hemp powder with naturally occurring cannabidiol (CBD) acquired through our supply relationships in the United States to various customers that produce products for resale into the market. We also began offering non-exclusive leases of our proprietary Vitalibis® technology back-end, which is being offered as a Software as a Service (SaaS) platform.

We seek to take advantage of an emerging worldwide trend to re-energize the production of industrial hemp and to foster its many uses for consumers. Historically cultivated for industrial and practical purposes, hemp is used today for textiles, paper, auto parts, biofuel, cosmetics, animal feed, nutritional supplements, and much more. The market for hemp-derived products is expected to increase substantially over the next five years, and we believe Vitalibis® is well positioned to have a demonstrable impact on the rapidly emerging hemp industry.

Hemp-derived CBD is one of at least 80 cannabinoids found in hemp and is non-psychoactive. Our U.S. based supplier oversees our raw material supply chain and raw material processing. Our internal team manages product development and manufacturing, and sales and marketing. We will continue to scale-up our processing capability to accommodate new products in our pipeline.

We expect to realize revenue to fund our working capital needs through the sale of finished products and raw materials to third parties. However, in order to fund our product development efforts, we will need to raise additional capital either through the issuance of equity and/or the issuance of debt. In the event we are unable to raise sufficient additional capital to fund our product development efforts, we may need to curtail or delay such activity.

Inventory and Sales

Based on expected increasing demand, we have invested significant capital to develop and maintain our relationship with a proprietary oil extraction supplier to ensure access to raw materials to support anticipated revenue growth. We have historically sourced our raw materials from this well-established hemp oil supplier in the United States. We have maintained access to this supplier for their raw material supply and continue to explore and develop the relationship to ensure that we can meet the expected demand for hemp oil products well into the future. However, our current inventory levels are not sufficient to support sales through 2019.

Changes in the Law and Development Programs

For the first time since 1937, industrial hemp has been decriminalized at the federal level and can be grown legally in the United States, but on a limited basis. A landmark provision passed in the Agricultural Act of 2014 recognizes hemp as distinct from its genetic cousin, marijuana. Federal law now exempts industrial hemp from U.S. drug laws to allow for crop research by universities, colleges and state agriculture departments. The new Federal law allows for agricultural pilot programs for industrial hemp "in states that permit the growth or cultivation of hemp."

Market, Customers and Distribution Methods

The market, customers and distribution methods for hemp-based products are large and diverse. These markets range from hemp-based bio-plastics to textiles. This is an ever-evolving distribution system that, today, includes early adopter retailers and ecommerce entities, and product development companies that use hemp oil to develop consumer products for distribution. We believe that as consumer and market awareness increases, products derived from hemp/cannabis and the consumer market will evolve and grow into a new commercial industry

Our target customers for our consumer product segment are, first and foremost, hemp-related consumers who we seek to attract to our products via internet sales, direct-to-consumer, affiliate sales and Ambassador distributors. Secondarily, we are targeting manufacturers of products that can, and will, readily replace their existing raw base materials for our base materials, making their respective products more environmentally friendly and sustainable. In the future, we may pursue national and regional broker networks and major distribution companies who have pre-existing relationships with major retail chain stores. To date, we have taken no steps, nor do we have any plans to take any steps to identify or contact any such broker networks or major distribution companies In addition, we are may pursue distribution opportunities with national retailers. To date, we have taken no steps, nor do we have any plans to take any steps to identify or contact any such distribution opportunities. As we continue to develop our business, these markets may change, be re-prioritized or eliminated as management responds to consumer and regulatory developments.

Competition

There are several companies developing and utilizing cannabinoid for a range of products. The cannabinoid area currently includes formulated extracts of the*Cannabis* plant and synthetic formulations. These formulations include CBD and THC, or a combination of CBD/THC, as the active pharmaceutical ingredient. Certain companies, such as GW Pharmaceuticals, PLC, have focused on plant-based CBD formulations; while other companies, such as Zynerba Pharmaceuticals Inc. and Insys Therapeutics Inc., have focused on synthetic CBD formulations.

The CBD-based consumer product industry is currently highly fragmented with numerous companies, many of which may be under-capitalized. We plan to routinely evaluate internal and external opportunities in an effort to enhance our business operations and financial results, as well as provide value for shareholders through new product development, asset acquisitions and/or sales. Another source of competition may come from large, well-funded companies that currently do not offer hemp-based consumer products.

We may also compete with other CBD-related technology and product companies for financing from a limited number of investors that may be prepared to invest in such companies. The presence of competing companies in our field of endeavor may impact our ability to raise initial, needed capital in order to fund our business plan and operations. If investors perceive that investments in our competitors are more attractive, based on the merit of their technologies, their products, the advanced stage of their marketing or development, or the price of the investment opportunity, we may not obtain our needed financing.

Many of our competitors have substantially greater resources, experience in conducting research, experience in developing and manufacturing their products, operating experience, research and development and marketing capabilities, name recognition and production capabilities. We will face competition from companies marketing existing products or developing new products which may render our technologies (and proposed products) obsolete.

These companies may have numerous competitive advantages, including:

- significantly greater name recognition;
- established distribution networks;
- more advanced technologies and product development;
- additional lines of products, and the ability to offer rebates, higher discounts or incentives
- greater experience in conducting research and development, manufacturing, obtaining regulatory approval for products, and marketing approved products; and
- greater financial and human resources for product development, sales and marketing, and patent litigation.

Intellectual Property

We have filed trademark applications on our brands, logos and marks including, but not limited to Vitalibis®.

We built a proprietary robust technology platform utilizing highly scalable peer-to-peer sales technology. The technology includes: Administrative back-end module Customer Data Management Reporting and Metrics Customer Support Customer Relationship Management (CRM). We also intend to develop payment processing, engagement campaigns, (using patent-pending newkleus technology) mobile application tools, Artificial Intelligence and Machine Learning. We intend to explore patents related to this technology in the future.

We review our intellectual property portfolio on a periodic basis and we will continue in our efforts to broaden our portfolio in a fiscally prudent manner. We may also file for patent protection on our products based on proprietary formulations, processes and technology.

Research and Development

Our research and development costs have consisted primarily of stock-based compensation to pay for related personnel expense, facilities and other costs related to both our consumer product and our technology. We charge all research and development expenses to operations, as incurred, in the ongoing development of new consumer products.

Environmental Matters

Compliance with federal, state and local requirements regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, have not had, nor are they expected to have, any material effect on the capital expenditures, earnings or competitive position of the Company.

Reports to Security Holders

We are subject to the reporting and other requirements of the Exchange Act and we intend to furnish our shareholders annual reports containing financial statements audited by our independent registered public accounting firm through our Annual Reports on Form 10-K and to make available quarterly reports containing unaudited financial statements for each of the first three quarters of each year through Quarterly Reports on Form 10-Q.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is www.sec.gov.

Environmental Regulations

We expect to comply with all applicable laws, rules and regulations relating to our business, and at this time, we do not anticipate incurring any material capital expenditures to comply with any environmental regulations or other requirements. While our proposed business activities do not currently violate any laws, any regulatory changes that impose additional restrictions or requirements on us or on our anticipated potential customers could adversely affect us by increasing our operating costs or decreasing demand for our proposed products, which could have a material adverse effect on our results of operations.

Employees

As of December 31, 2019, we did not have any employees. Steve Raack and Tom Raack each intend to devote about 40 hours per week on our proposed operations. The Company will consider employing staff in the future, but only if our business is growing and cash flow will support such staff.

Litigation

We are not party to any pending, or to our knowledge, threatened litigation of any type.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

None.

DESCRIPTION OF PROPERTY

Our principal office is located at 3960 Howard Hughes Parkway Suite 500 Las Vegas, NV 89169, as part of a group of executive suites. Our telephone number is (702) 944-9620. We pay $130 per month for our offices, on a month-to-month basis. In July 2018, the Company also began renting a shared office space for $175 per month on a month to month basis in California.

ITEM 3. LEGAL PROCEEDINGS

We are not party to any legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Market Information.

The Company's common stock trades in the OTC Market under the symbol "VCBD". Trading in our Company's common stock on the OTC Market has been very sparse, both over the past calendar year, as well as through the date of this annual report.

Description of Securities

The Company is authorized by its Certificate of Incorporation to issue an aggregate of 200,000,000 shares of capital stock, of which 195,000,000 are shares of common stock, par value $0.001 per share (the "Common Stock") and 5,000,000 are shares of preferred stock, par value $0.001 per share (the "Preferred Stock"). As of December 31, 2019, a total of 32,383,196 shares of Common Stock were issued and outstanding, and 1,000,000 shares of Series A Preferred Stock were issued and outstanding.

Preferred Stock

Our certificate of incorporation authorizes the issuance of 5,000,000 shares of preferred stock with designations, rights and preferences determined from time to time by our board of directors. In November 2019, the Board of Directors designated 1,000,000 shares of the preferred stock as Series A Preferred Stock. The Series A Preferred Stock enable the holder to vote each share of preferred stock at an equivalent of 250 shares of common stock. The Series A Preferred Stock has no liquidation, dividend or conversion rights. In November 2019, the Company granted 500,000 shares of Series A Preferred Stock each to the Company's CEO and CFO, with 1,000,000 shares of Series A Preferred Stock issued and outstanding following the grants.

The Board of Directors may designate further preferred shares. Among other rights, our board of directors may determine, without further vote or action by our stockholders:

- the number of shares and the designation of the series;
- whether to pay dividends on the series and, if so, the dividend rate, whether dividends will be cumulative and, if so, from which date or dates, and the relative rights of priority of payment of dividends on shares of the series;
- whether the series will have voting rights in addition to the voting rights provided by law and, if so, the terms of the voting rights;
- whether the series will be convertible into or exchangeable for shares of any other class or series of stock and, if so, the terms and conditions of conversion or exchange;
- whether or not the shares of the series will be redeemable and, if so, the dates, terms and conditions of redemption and whether there will be a sinking fund for the redemption of that series and, if so, the terms and amount of the sinking fund; and
- the rights of the shares of the series in the event of our voluntary or involuntary liquidation, dissolution or winding up and the relative rights or priority, if any, of payment of shares of the series.

In addition, preferred stock could be used to dilute a potential hostile acquirer. Accordingly, any future issuance of preferred stock or any rights to purchase preferred shares may have the effect of making it more difficult for a third party to acquire control of us. This may delay, defer or prevent a change of control in our Company or an unsolicited acquisition proposal. The issuance of preferred stock also could decrease the amount of earnings attributable to, and assets available for distribution to, the holders of our common stock and could adversely affect the rights and powers, including voting rights, of the holders of our common stock.

