

August 14, 2019



# Exactus, Inc. Reports Second Quarter 2019 Results

## 2019 Highlights

- **January 2019 - Entered into the hemp-derived CBD market**
- **January 2019 - Entered into Development and Supply Agreement with Ceed2Med**
- **March 2019 - Placed a \$1 million purchase order with Ceed2Med**
- **March 2019 - Acquired Majority Interest in 200 Acre Oregon Hemp Farms**
- **August 2019 - Acquired Green Goddess Extracts & Launched CBD Brands**
- **Enhanced Executive Management Team and Board of Directors**

DELRAY BEACH, Fla., Aug. 14, 2019 (GLOBE NEWSWIRE) -- **Exactus Inc. (OTCQB: EXDI) (the “Company”)**, a healthcare company pursuing opportunities in hemp derived cannabidiol (CBD) products, today reported financial results for the second quarter ended June 30, 2019.

Emiliano Aloï, President of Exactus stated, “Since entering this rapidly growing market, we have procured quality supply, established top of the line manufacturing operations and secured various distribution channels in which to sell our products.”

Mr. Aloï continued, “Our business model is differentiated from most competitors in the CBD market in that we have full traceability from our seed through our own product supply chain ensuring that our customers get a quality product with full knowledge about where their product came from. In an emerging growth market, we place a great importance in maintaining the highest standards.”

Since the beginning of 2019, Exactus has rapidly developed a platform for growth through a number of initiatives. The Company entered into a development and supply agreement with Ceed2Med, a hemp and hemp-derivative supply sourcing, production, distribution, and development company. That was followed by the acquisition of majority interest in two 100 acres hemp farms in Oregon, with hemp grown from superior CBD genetics and an operating history of successful harvests.

In the current quarter the Company acquired Florida-based Green Goddess Extracts, a contact manufacturer and formulator of hemp and vape products. Green Goddess

manufactures and distributes a premium line of high-quality hemp products sold through distributors and online. The acquisition brings a line of CBD products and distribution, which Exactus can leverage with its upcoming harvest.

Additionally, the Company appointed Kenneth E. Puzder Chief Financial Officer in July.

## Second-Quarter 2019 Financial Summary

Financial results