Common Stock

Our certificate of incorporation authorizes the issuance of 195,000,000 shares of common stock. There are 32,383,196 shares of our common stock issued and outstanding at December 31, 2019. The holders of our common stock:

- have equal ratable rights to dividends from funds legally available for payment of dividends when, as and if declared by the board of directors;
- are entitled to share ratably in all of the assets available for distribution to holders of common stock upon liquidation, dissolution or winding up of our affairs;
- do not have preemptive, subscription or conversion rights, or redemption or access to any sinking fund; and
- are entitled to one non-cumulative vote per share on all matters submitted to stockholders for a vote at any meeting of stockholders

Pursuant to an Amendment to the Articles of Incorporation, effected under NRS 78.207 and .209, the Company effected a **2.5 for 1 forward stock split** of our number of authorized shares of the Common Stock and a corresponding increase in the number of issued and outstanding shares of Common Stock held by each stockholder of record as of February 8, 2018, the “Effective Date” of the forward split, as set by *FINRA.*

All shares referenced in this Report have been retroactively adjusted to reflect this stock split.

Authorized but Unissued Capital Stock

Nevada law does not require stockholder approval for any issuance of authorized shares. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital or to facilitate corporate acquisitions.

One of the effects of the existence of unissued and unreserved common stock (and/or preferred stock) may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our board by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of our common stock at prices higher than prevailing market prices.

The description of certain matters relating to the securities of the Company is a summary and is qualified in its entirety by the provisions of the Company's Certificate of Incorporation and By-Laws.

(b) Holders

As of December 31, 2019, there were 1,083 qualified holders of record of our common stock.

(c) Dividends

The Registrant has not paid any cash dividends to date and does not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of the Registrant's business.

(d) Securities Authorized for Issuance under Equity Compensation Plans

None.

(e) Recent Sale of Unregistered Securities

The Company's Board of Directors has the power to issue any or all of the authorized but unissued Common Stock without stockholder approval. As of December 31, 2019, the Company had commitments to issue 1,747,500 shares of common stock if certain performance-based milestones are met under the terms of the agreements.

Subsequent to December 31, 2019, the Company issued 50,000 shares of common stock under the commitments from 2019 agreements.

On January 1, 2020, the lender of the March 29, 2019 convertible promissory note converted $40,000 in principal under the note into 322,581 shares of common stock pursuant to the terms of the agreement. After this conversion there was $660,000 of principal remaining outstanding on this note.

On March 10, 2020, the holder of the September 6, 2019 convertible promissory note converted $17,000 of principal into 326,923 shares of common stock. The conversion was in accordance with the terms of the note and no gain or loss was recognized. There is $136,000 of principal remaining on this convertible note after this conversion.

The Company has not recently sold unregistered securities.

(b) Related Stockholder Matters

Not required.

(c) Issuer Purchases of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 we are not required to provide the information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion summarizes the significant factors affecting the operating results, financial condition, liquidity and cash flows of the Company for the fiscal years ended December 31, 2019 and 2018. The discussion and analysis that follows should be read together with the section entitled "Forward Looking Statements" and our consolidated financial statements and the notes to the consolidated financial statements included elsewhere in this annual report on Form 10-K.

Except for historical information, the matters discussed in this section are forward-looking statements that involve risks and uncertainties and are based upon judgments concerning various factors that are beyond the Company's control. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report.

Company Overview

We market and sell consumer products containing full spectrum phytocannabinoid rich hemp oil with naturally occurring CBD under our Vitalibis® brand in a range of market sectors including wellness, and personal care. We currently distribute 3 Vitalibis® branded products and we expect to continue to add new products to our Vitalibis® portfolio to enhance our line of full spectrum phytocannabinoid rich hemp products with naturally occurring cannabidiol (CBD) and hemp-related consumer products. We also expect to develop and launch new brands under the Vitalibis® product development umbrella to more effectively market and sell certain products. We also sell water soluble full spectrum phytocannabinoid rich hemp powder with naturally occurring cannabidiol (CBD) acquired through our supply relationships in the United States to various customers that produce products for resale into the market. We also began offering non-exclusive leases of our proprietary Vitalibis® technology back-end, which is being offered as a Software as a Service (SaaS) platform.

We seek to take advantage of an emerging worldwide trend to re-energize the production of industrial hemp and to foster its many uses for consumers. Historically cultivated for industrial and practical purposes, hemp is used today for textiles, paper, auto parts, biofuel, cosmetics, animal feed, nutritional supplements, and much more. The market for hemp-derived products is expected to increase substantially over the next five years, and we believe Vitalibis® is well positioned to have a demonstrable impact on the rapidly emerging hemp industry.

Hemp-derived CBD is one of at least 80 cannabinoids found in hemp and is non-psychoactive. Our U.S. based supplier oversees our raw material supply chain and raw material processing. Our internal team manages product development and manufacturing, and sales and marketing. We will continue to scale-up our processing capability to accommodate new products in our pipeline.

We expect to realize revenue to fund our working capital needs through the sale of finished products and raw materials to third parties. However, in order to fund our product development efforts, we will need to raise additional capital either through the issuance of equity and/or the issuance of debt. In the event we are unable to raise sufficient additional capital to fund our product development efforts, we may need to curtail or delay such activity.

On January 10, 2019, the Company entered into a convertible promissory note, with a principal amount of $126,000. The Company received net cash proceeds of $102,000 after an original issue discount of $21,000 and fees of $3,000. The convertible note bears interest at 8% and matures on January 10, 2020, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 85% of the lowest trading price during the 15 trading days prior to the conversion date. In July 2019, this note was paid off in full.

On February 7, 2019, the Company entered into a convertible promissory note, with a principal amount of $83,000. The Company received net cash proceeds of $80,000 after payment fees of $3,000. The convertible note bears interest at 10% and matures on February 7, 2020, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date. In August 2019, this note was paid off in full.

On March 29, 2019, the Company entered into an unsecured convertible promissory note which allowed for up to $750,000 of principal, with a total original issue discount of up to $150,000, with a principal amount of $250,000. In April 2019, the Company received net cash proceeds of $200,000 after an original issue discount of $50,000. In July 2019, the Company received additional proceeds of $200,000 after an original issue discount of $50,000, and received an additional $200,000 of net proceeds after $50,000 original issue discount in August 2019. The convertible note bears interest at 8% and all principal amounts matured on September 30, 2019, with interest accruing at a rate of 22% if the Company is in default. As of December 31, 2019 and the date of this filing, the Company has not been provided with a notice of default as required of the lender. Beginning at the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is the lesser of $2 or 70% of the lowest trading price during the 30 trading days prior to the conversion date. On April 3, 2019, the Company issued 35,000 shares to this lender. During the year ended December 31, 2019, the lender converted $50,000 of principal into a total of 714,296 shares of common stock. Subsequent to December 31, 2019, the lender converted $40,000 of principal into 322,581 shares of common stock.

On May 22, 2019, the Company entered into a convertible promissory note, with a principal amount of $78,000. The Company received net cash proceeds of $75,000 after payment fees of $3,000. The convertible note bears interest at 10% and matures on May 22, 2020, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date. In November 2019, this note and accrued interest was repaid in full.

On September 6, 2019, the Company entered into a convertible promissory note, with a principal amount of $153,000. The Company received net cash proceeds of $150,000 after payment fees of $3,000. The convertible note bears interest at 10% and matures on September 6, 2021, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date.

On November 25, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $78,000. The Company received net cash proceeds of $75,000 after payment of fees of $3,000. The convertible note bears interest at 10% and matures on November 25, 2021, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date.

On November 25, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $150,000. The Company received net cash proceeds of $131,000 after an original issue discount of $15,000 and fees of $4,000. The convertible note bears interest at 5% and matures on November 25, 2020, with interest accruing at a rate of 22% if the Company is in default. The note is convertible upon issuance through the maturity date into shares of common stock at a fixed price of $1.00 per share to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. Beginning six months after the issuance of the note, the holder may convert the note at any time, at a price based on the lower of the fixed price of $1.00 per share or 75% of the lowest trading price during the 15 trading days prior to the conversion date.

On December 10, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $110,000. The Company received net cash proceeds of $97,000 after an original issue discount of $10,000 and fees of $3,000. The lender also received 35,000 shares of common stock as a deferred finance cost. The convertible note bears interest at 10% and matures on December 10, 2020, with interest accruing at a rate of 24% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on the lessor of 1) $0.24, or 2) the lesser of 62% of the lowest trade price or the closing bid price during the 20 trading days prior to the conversion date.

Results of Operations

For the years ended December 31, 2019 and 2018

Revenue and Gross Profit

During the year ended December 31, 2019, the Company generated $303,197 in revenue and $140,692 in gross profit. For the year ended December 31, 2018, the Company began selling its products midway through the year and generated $51,331 in revenue and $28,330 in gross profit. The significant increase in revenue is primarily due to a significant sale during the first quarter of 2019 and increased operational activity during the current year driven by new product offerings and increased marketing efforts.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the period ending December 31, 2019, were $5,798,272 compared to $2,095,787, for the year ending December 31, 2018. The increase was primarily due to increased stock-based compensation as the Company entered into new agreements with consultants, contractors and advisory board members, the compensation cost related to the issuance of Series A Preferred shares to our two officers, increased officer compensation from the new management beginning in the middle of 2018, increased contractor expense, increased marketing and investor relations expense, and increased general costs associated with the higher level of operations in the current period.

Professional fees

Professional fees for the period ending December 31, 2019, were $225,827 compared to $160,463 for the year ending December 31, 2018. The increase of $65,364 was due to increased legal, accounting and audit fees associated with the increased operations of the Company, including the filing of the Company's S-1 registration statement in the current year.

Liquidity and Capital Resources

The following is a summary of the Company's cash flows provided by (used in) operating, investing, and financing activities for the year ended December 31, 2019 and for the year ending December 31, 2018:

	Year ended December 31, 2019	**Year ended December 31, 2018**
Operating Activities	(1,088,405)	(543,204)
Investing Activities	–	(176,177)
Financing Activities	982,041	891,360
Net Effect on Cash	(106,364)	171,979

Operating Activities
The cash used in operating activities of $1,088,405 for the year ended December 31, 2019 was primarily due to increased selling, general and administrative costs as the Company increased its operations during the year.

Investing Activities
The Company had no cash flows from investing activities during the year ended December 31, 2019. The cash used in investing activities of $176,177 during the year ended December 31, 2018 was due to costs incurred to build our website.

Financing Activities
The cash provided by financing activities of $982,041 during the year ended December 31, 2019 was primarily from proceeds from issuances of convertible debt of $1,332,000, partially offset by repayments on the convertible notes of $287,000, payment of deferred financing costs of $22,000 and repayments on unsecured notes payable of $40,959. The cash provided by financing activities of $891,360 during the year ended December 31, 2018 was primarily from sales of common stock for cash of $912,400, partially offset by repayments of unsecured notes payable of $21,240.

We are a public company and as such we have incurred and will continue to incur significant expenses for legal, accounting and related services. As a public entity, subject to the reporting requirements of the Exchange Act of 1934, we incur ongoing expenses associated with professional fees for accounting, legal and a host of other expenses including annual reports and proxy statements, if required. We estimate that these costs will increase over the next few years and may be significantly higher if our business volume and transactional activity increases but should be lower for this year in 2017 because our overall business volume (and financial transactions) will be lower, and we will not yet be subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 until we exceed $75 million in market capitalization (if ever). These obligations will certainly reduce our ability and resources to expand our business plan and activities. We hope to be able to use our status as a public company to increase our ability to use noncash means of settling outstanding obligations (i.e. issuance of restricted shares of our common stock) and compensate independent contractors who provide professional services to us, although there can be no assurances that we will be successful in any of these efforts. We will also reduce compensation levels paid to management (if we attract or retain outside personnel to perform this function) if there is insufficient cash generated from operations to satisfy these costs.

We hope to be able to use our status as a public company to enable us to use non-cash means of settling obligations and compensate persons and/or firms providing services to us, although there can be no assurances that we will be successful in any of those efforts. However, these actions, if successful, will result in dilution of the ownership interests of existing shareholders, may further dilute common stock book value, and that dilution may be material. Such issuances may also serve to enhance existing management's ability to maintain control of the Company because the shares may be issued to parties or entities committed to supporting existing management. The Company may offer shares of its common stock to settle a portion of the professional fees incurred in connection with its registration statement. No negotiations have taken place with any professional and no assurances can be made as to the likelihood that any professional will accept shares in settlement of obligations due to them.

As of December 31, 2019, total liabilities increased to $1,710,195 from $180,389 as of December 31, 2018, mainly due to the convertible debt issued by the Company during the current period and the related derivative liability recognized during the current period.

Critical Accounting Policies

The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis management evaluates its critical accounting policies and estimates.

A "critical accounting policy" is one which is both important to the understanding of the financial condition and results of operations of the Company and requires management's most difficult, subjective, or complex judgments, and often requires management to make estimates about the effect of matters that are inherently uncertain. Management believes the following accounting policies fit this definition:

Revenue Recognition **-** The Company recognizes revenue in accordance with ASC Topic 606, Revenue From Contracts With Customers, which was adopted on January 1, 2018 using the modified retrospective method, with no impact to the Company's comparative financial statements. Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods or services. Revenue is recognized based on the following five step model:

•- Identification of the contract with a customer

• Identification of the performance obligations in the contract

• Determination of the transaction price

• Allocation of the transaction price to the performance obligations in the contract

• Recognition of revenue when, or as, the Company satisfies a performance obligation

Product sales are recognized all of the following criteria are satisfied: (i) a contract with an end user exists which has commercial substance; (ii) it is probable the Company will collect the amount charged to the end user; and (iii) the Company has completed its performance obligation whereby the end user has obtained control of the product. A contract with commercial substance exists once the Company receives and accepts a purchase order or once it enters into a contract with an end user. If collectibility is not probable, the sale is deferred and not recognized until collection is probable or payment is received. Control of products typically transfers when title and risk of ownership of the product has transferred to the customer. Payment is received before shipment of the product. Net revenues comprise gross revenues less customer discounts and allowances, actual and expected returns. Shipping charges billed to customers are included in net sales. Various taxes on the sale of products and enrollment packages to customers are collected by the Company as an agent and remitted to the respective taxing authority. These taxes are presented on a net basis and recorded as a liability until remitted to the respective taxing authority. The Company allows for customers to return unopened products within 45 days. During the year ended December 31, 2019, there were a trivial amount of refunds processed for returned product.

Inventory - Inventory is manufactured at third party facilities. Inventories are stated at the lower of cost or net realizable value, using the first-in, first-out method. The Company reviews its inventory for obsolescence and any inventory identified as obsolete is reserved or written off. The Company's determination of obsolescence is based on assumptions about the demand for its products, product expiration dates, estimated future sales, and management's future plans.

Website Development Cost - The Company capitalizes certain development costs associated with internal use software incurred during the application development stage. The Company expenses costs associated with preliminary project phase activities, training, maintenance and any post-implementation period costs as incurred. Capitalization of qualifying application development cost begins when management authorized and commits to funding the project and it is probable that the project will be completed for the function intended. Capitalized internal use software costs are normally amortized over estimated useful lives ranging from 2 to 5 years once the related project has been completed and deployed for customer use. At time the software is considered to have be an indefinite lived asset in which case it is evaluated for impairment at least annually. These costs are related to the development of our website and customer portal. The Company amortizes capitalized costs over an estimated useful life of three years.

Stock-Based Compensation - The Company measures the total amount of employee stock-based compensation expense for a grant based on the grant date fair value of each award and recognizes the stock-based compensation expense on a straight-line basis over the requisite service period for each separately vesting tranche of an award. Stock-based compensation is based on unvested outstanding awards. The Company has elected to recognize forfeitures when realized.

Recently Issued Accounting Pronouncements

Refer to the notes to the financial statements for a complete description of recent accounting standards which we have not yet been required to implement and may be applicable to our operation, as well as those significant accounting standards that have been adopted during the current year.

Going Concern

Our auditor has issued a "going concern" qualification as part of their opinion for the fiscal years ended December 31, 2019 and 2018.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

Contractual Obligations

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements and the Report of Independent Registered Public Accounting Firm thereon are filed pursuant to this Item 8 and are included in this report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are not and have not been any disagreements between the Company and its accountants on any matter of accounting principles, practices or financial statement disclosure.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term "disclosure controls and procedures", as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended ("Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC`s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2019, that our disclosure controls and procedures are not effective at a reasonable assurance level and are designed to provide reasonable assurance that the controls and procedures will meet their objectives due to the material weaknesses described below. However, it should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The internal controls for the Company are provided by executive management's review and approval of all transactions. Our internal control over financial reporting also includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with the authorization of our management; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control-Integrated Framework. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of these controls.

Based on this assessment, management has concluded that, as of December 31, 2019, our internal control over financial reporting was not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles due to the existence of the following material weaknesses:

- Lack of segregation of duties
- Lack of audit committee and independent directors
- Lack of well established procedures to authorize and approve related party transactions

Although we are unable to meet the standards under COSO because of the limited resources available to a company of our size, we are committed to improving our financial organization. As funds become available, we will undertake to: (1) create a position to segregate duties consistent with control objectives, (2) increase our personnel resources and technical accounting expertise within the accounting function (3) appoint one or more independent directors to our board of directors who shall be appointed to a Company audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures; and (4) prepare and implement sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

We will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal control over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our Articles state that our authorized number of directors shall be not less than one and shall be set by resolution of our Board of Directors. Our Board of Directors has fixed the number of directors at three, and we currently have two directors but are evaluating candidates to fill the current vacancy.

The following table contains information as of December 31, 2019, as to each Director and Executive Officer of the Company:

Name	Age	Title
Steve Raack 3960 Howard Hughes Parkway Suite 500 Las Vegas, NV 89169	48	Director, President, and Chief Executive Officer
Thomas Raack 3960 Howard Hughes Parkway Suite 500 Las Vegas, NV 89169	49	Director, Secretary, Chief Financial Officer and Treasurer

Our Directors will serve in that capacity until our next annual shareholder meeting or until their successors are elected and qualified. Officers hold their positions at the will of our Board of Directors.

Steven P. Raack, 48, has over 24 years of strategy, operations, technology, product development and business management experience. He's worked for industry leading companies, from global corporations to start-ups, including NASA, Andersen Consulting, Electronic Data Systems, Sony Pictures Entertainment, Herbalife International, Arbonne International, Beautycounter and newkleus.

In 2012, Mr. Raack joined Beautycounter as their Chief Operating Officer, and helped launch a progressive brand focused on selling safe skin care, body care and cosmetics products. He was integral in developing the strategies and execution programs related to their innovative eCommerce, social selling and affiliate marketing business model, which attracted top-tier investors such as TPG Growth.

After 3½ years with Beautycounter, in 2016, Mr. Raack left to become the Chief Executive Officer of newkleus – a patent-pending customer engagement platform. The newkleus technology platform was strategically designed to maximize social media activities for sports teams, musicians, radio stations, consumer brands and social selling companies. Mr. Raack is currently the Chief Executive Officer of newkleus. Mr. Raack commenced his business relationship with the Company in 2017, serving as the CEO, President and as a Director, and currently holds such positions. There is no arrangement or understanding between him and any other person(s) (including Thomas Raack) pursuant to which he was or is to be selected as a director or nominee.

In addition to serving as a Director and officer of the Company, Mr. Raack, as time permits, also currently assists several start-up and growth companies as an Executive Advisor. Mr. Raack earned a B.S. in Electrical Engineering from the University of Southern California and an MBA from Pepperdine University.

Thomas Raack, 49, has over 20 years of financial, executive and strategic management experience with a diverse group of private and publicly-held companies specializing in the development of technology, medical product distribution, biotechnology, and e-commerce. Mr. Raack has a broad base of business consulting experience and has assisted in structuring and completing, acquisitions, debt and equity financing, reorganizations, as well as designing and implementing business development and financial communications programs.

From 1998 to 2002, Mr. Raack was a managing partner at Alliance Capital Resources, with offices in Newport Beach, CA. While at Alliance, Mr. Raack consulted for publicly-traded companies handling domestic mergers and acquisitions, venture capital transactions, public offerings and other financings, joint ventures, strategic alliances and distribution agreements. His experience at Alliance also included managing financial communications for a NASDAQ-listed medical products distribution company.

From 2002 to 2017, Mr. Raack was an independent consultant with a focus on assisting private companies with business development and operational systems. Mr. Raack commenced his business relationship with the Company in 2017, serving as Secretary, Treasurer, Chief Financial Officer and as a Director, and currently holds such positions.

There is no arrangement or understanding between him and any other person(s) (including Steven Raack) pursuant to which he was or is to be selected as a director or nominee.

Conflicts of Interest

Our directors are not obligated to commit their full time and attention to our business and, accordingly, they may encounter a conflict of interest in allocating their time between our operations and those of other businesses. In the course of their other business activities, they may become aware of investment and business opportunities which may be appropriate for presentation to us as well as other entities to which they owe a fiduciary duty. As a result, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. They may also in the future become affiliated with entities that are engaged in business activities similar to those we intend to conduct.

In general, officers and directors of a corporation are required to present business opportunities to the Company if: we have adopted a code of ethics that obligates our directors, officers and employees to disclose potential conflicts of interest and prohibits those persons from engaging in such transactions without our consent. In such event, the criteria for determining whether the Company should be offered an opportunity are as follows:

* the Company could financially undertake the opportunity;
* the opportunity is within the Company’s line of business; and
* it would be unfair to the Company and its stockholders not to bring the opportunity to the attention of the Company.

Family Relationships.

The following family relationships exist among our officers, directors, or persons nominated for such positions: Steven Raack is the brother of Thomas A. Raack.

Involvement in Certain Legal Proceedings

No executive officer or director has been involved in the last ten years in any of the following:

- Any bankruptcy petition filed by or against any business or property of such person, or of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

- Being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

- Being the subject of or a party to any judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated relating to an alleged violation of any federal or state securities or commodities law or regulation, or any law or regulation respecting financial institutions or insurance companies, including but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail, fraud, wire fraud or fraud in connection with any business entity; or

- Being the subject of or a party to any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act, any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Committees and Audit Committee Financial Expert

We do not currently have a standing audit, nominating or compensation committee of the board of directors, or any committee performing similar functions. Our board of directors performs the functions of audit, nominating and compensation committees. As of the date of this annual report, no member of our board of directors qualifies as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities Act.

Director Nominations

As of December 31, 2019, we did not affect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. We have not established formal procedures by which security holders may recommend nominees to the Company's board of directors.

Advisory Board

The Company has established an Advisory Board to provide the Company’s Board of Directors with fresh perspectives on (a) strategy, economic trends, or specific geographic markets and regulatory regimes, and (b) vision, innovation, risk management, and profitability. Although they are intended to provide management with advice, they do not possess the authority to vote on corporate matters. Advisor compensation will be determined by the Directors on a case-by-case basis, depending on a variety of factors, and may consist of cash, equity in the Company, or a blend thereof.

Our Advisory Board currently consisting of the following Advisors:

Dusty Baker

Baker was drafted by the Atlanta Braves in the 1967 amateur draft out of Del Campo High School near Sacramento, California. He began his major league baseball career as an outfielder for the Braves in 1968. As a Brave, he earned a spot as a footnote in history. On April 8, 1974, he was on deck when Hank Aaron hit home run 715 to pass Babe Ruth in career home runs. Baker also played for the Los Angeles Dodgers, the San Francisco Giants and the Oakland Athletics.

Baker's coaching career started as a first base coach for the San Francisco Giants in 1988, and then he spent the following four years (1989–1992) as the hitting coach, and finally became the manager in 1993. Baker has also held Manager positions with the Chicago Cubs, Cincinnati Reds and the Washington Capitals.

Baker enjoyed many accolades throughout his career: 2x All Star (1981, 1982), World Series champion (1981), NLCS MVP (1977), Gold Glove (1981) and 3x NL Manager of the Year (1993, 1997, 2000). Additionally, Baker is an accomplished businessman, owning Baker Family Wines and Baker Energy Team which services the cannabis cultivation industry.

As an Advisor, Baker will work with the Vitalibis management team on various company strategies and priorities. As a Founding Ambassador, Baker will help educate and provide awareness of the Vitalibis products, social mission and technology. These efforts will focus on driving sales and additional collaborations with other Ambassadors to assist in growing the Vitalibis brand.

Dr. Steven Zodkoy

Dr Zodkoy is a board-certified chiropractor, nutritionist, kinesiologist and industry thought-leader who, for over twenty years, has specialized in treating patients who have been deemed "untreatable" through a standard course of treatment. Dr. Zodkoy attended Rutgers University and received his bachelor's degree and Doctor of Chiropractic degree from Los Angeles College of Chiropractic at the age of twenty-four.

Dr. Zodkoy is the author of the Amazon best-seller Misdiagnosed: The Adrenal Fatigue Link, which examines how adrenal fatigue has been linked to many health conditions and the best methods to diagnose and treat these conditions.

Dr. Zodkoy currently operates a practice in Freehold, New Jersey, where he regularly lectures to groups in his community and holds continuing education courses for medical professionals. On May 18th, Dr. Zodkoy will address the Association of New Jersey Chiropractors Spring Summit on a panel titled *'The Opioid Epidemic: An Integrated Approach to Patient Care'.*

Dave Harper

Dave is considered an authority in the fields of branding, multiplatform content strategy, premium hospitality and beverages. His cross functionality makes him a highly sought after advisor to CEO's, senior level executives, and investors.

Dave Harper is currently the President of Daily Botanic, an expertly formulated hemp tonic brand focused on hydration and balanced wellbeing. Dave is also a Partner in the hugely successful restaurant, The Waterfront Venice, in Venice, California. Additionally, he is a Principal with Bower Hospitality and the owner of Bondi Harvest Café. With more than 14 years of successful, hands-on brand and business development experience within Australia, Europe and the United States, Dave brings tremendous experience to the Vitalibis Advisor Board.

Dave Wentz

Dave helped found publicly traded USANA Health Sciences, Inc. in 1992, and was instrumental in leading it to $1 billion in sales while serving over 1/2 million families. At USANA, Dave played many roles, including: VP of Strategic Development, Executive Vice President, President and CEO. USANA Health Sciences, Inc. develops and manufactures nutritional, personal care and weight-management products. In January 2009, Dave was named by Forbes.com as one of "America's Powerful CEOs 40 and Under". His focus on providing an exceptional workplace for employees worldwide led to *Outside* magazine naming USANA to its "Best Places to Work" list seven times.

Oran Arazi-Gamliel

With over 20 years in general management and C-suite positions in the global wellness and direct selling arenas, Arazi-Gamliel has operated in the North America, Australia, Japan, UK, Russia and Israel markets. During his tenure Arazi-Gamliel was responsible for building from scratch, as well as restructuring, numerous direct selling operations. In his latest executive position, Arazi-Gamliel served as Chief Global Officer and Head of M&A of Rodan + Fields, a prestige dermatology-inspired skincare brand that grew to over $1.5B in 2017 and became the number 1 skin-care brand in North America. In this position, Arazi-Gamliel was instrumental in creating key field behavioural programs and the global market entry strategies.

Stacy Brovitz

Stacy started his career at JP Morgan Chase where he was one of the leaders in the development of the bank's asset securitization business in the late 1980's. Stacy served as Chief Operating Officer for Dormont Manufacturing Company, the leading manufacturer of stainless steel gas appliance connectors, for 16 years where he successfully managed the company through a period of rapid growth and eventual sale to a strategic buyer. He then served as SVP Global Operations for Herbalife Nutrition where he led the development of the company's manufacturing and supply chain strategic plan. Stacy then served as CEO of Bacharach, Inc., a manufacturer of gas leak detection instruments, where he managed the successful turnaround of the company. Most recently, Stacy has been an investor in and advisor to several startups, an active trader in the capital markets and serves on the boards of several charities.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of our code of ethics may be obtained free of charge by contacting us at the address or telephone number listed on the cover page hereof.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following summary compensation table sets forth the total annual compensation paid or accrued by us to or for the account of our principal executive officer during the last completed fiscal year and each other executive officer whose total compensation exceeded $100,000 in either of the last two fiscal years:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards	Non-Equity Incentive Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Totals ($)
(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	*(j)*
Steve Raack President, CEO and Director (1)	2019	187,500	0	1,009,000	0	0	0	0	1,196,500
	2018	90,000	0	0	0	0	0	0	90,000
Thomas Raack Director, Secretary, Treasurer and Chief Financial Officer (1)	2019	172,500	0	1,009,000	0	0	0	0	1,181,500
	2018	115,000	0	0	0	0	0	0	115,000

(1) Steve Raack and Thomas Raack each own 7,500,000 shares of the Company’s restricted Common Stock, and 500,000 shares of Series A Preferred Stock.

The following table provides information concerning equity awards as of our fiscal year end, December 31, 2019, held by each of our named executive officers.

Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares of Stock That Have Not Vested (#) (g)	Market Value of Shares of Stock That Have Not Vested (#) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Shares or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Shares or Other Rights That Have Not Vested ($) (j)
Steve Raack President, CEO and Director (1)	0	0	0	0	0	0	0	0	0
Thomas Raack Director, Secretary, Treasurer and Chief Financial Officer (1)	0	0	0	0	0	0	0	0	0

(1) Steve Raack and Thomas Raack each own 7,500,000 shares of the Company's restricted Common Stock and 500,000 shares of Series A Preferred Stock.

We have omitted certain columns in the summary compensation table pursuant to Item 402(a)(5) of Regulation S-K as no compensation was awarded to, earned by, or paid to any of the executive officers or directors required to be reported in that table or column in any fiscal year covered by that table.

Option Grants

As of the date of this report we had not granted any options or stock appreciation rights to our named executive officers or directors, or to any other party.

Warrants

As of the date of this report we had not stock warrants granted to our named executive officers or directors.

Management Agreements

As of the date of this report we have no management agreement with any of our named executive officers or directors, or with any other party.

Compensation of Directors

Our directors did not receive any compensation for their services as directors from our inception to the date of this report. We have no formal plan for compensating our directors for their services in the future in their capacity as directors, although such directors may receive compensation as determined by our Board of Directors or by any compensation committee that may be established.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits to our directors or executive officers. We have no bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the Board of Directors or a committee thereof.

Compensation Committee

We do not currently have a compensation committee of the Board of Directors or a committee performing similar functions. The Board of Directors as a whole participates in the consideration of executive officer and director compensation.

Name & Principal Position	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-equity incentive plan compensation ($)	Non-qualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
NONE	–	–	–	–	–	–	–	–

Grants of Plan-Based Awards Table

None of our named executive officers received any grants of stock, option awards or other plan-based awards during the period ended December 31, 2019. The Company has no activity with respect to these awards.

Options Exercised and Stock Vested Table

None of our named executive officers exercised any stock options, and no restricted stock units, if any, held by our named executive officers vested during the period ended December 31, 2019. The Company has no activity with respect to these awards.

Outstanding Equity Awards at Fiscal Year-End Table

None of our named executive officers had any outstanding stock or option awards as of December 31, 2019 that would be compensatory to the officer. The Company has not issued any awards to its named executive officers. The Company and its Board of Directors may grant awards as it sees fit to its employees as well as key consultants.

Compensation of Directors

During our fiscal year ended December 31, 2019, we did not provide compensation to any of our directors for serving as a director. We currently have no formal plan for compensating our directors for their services in their capacity as directors, although we may elect to issue stock options to such persons from time to time. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of December 31, 2019, certain information with regard to the record and beneficial ownership of the Company's common stock by (i) each person known to the Company to be the record or beneficial owner of 5% or more of the Company's common stock, (ii) each director of the Company, (iii) each of the named executive officers, and (iv) all executive officers and directors of the Company as a group:

Name of Beneficial Owner	Number of Shares Owned (1)	Percentage of Outstanding Shares of Common Stock (2)
Steve Raack (3)	7,500,000	23.2%
Thomas Raack (3)	7,500,000	23.2%
Larry McNabb (4)	7,500,000	23.2%

(1) Unless otherwise indicated, all shares are owned directly by the beneficial owner.
(2) Based on 32,383,196 shares of common stock issued and outstanding.
(3) Messrs. Steve and Thomas Raack each hold 500,000 shares of Series A Preferred Stock that enables them to each vote an equivalent of 125 million shares of common stock, giving them each a 46.9% share of total votes.
(4) Larry McNabb is the beneficial owner of these shares, held in the name of B.L.U.E. Stone, Ltd.

Changes in Control

As of December 31, 2019, there are no existing arrangements that may result in a change in control of our Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In November 2019, the Board of Directors designated 1,000,000 shares of the preferred stock as Series A Preferred Stock. The Series A Preferred Stock enable the holder to vote each share of preferred stock at an equivalent of 250 shares of common stock. The Series A Preferred Stock has no liquidation, dividend or conversion rights. In November 2019, the Company granted 500,000 shares of Series A Preferred Stock each to the Company's CEO and CFO, with 1,000,000 shares of Series A Preferred Stock issued and outstanding following the grants.

In March 2018, the Company issued 200,000 shares of common stock valued at $200,000 to acquire a license from VOTOCAST, INC. as discussed in Note 8. It was determined to be a transaction with an entity under common control and the share issuance was determined to be a deemed distribution to the related party for the value of the shares in excess of the historical carry over basis of the asset.

During the year ended December 31, 2018, $200 of cash was contributed to the Company by the Chief Financial Officer to open the Company's bank account.

Corporate Governance and Director Independence.

The Company has not:

- Established its own definition for determining whether its directors and nominees for directors are "independent". We currently use NASDAQ's general definition for determining director independence, which states that "independent director" means a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, that, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director.

Nor:

- Established any committee of the board of directors.

Given the nature of the Company's business, its limited stockholder base and the current composition of management, the board of directors does not believe that the Company requires any corporate governance committees at this time.

As of the date hereof, the entire board serves as the Company's audit committee.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Public Accountants

The following table presents fees for audit services rendered by MaloneBailey, LLP for the fiscal years ended December 31, 2019 and 2018.

	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit fees	$ 51,350	$ 36,000
Audit-related fees	$ –	$ –
Tax fees	$ –	$ –
All Other fees	$ 1,995	$ –

During the years ended December 31, 2019 and 2018, our principal accountant did not render services to us for tax compliance, tax advice or tax planning, and there were no services rendered other than those set forth above

Currently, we have no independent audit committee. Our full board of directors functions as our audit committee and is comprised of one director who is not considered to be "independent" in accordance with the requirements of Rule 10A-3 under the Exchange Act. Our audit committee's pre-approval policies and procedures described in paragraph (c)(7)(i) of Rule 2-01 of Regulation S-X were that the audit committee pre-approve all accounting related activities prior to the performance of any services by any accountant or auditor.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Report:

1. Financial Statements. The following financial statements of Vitalibis, Inc. are included in Item 8:

Report of Independent Registered Public Accounting Firm.

Balance Sheets as of December 31, 2019 and 2018.

Statements of Operations for the fiscal years ending December 31, 2019 and 2018

Statements of Stockholders' Equity (Deficit) for the fiscal years ending December 31, 2019 and 2018

Statements of Cash Flows for the fiscal years ending December 31, 2019 and 2018

Notes to the Financial Statements.

2. Financial Statement Schedule(s):

All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.

3. Exhibits:

3.1	Articles of Incorporation (1)
3.1.1	Amendment to Articles of Incorporation (2)
3.2	By-Laws (1)
14.1	Code of Ethics (3)
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act of 1934.*
31.2	Certification of the Principal Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act of 1934.*
32.1	Certification of Chief Executive Officer to 18 U.S.C Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer to 18 U.S.C Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.*
101	XBRL Interactive Data Files*

* Filed herewith.

(1) Incorporated herein by reference from the Company's Form S-1 filed with the Securities and Exchange Commission on March 5, 2015.
(2) Incorporated herein by reference from the Company's Form 8-K filed with the Securities and Exchange Commission on February 14, 2018.
(3) Incorporated herein by reference from the Company's Form 10-K filed with the Securities and Exchange Commission on March 31, 2017

VITALIBIS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Vitalibis, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Vitalibis, Inc. (the "Company") as of December 31, 2019 and 2018, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2016.
Houston, Texas
March 12, 2020

VITALIBIS, INC.
BALANCE SHEETS

		December 31, 2019		December 31, 2018
ASSETS				
Current assets:				
Cash	$	65,615	$	171,979
Accounts receivable, net		1,687		–
Prepaid expenses		86,390		60,608
Inventory		270,732		188,717
Total current assets		424,424		421,304
Long term assets				
Website development, net		90,378		149,103
Total assets	$	514,802	$	570,407
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued liabilities	$	77,933	$	63,841
Deferred revenue		–		105,159
Unsecured notes payable		13,617		11,389
Derivative Liability		470,331		–
Current portion of convertible notes payable, net		922,690		–
Total current liabilities		1,484,571		180,389
Convertible notes payable, net		225,624		–
Total liabilities		1,710,195		180,389
COMMITMENTS AND CONTINGENCIES				
Stockholders' equity (deficit):				
Preferred stock; $.001 par value, 5,000,000 shares authorized				
Series A Preferred Stock, $0.001 par value, 1,000,000 shares authorized, 1,000,000 and 0 issued and outstanding as of December 31, 2019 and 2018, respectively		1,000		–
Common stock; $.001 par value, 195,000,000 shares authorized, 32,383,196 shares issued and 29,638,900 shares issued outstanding as of December 31, 2019 and 2018, respectively		32,383		29,639
Additional paid-in capital		8,170,692		2,913,903
Accumulated deficit		(9,399,468)		(2,553,524)
Total stockholders' equity (deficit)		(1,195,393)		390,018
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$	514,802	$	570,407

The accompanying notes are an integral part of these financial statements.

VITALIBIS, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For the Years Ended December 31, 2019	For the Years Ended December 31, 2018
Revenue	$ 303,197	$ 51,331
Cost of goods sold	(162,505)	(23,001)
Gross profit	140,692	28,330
Operating expenses:		
Selling, general and administrative expenses	5,798,272	2,095,787
Professional fees	225,827	160,463
Loss from operations	(5,883,407)	(2,227,920)
Interest expense	(1,054,185)	(700)
Derivative gain	91,648	–
Loss before provision for income taxes	(6,845,944)	(2,228,620)
Provision for income taxes	–	–
Net loss	$ (6,845,944)	$ (2,228,620)
Net loss per common share – basic and diluted	$ (0.22)	$ (0.08)
Weighted average common shares outstanding – basic and diluted	30,958,296	28,643,855

The accompanying notes are an integral part of these financial statements.

VITALIBIS, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Series A Preferred Stock		Common stock		Additional		
	Number of Shares	Amount	Number of Shares	Amount	paid-in capital	Accumulated deficit	Total
Balance at December 31, 2017	–	$ –	27,010,000	$ 27,010	$ 291,725	$ (324,904)	$ (6,169)
Shares issued for cash	–	–	912,400	912	911,488	–	912,400
Shares issued for services	–	–	1,516,500	1,517	1,710,690	–	1,712,207
Deemed distribution	–	–	200,000	200	(200)	–	–
Contribution from shareholders	–	–	–	–	200	–	200
Net loss	–	–	–	–	–	(2,228,620)	(2,228,620)
Balance at December 31, 2018	–	–	29,638,900	29,639	2,913,903	(2,553,524)	390,018
Preferred shares issued to officers as compensation	1,000,000	1,000	–	–	2,017,000	–	2,018,000
Shares and warrants issued for services	–	–	1,995,000	1,994	3,018,358	–	3,020,352
Extinguishment of derivative liability due to conversion	–	–	–	–	163,774	–	163,774
Shares issued for conversion of debt	–	–	714,296	715	49,285	–	50,000
Shares issued to lender as deferred financing fee	–	–	35,000	35	8,372	–	8,407
Net loss	–	–	–	–	–	(6,845,944)	(6,845,944)
Balance at December 31, 2019	1,000,000	$ 1,000	32,383,196	$ 32,383	$ 8,170,692	$ (9,399,468)	$ (1,195,393)

The accompanying notes are an integral part of these financial statements.

VITALIBIS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For the Years Ended December 31, 2019	For the Years Ended December 31, 2018
Cash flow from operating activities:		
Net loss	$ (6,845,944)	$ (2,228,620)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	58,725	27,074
Amortization of debt discount and deferred financing costs	909,474	–
Derivative gain	(91,648)	–
Preferred shares issued as compensation to officers	2,018,000	–
Stock based compensation	3,020,352	1,712,207
Changes in operating assets and liabilities:		
Accounts receivable	(1,687)	–
Prepaid expenses	17,405	(27,979)
Inventory	(82,015)	(188,717)
Deferred revenue	(105,159)	105,159
Accounts payable and accrued liabilities	14,092	57,672
Net cash used in operating activities	(1,088,405)	(543,204)
Cash flow from investing activities:		
Purchase of assets	–	(176,177)
Net cash used by investing activities	–	(176,177)
Cash flow from financing activities:		
Contribution of cash by officer	–	200
Proceeds from convertible notes payable	1,332,000	–
Repayments on convertible notes payable	(287,000)	–
Payment of deferred financing costs	(22,000)	–
Repayments on unsecured notes payable	(40,959)	(21,240)
Proceeds from equity issuance	–	912,400
Net cash provided by financing activities	982,041	891,360
NET CHANGE IN CASH	(106,364)	171,979
CASH AT BEGINNING OF PERIOD	171,979	–
CASH AT END OF PERIOD	$ 65,615	$ 171,979
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 118,486	$ 700
Cash paid for income taxes	$ –	$ –
Non-cash transactions		
Common stock issued for conversion of notes payable	$ 50,000	$ –
Extinguishment of derivative liability from conversion of notes payable	$ 163,774	$ –
Common stock issued to officer for VOTOCAST license	$ –	$ 200
Notes payable issued for prepaid expenses	$ 43,187	$ 32,629
Common stock issued to lender as deferred financing fee	$ 8,407	$ –
Discount on convertible notes payable	$ 725,753	$ –

The accompanying notes are an integral part of these financial statements.

VITALIBIS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND GOING CONCERN

Vitalibis (the "Company") was formed on April 11, 2014 as a Nevada corporation, under the name of Crowd 4 Seeds, Inc. We plan to focus on the development, sale and distribution of hemp oil-based products that contain naturally occurring cannabinoids, including cannabidiol ("CBD") and other products containing CBD-rich hemp oil ("Legal Hemp"). We leverage our proprietary technology platform to maximize our innovative micro-influencer sales model, which fosters engaged customer connections.

On January 18, 2018, our Board of Directors approved an agreement and plan of merger to merge with and into our wholly-owned subsidiary, Vitalibis, Inc., a Nevada corporation, and our name changed from Sheng Ying Entertainment Corp. to Vitalibis, Inc. Vitalibis, Inc. was formed solely to effect the change of name and conducted no operations.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses and generated negative cash flows from operations since inception. Due to these conditions, it raised substantial doubt about its ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with existing cash on hand, loans, loans from directors and, or, the sale of common stock. The financial statements do not include any adjustments that may result should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the financial statements are as follows:

Basis of Presentation:

The financial statements are prepared in accordance with accounting principles generally accepted ("GAAP") in the United States of America.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. The recorded value of our cash and cash equivalents approximates their fair value.

Inventories

Inventory is manufactured at third party facilities. Inventories are stated at the lower of cost or net realizable value, using the first-in, first-out method. The Company reviews its inventory for obsolescence and any inventory identified as obsolete is reserved or written off. The Company's determination of obsolescence is based on assumptions about the demand for its products, product expiration dates, estimated future sales, and management's future plans.

As of December 31, 2019 and 2018, inventory consists of the following components:

	December 31, 2019	December 31, 2018
Raw materials and supplies	$ 44,515	$ 1,836
Finished products	226,217	186,881
Total inventory	$ 270,732	$ 188,717

The Company recognized a prepaid expense of $53,675 and $30,431 related to purchases of inventory that had not yet transferred into the control of the Company as of December 31, 2019.

Two suppliers represented 56% and 40% of total inventory purchases during the year ended December 31, 2019.

Derivative Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments and measurement of their fair value for accounting purposes. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt under ASC 470, the Company will continue its evaluation process of these instruments as derivative financial instruments under ASC 815. The Company applies the guidance in ASC 815-40-35-12 to determine the order in which each convertible instrument would be evaluated for derivative classification. The Company's sequencing policy is to evaluate for reclassification contracts with the earliest maturity date first.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue From Contracts With Customers, which was adopted on January 1, 2018 using the modified retrospective method, with no impact to the Company's comparative financial statements. Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods or services. Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

All of the Company's revenue is currently generated from the sales of similar products. As such no further disaggregation of revenue information is provided. One customer accounted for approximately 35% of revenue during the year ended December 31, 2019.

Performance Obligations

Product sales are recognized all of the following criteria are satisfied: (i) a contract with an end user exists which has commercial substance; (ii) it is probable the Company will collect the amount charged to the end user; and (iii) the Company has completed its performance obligation whereby the end user has obtained control of the product. A contract with commercial substance exists once the Company receives and accepts a purchase order or once it enters into a contract with an end user. If collectibility is not probable, the sale is deferred and not recognized until collection is probable or payment is received. Control of products typically transfers when title and risk of ownership of the product has transferred to the customer. Payment is received before shipment of the product. Net revenues comprise gross revenues less customer discounts and allowances, actual and expected returns. Shipping charges billed to customers are included in net sales. Various taxes on the sale of products and enrollment packages to customers are collected by the Company as an agent and remitted to the respective taxing authority. These taxes are presented on a net basis and recorded as a liability until remitted to the respective taxing authority. The Company allows for customers to return unopened products within 45 days. During the years ended December 31, 2019 and 2018, there were a trivial amount of refunds processed for returned product.

Contract Costs

Costs incurred to obtain a customer contract are not material to the Company. The Company elected to apply the practical expedient to not capitalize contract costs to obtain contracts with a duration of one year or less, which are expensed and included within cost of goods and services.

Contract Liabilities

The Company may at times receive payment by credit card at the time customer places an order. Amounts received for undelivered product are considered a contract liability and are recorded as deferred revenue. As of December 31, 2019 and 2018, the Company had deferred revenue of $0 and $105,159, respectively, related to unsatisfied performance obligations.

Cost of Sales

Cost of sales includes all of the costs to purchase and assemble the Company's products. Products are manufactured for the Company by third-party contractors, such costs represent the amounts invoiced by the contractors. Additionally, shipping costs are included in Cost of Sales in the Statements of Operations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include advertising and promotional costs and research and development costs. Also included in Selling, general and administrative expenses are stock-based compensation, certain warehousing fees, non-manufacturing overhead, personnel and related expenses, rent on operating leases, and professional fees.

Advertising and promotional costs are expensed as incurred and totaled $41,943 and $66,563 in the years ended December 31, 2019 and 2018, respectively. Research and development costs are expensed as incurred and totaled $0 and $1,698 for the years ended December 31, 2019 and 2018, respectively.

Website Development Cost

The Company capitalizes certain development costs associated with internal use software incurred during the application development stage. The Company expenses costs associated with preliminary project phase activities, training, maintenance and any post-implementation period costs as incurred. Capitalization of qualifying application development cost begins when management authorized and commits to funding the project and it is probable that the project will be completed for the function intended. Capitalized internal use software costs are normally amortized over estimated useful lives ranging from 2 to 5 years once the related project has been completed and deployed for customer use. At time the software is considered to have be an indefinite lived asset in which case it is evaluated for impairment at least annually. During the years ended December 31, 2019 and 2018, the Company capitalized $0 and $176,177 related to software under the criteria discussed in this paragraph. These costs are related to the development of our website and customer portal. The Company amortizes capitalized costs over an estimated useful life of three years. Amortization expense for the years ended December 31, 2019 and 2018 was $58,725 and $27,074, respectively.

Income Taxes

Deferred taxes are determined utilizing the "asset and liability" method, whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, when it's more likely than not that deferred tax assets will not be realized in the foreseeable future. Deferred tax liabilities and assets are classified as current or non-current based on the underlying asset or liability or if not directly related to and asset or liability based on the expected reversal dates of the specific temporary differences.

Fair value of financial instruments

The Company discloses fair value measurements for financial and non-financial assets and liabilities measured at fair value. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but are corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Stock-based Compensation

The Company measures the total amount of employee stock-based compensation expense for a grant based on the grant date fair value of each award and recognizes the stock-based compensation expense on a straight-line basis over the requisite service period for each separately vesting tranche of an award. Stock-based compensation is based on unvested outstanding awards. The Company has elected to recognize forfeitures when realized.

In the second quarter of 2018 the Company elected to adopt ASU 2018-07 which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. ASU 2018-07 requires an entity to use a modified retrospective transition approach, with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year. Upon adoption the Company recorded an adjustment to the first quarter of 2018 of $188,165.

Related Parties

The Company follows ASC 850, *Related Party Disclosures,* for the identification of related parties and disclosure of related party transactions.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under ASU 2016-02, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company adopted this standard on January 1, 2019 using the modified retrospective method, and adopted the package of practical expedients that allows it to (i) not reassess whether an arrangement contains a lease, (ii) carry forward its lease classification as operating or capital leases and (iii) not reassess its previously recorded initial direct costs. The Company made an accounting policy election to treat leases with a minimum term of 12 months or less as short-term leases. The adoption of ASC 842 had no impact to the Company's consolidated financial statements, due to the Company's current rental agreements for office space having minimum terms of less than 12 months. The Company currently has no right of use assets or liabilities recognized on its balance sheet related to lease agreements.

The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 – UNSECURED NOTES PAYABLE

During the year ended December 31, 2018, the Company entered into two insurance financing arrangements. The first agreement was for a value of $6,676, bearing an interest rate of 12.6%. The Company made a down payment of $1,988 and makes monthly payments of $549 through March 2019. The second agreement was for a value of $25,954, bearing an interest rate of 7.75%. The Company made a down payment of $6,676 and makes monthly payments of $1,997 through May 2019. Both of these agreements were paid in full as of December 31, 2019.

During the year ended December 31, 2019, the Company entered into two additional insurance financing arrangements. The first agreement was for a value of $32,875, bearing interest at 8.25%. The Company made a down payment of $8,406 and makes monthly payments of $2,813 through April 2020. The outstanding balance as of December 31, 2019 was $11,067. The second agreement was for a value of $10,312 bearing an interest rate of 12.6%. The Company made a down payment of $2,897 and makes monthly payments of $868 through March 2020. The outstanding balance of this agreement was $2,551 as of December 31, 2019.

NOTE 4 – CONVERTIBLE NOTES PAYABLE

On January 10, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $126,000. The Company received net cash proceeds of $102,000 after an original issue discount of $21,000 and fees of $3,000. The convertible note bears interest at 8% and matures on January 10, 2020, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company’s common stock after such conversion. The conversion price is determined based on 85% of the lowest trading price during the 15 trading days prior to the conversion date. The Company determined that the conversion feature should be accounted for as a derivative liability beginning six months after the issuance of the note. The Company estimated the fair value of the derivative liability at issuance to be $186,895, resulting in a day one loss of $84,895 using a Black Scholes model and the following assumptions: volatility of 54% based on a peer group of comparable companies, a dividend yield of 0%, an expected term of six months, an exercise price of $0.09 based on the lowest trading price during the previous 30 days, and a risk-free rate of 2.15%. The initial value of the derivative liability was recorded as debt discount. On July 12, 2019, the Company paid $157,099 related to the full extinguishment of the January 2019 PowerUp note including accrued interest at the time of retirement and additional fee of $26,073. As part of this extinguishment, remaining unamortized discount and deferred financing costs were expensed to interest expense.

On February 7, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $83,000. The Company received net cash proceeds of $80,000 after payment fees of $3,000. The convertible note bears interest at 10% and matures on February 7, 2020, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company’s common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date. On August 6, 2019, the Company paid $120,996 related to the full extinguishment of the February 2019 PowerUp note including accrued interest at the time of retirement and additional fee of $34,722. As part of this extinguishment, remaining unamortized discount and deferred financing costs were expensed to interest expense.

On March 29, 2019, the Company entered into an unsecured convertible promissory note which allowed for up to $750,000 of principal, with a total original issue discount of up to $150,000, with a principal amount of $250,000. In April 2019, the Company received net cash proceeds of $200,000 after an original issue discount of $50,000. In July 2019, the Company received additional proceeds of $200,000 after an original issue discount of $50,000, and received an additional $200,000 of net proceeds after $50,000 original issue discount in August 2019. The convertible note bears interest at 8% and all principal amounts matured on September 30, 2019, with interest accruing at a rate of 22% if the Company is in default. As of December 31, 2019 and the date of this filing, the Company has not been provided with a notice of default as required of the lender. Beginning at the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is the lesser of $2 or 70% of the lowest trading price during the 30 trading days prior to the conversion date. On April 3, 2019, the Company issued 35,000 shares to this lender and recognized expense of $45,500. During the year ended December 31, 2019, the lender converted $50,000 of principal into 714,296 shares of common stock.

The Company determined that the conversion features should be accounted for as a derivative liability at the time of issuance of the notes. The Company estimated the fair value of the derivative liability at issuance to be $1,620,093, resulting in a day one loss of $1,071,339 using a Black Scholes model and the following assumptions: volatility of between 55% and 58% based on a peer group of comparable companies, a dividend yield of 0%, an expected term of six to nine months, an exercise price of $0.07 or $0.84 based on the lowest trading price during the previous 30 days, and a risk-free rate of between 1.9% and 2.5%. The initial value of the derivative liability was recorded as debt discount. The derivative liability is adjusted to fair value at each reporting period. Unamortized discount related to this convertible note was $0 as of December 31, 2019.

On May 22, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $78,000. The Company received net cash proceeds of $75,000 after payment fees of $3,000. The convertible note bears interest at 10% and matures on May 22, 2020, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date. The Company estimated the fair value of the derivative liability at issuance to be $227,487, resulting in a day one loss of $152,487 using a Black Scholes model and the following assumptions: volatility of 49% based on a peer group of comparable companies, a dividend yield of 0%, an expected term of six months, an exercise price of $0.12 based on the lowest trading price during the previous 15 days, and a risk-free rate of 1.6%. The initial value of the derivative liability was recorded as debt discount. On November 26, 2019, the Company paid $113,826 related to the full extinguishment of the May 2019 PowerUp note including accrued interest at the time of retirement and additional fee of $31,809. As part of this extinguishment, remaining unamortized discount and deferred financing costs were expensed to interest expense.

On September 6, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $153,000. The Company received net cash proceeds of $150,000 after payment of fees of $3,000. The convertible note bears interest at 10% and matures on September 6, 2021, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date. Unamortized discount and deferred financing costs were $2,524 as of December 31, 2019 related to this convertible note.

On November 25, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $78,000. The Company received net cash proceeds of $75,000 after payment of fees of $3,000. The convertible note bears interest at 10% and matures on November 25, 2021, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date. Unamortized discount and deferred financing costs were $2,852 as of December 31, 2019 related to this convertible note.

On November 25, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $150,000. The Company received net cash proceeds of $131,000 after an original issue discount of $15,000 and fees of $4,000. The convertible note bears interest at 5% and matures on November 25, 2020, with interest accruing at a rate of 15% if the Company is in default. The note is convertible upon issuance through the maturity date into shares of common stock at a fixed price of $1.00 per share to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. Beginning six months after the issuance of the note, the holder may convert the note at any time, at a price based on the lower of the fixed price of $1.00 per share or 75% of the lowest trading price during the 15 trading days prior to the conversion date. Unamortized discount and deferred financing costs were $17,132 as of December 31, 2019 related to this convertible note.

On December 10, 2019, the Company entered into an unsecured convertible promissory note, with a principal amount of $110,000. The Company received net cash proceeds of $97,000 after an original issue discount of $10,000 and fees of $3,000. The lender also received 35,000 shares of common stock as a deferred finance cost, with a fair value of $8,407. The convertible note bears interest at 10% and matures on December 10, 2020, with interest accruing at a rate of 24% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on the lessor of 1) $0.24, or 2) the lesser of 62% of the lowest trade price or the closing bid price during the 20 trading days prior to the conversion date. Unamortized discount and deferred financing costs were $20,179 as of December 31, 2019 related to this convertible note.

The following table summarizes outstanding convertible notes as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Convertible note dated March 29, 2019, maturing September 30, 2019	$ 700,000	$ –
Convertible note dated September 6, 2019, maturing September 6, 2021	153,000	–
Convertible note dated November 25, 2019, maturing November 25, 2021	78,000	–
Convertible note dated November 25, 2019, maturing November 25, 2020	150,000	–
Convertible note dated December 10, 2019, maturing December 10, 2020	110,000	–
Total	1,191,000	–
Debt discount and deferred finance costs on long-term convertible notes	(5,376)	–
Debt discount and deferred finance costs on short-term convertible notes	(37,310)	–
Current convertible notes payable, net of discount	(922,690)	–
Total long-term convertible notes payable, net	$ 225,624	$ –

The following table presents information about the Company's liabilities measured at fair value on a recurring basis and the Company's estimated level within the fair value hierarchy of those assets and liabilities as of December 31, 2019:

	Fair value measured at December 31, 2019			
	Total carrying value at December 31 2019	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Liabilities:				
Derivative liabilities	$ 470,331	$ –	$ –	$ 470,331

The fair values of derivatives at the date of issuance during the year ended December 31, 2019 were estimated using a Black Scholes model and the following assumptions: volatility of between 49% and 58% based on a peer group of comparable companies, a dividend yield of 0%, an expected term of six months to one year, an exercise price of between $0.07 and $0.84, and a risk-free rate of between 1.6% and 2.5%.

The fair value of derivatives as of December 31, 2019 was estimated using a Black Scholes model and the following assumptions: volatility of 46% based on a peer group of comparable companies, a dividend yield of 0%, an expected term of three months, an exercise price of $0.126, and a risk-free rate of 1.6%. There were no liabilities measured at fair value on a recurring basis as of December 31, 2018. There were no transfers between Level 1, 2 or 3 during the year ended December 31, 2019.

The table below presents the change in the fair value of the derivative liability during the year ended December 31, 2019:

Fair value as of December 31, 2018	$	–
Fair value on the date of issuance recorded as a debt discount		725,753
Fair value on the date of issuance recorded as a loss on derivative		1,308,722
Extinguishment of liability due to conversion to equity		(163,774)
Extinguishment of liability due to cash payment of debt		(414,383)
Gain on change in fair value of derivatives		(985,987)
Fair value as of December 31, 2019	$	470,331

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Our principal office is part of a group of executive suites. We pay $130 per month for our offices, on a month-to-month basis. In July 2018, the Company also began renting a shared office space for $175 per month on a month to month basis.

In April 2018, the Company entered into an agreement with a third party for a subscription to its e-commerce platform. The Company paid $3,000 for implementation and pays $2,000 per month, with an initial term of one year. After the initial term, the monthly fee may increase depending on the Company's level of sales through the platform.

The Company entered into three independent contractor agreements whereby the Company will pay each contractor $5,000 per month for a period of one year. These contractors may also receive shares of common stock depending on certain performance targets as discussed in Note 6. As of June 30, 2019, the cash payments under these contracts were mutually terminated with no further payments owed by the Company.

During the year ended December 31, 2019, the Company entered into three additional agreements whereby the Company will pay two contractors $2,000 per month for a six month term, and one contractor $7,500 per month over 12 months. These contractors may also receive shares of common stock depending on certain performance targets as discussed in Note 6.

NOTE 6 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company has 5,000,000 shares of Preferred Stock authorized. On November 18, 2019, the Company's Board of Directors designated 1,000,000 of those preferred shares as "Series A Preferred Stock." Each share of Series A Preferred Stock has voting rights equal to 250 shares of common stock, with a total of 250,000,000 votes available to holders of the Series A Preferred Stock. The Series A Preferred Stock has no conversion rights, no dividend rights and no liquidation preference. The Board of Directors concurrently authorized the issuance of 500,000 shares of Series A Preferred Stock each to Steven Raack, the Company's Chief Executive Officer, and Thomas Raack, the Company's Chief Financial Officer. These shares were valued at $2,018,000 based on the estimate value of obtaining voting control of the Company. The Company recognized this fair value as compensation during the year ended December 31, 2019.

Common Stock

The Company effected a 2.5 for 1 forward stock split of ournumber of authorized shares of the Common Stock and a corresponding increase in the number of issued and outstanding shares of Common Stock held by each stockholder of record as of February 8, 2018, the "Effective Date" of the forward split, as set by the Financial Industry Regulatory Authority (*"FINRA"*). All shares referenced have been respectively adjusted to reflect this stock split.

On the Effective Date, our total authorized shares of Common Stock increased from 45,000,000 to 112,500,000 shares, and the par value of $0.001 remained the same. On November 22, 2019, a majority of the Company's shareholders approved an increase in the authorized common shares from 112,500,000 to 195,000,000.

In March 2018, the Company issued 200,000 shares of common stock valued at $200,000 to acquire a license from VOTOCAST, INC. as discussed in Note 8. It was determined to be a transaction with an entity under common control and the share issuance was determined to be a deemed distribution to the related party for the value of the shares in excess of the historical carry over basis of the asset.

During the year ended December 31, 2018, the Company sold 912,400 shares of its restricted common stock at a price of $1.00 per share, for total net proceeds of $912,400.

During the years ended December 31, 2019 and 2018, the Company entered into various agreements with third parties to provide legal, consulting and marketing services. These agreements generally contain performance conditions such as the completion of certain milestones and sales targets through January 2021. Certain agreements contained service conditions grants of common stock upon signing the agreement, or at recurring periods of 90 days. The Company begins recognizing compensation cost for performance awards when the satisfaction of the performance milestone considered probable. Any awards with service only conditions are recognized over the requisite service period. Certain of these agreements also awarded common stock warrants, which are disclosed below under "*Common Stock Warrants*"

The following table summarizes the common share activity related to these agreements for the years ended December 31, 2019 and 2018:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Common shares to be issued, beginning balance	1,882,500	–
Shares awarded	2,612,500	3,399,000
Forfeited	(752,500)	–
Shares issued	(1,995,000)	(1,516,500)
Remaining shares to be issued, ending balance	1,747,500	1,882,500

During the years ended December 31, 2019 and 2018, the Company recognized expense of $2,436,071 and $1,712,207, respectively related to these awards. As of December 31, 2019, the Company expects to recognize a total of $2,237,203 of expense related to the above shares that have not yet vested, assume all vest.

Bruce Lee Beverage Agreement

On December 31, 2018, the Company entered into a business alliance agreement with Bruce Lee Beverage, LLC. ("BLB"). Under the terms of the agreement, the parties will develop a new product utilizing the intellectual property of BLB, with an initial term of five years and automatic five-year renewals thereafter unless terminated by either party with 120 days' prior written notice. The Company issued 150,000 shares of common stock to BLB on December 31, 2018, and an additional 350,000 shares in January 2019, which are included in the table above.

The Company also issued 1,500,000 warrants in January 2019, with an exercise price of $1.01 per share, with 500,000 vesting upon issuance. BLB can receive up to an additional 1,000,000 shares of common stock, and vest in the remaining 1,000,000 warrants as follows:

- 500,000 shares of common stock and 500,000 warrants will vest upon approval of co-branded product formula, packaging and marketing strategy; execution of licensing agreement between the two parties; and commencement of a mutually agreed upon marketing campaign.
- 250,000 shares of common stock and 250,000 warrants will vest upon sale of 10,000 units of the new product.
- 250,000 shares of common stock and 250,000 warrants will vest upon sale of 30,000 units of the new product.

In June 2019, the Company and BLB executed the license agreement referred to in the first milestone above and the launch of the co-branded product, which began sales in July 2019. The license agreement has a term of 3 years, and specifies that the Company will pay royalties to BLB related to sales of the underlying product as follows:

- 20% of any net sales up to $499 through BLB's customers;
- 25% of any net sales of between $500 and $999 through BLB's customers;
- 30% of any net sales exceeding $1,000 through BLB's customers;
- 5% of net sales on sales up to $2,499 by the Company's Level 1 Ambassadors;
- 7% of net sales on sales between $2,500 and $4,999 by the Company's Level 1 Ambassadors;
- 10% of net sales on sales exceeding $5,000 by the Company's Level 1 Ambassadors;
- 5% of net sales on any sales by the Company's Level 2 Ambassadors.

Pursuant to the terms of milestone, the Company issued 500,000 shares of common stock and 500,000 warrants to BLB in June 2019, which are reflected in the tables within this note.

Through December 31, 2019, the Company paid a total of $269 for royalties earned under the agreement.

Common Stock Warrants

Certain of the agreements noted above also awarded common stock purchase warrants to certain third parties. These warrants are earned upon the recipient earning certain performance metrics. Certain of the agreements issued warrants to the recipient upon execution of the agreement.

The following table summarizes warrant activity for the year ended December 31, 2019:

	Common Stock Warrants		
	Shares	Weighted Average Exercise Price	Weighted average Remaining Life in years
Outstanding at December 31, 2018	–	$ –	–
Granted	4,440,000	1.33	3.3
Cancelled	–	–	–
Expired	–	–	–
Exercised	–	–	–
Outstanding at December 31, 2019	4,440,000	$ 1.33	2.6
Exercisable at December 31, 2019	1,334,000	$ 1.13	1.6

As of December 31, 2019, the outstanding and exercisable warrants had no intrinsic value. The Company recognized compensation expense of $584,279 and $0 during the years ended December 31, 2019 and 2018, respectively related to the warrants. The Company expects to recognize a total of $1,547,148 of expense related to all warrants that have not yet vested, assume all vest.

The fair value of the stock warrants described above were estimated using a Black Scholes option pricing model and the following assumptions:

	Year ended December 31, 2019	Year ended December 31, 2018
Risk-Free Rate	1.4%-2.3%	2.6%
Volatility (using peer group of comparable companies)	62.2%-62.8%	60.1%
Dividend Yield	0%	0%
Expected Term	4 years	2 years

NOTE 7 – LOSS PER COMMON SHARE

The basic net loss per common share is calculated by dividing the Company's net loss available to common shareholders by the weighted average number of common shares during the year. The diluted net loss per common share is calculated by dividing the Company's net loss available to common shareholders by the diluted weighted average number of common shares outstanding during the year. The diluted weighted average number of common shares outstanding is the basic weighted number of common shares adjusted for any potentially dilutive debt or equity. Diluted net earnings (loss) per common share excludes any impact from the 4,440,000 warrants outstanding (including 1,334,000 that are exercisable as of December 31, 2019), and 5,555,556 shares of common stock issuable under notes payable that are convertible as of December 31, 2019 as their impact would be antidilutive. There were no dilutive instruments outstanding as of December 31, 2018.

	Year ended December 31, 2019	Year ended December 31, 2018
Numerator:		
Net loss	$ (6,845,944)	$ (2,228,620)
Denominator		
Denominator for basic and diluted net loss per common share - weighted average of common shares	30,958,296	28,643,855
Basic and diluted net loss per common share attributed to stockholders	$ (0.22)	$ (0.08)

NOTE 8 – INCOME TAXES

Deferred taxes are determined by applying the provisions of enacted tax laws and rates for the jurisdictions in which the Company operates to the estimated future tax effects of the differences between the tax basis of assets and liabilities and their reported amounts in the Company's financial statements. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that the related tax benefits will not be realized.

	Year ended December 31, 2019	Year ended December 31, 2018
Expected federal income tax benefit at statutory rate	$ (1,437,600)	$ (468,000)
Nondeductible expenses	1,242,100	359,600
Change in valuation allowance	195,500	108,400
Income tax benefit	$ –	$ –

Significant components of the Company's deferred tax assets are as follows:

	As of December 31, 2019	As of December 31, 2018
Deferred tax asset before valuation allowance	306,000	110,000
Valuation allowance	(306,000)	(110,000)
Net deferred tax asset	$ –	$ –

Management currently believes that since the Company has a history of losses it is more likely than not that the deferred tax regarding the loss carry forwards and other temporary differences will not be realized in the foreseeable future. The Company believes that carryforward limitations will be applied to the historical net operating losses due to the recent change of control transition. The Company's cumulative net operating loss carry forward of approximately $1,455,000 will begin to expire in the year 2038.

The Company has recorded no liability for income taxes associated with unrecognized tax benefits at the date of adoption and has not recorded any liability associated with unrecognized tax benefits during 2019 and 2018. Accordingly, the Company has not recorded any interest or penalty in regard to any unrecognized benefit.

The main reconciling items between the statutory tax rate of the Company and the effective tax rate are the non-recognition of the benefits from accumulated net operating losses carryforward due to the uncertainty of the realization of such tax benefits.

NOTE 9 – TRANSACTION WITH RELATED PARTIES

In November 2019, the Company issued 500,000 shares of Series A Preferred Stock to each of its CEO and CFO. See Note 6.

In March 2018, the Company entered into an Agreement with VOTOCAST, INC. dba newkleus, a California corporation formed and owned by Steven Raack, the President, CEO and a Director of the Company. The Company received an exclusive license in the cannabis industry for the state-of-the-art newkleus™ technology to (1) facilitate Vitalibis' micro-influencer sales model, and (2) enhance and compliment Vitalibis' social media strategy.

The Agreement grants Vitalibis an exclusive license for the newkleus patent-pending, user-generated content (UGC) technology for all applications in the cannabis industry. The integration of the newkleus technology allows Vitalibis to create an interactive digital community, while concurrently acquiring valuable user data and content, all of which Vitalibis anticipates will (1) increase customer acquisition and retention and (2) build direct, meaningful and loyal customer relationships.

The Company paid 200,000 shares upon execution of the agreement and a monthly fee ranging from $0 to $2,000 depending on volume of usage. In addition, newkleus provides operational and business development consulting services.

The Company has not paid any fees under this agreement to date.

During the year ended December 31, 2018, $200 of cash was contributed to the Company by the Chief Financial Officer to open the Company's bank account.

NOTE 10– SUBSEQUENT EVENTS

On January 1, 2020, the lender of the March 29, 2019 convertible promissory note converted $40,000 in principal under the note into 322,581 shares of common stock pursuant to the terms of the agreement. After this conversion there was $660,000 of principal remaining outstanding on this note.

In February 2020, the Company issued 50,000 shares of common stock to advisors under 2019 agreements.

On February 7, 2020, the Company entered into an unsecured convertible promissory note, with a principal amount of $78,000. The Company received net cash proceeds of $75,000 after payment of fees of $3,000. The convertible note bears interest at 10% and matures on February 7, 2022, with interest accruing at a rate of 22% if the Company is in default. Beginning six months after the issuance of the note, the holder may convert the note at any time through the maturity date into shares of common stock, to the extent and provided that no holder of these notes was or will be permitted to convert such notes to the extent that the holder or any of its affiliates would beneficially own in excess of 4.99% of the Company's common stock after such conversion. The conversion price is determined based on 65% of the lowest trading price during the 15 trading days prior to the conversion date.

On March 10, 2020, the holder of the September 6, 2019 convertible promissory note converted $17,000 of principal into 326,923 shares of common stock. The conversion was in accordance with the terms of the note and no gain or loss was recognized. There is $136,000 of principal remaining on this convertible note after this conversion.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VITALIBIS, INC.

Date: March 13, 2020

By: */s/ Steven Raack*
Steven Raack
Chief Executive Officer

EXHIBIT 31.1

VITALIBIS, INC.

CERTIFICATIONS PURSUANT TO
RULE 13A-14(A) OR RULE 15D-14(A),
AS ADOPTED PURSUANT TO
RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Raack, certify that:

1. I have reviewed this Form 10-K of Vitalibis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 13, 2020

By: */s/ Steven Raack*
Steven Raack
Chief Executive Officer

EXHIBIT 31.2

VITALIBIS, INC.

CERTIFICATIONS PURSUANT TO
RULE 13A-14(A) OR RULE 15D-14(A),
AS ADOPTED PURSUANT TO
RULE 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas Raack, certify that:

1. I have reviewed this Form 10-K of Vitalibis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 13, 2020

By: */s/ Thomas Raack*
Thomas Raack
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vitalibis, Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Raack, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2020

By: */s/ Steven Raack*
Steven Raack
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vitalibis, Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Raack, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2020

By: */s/ Thomas Raack*
Thomas Raack
Chief Financial Officer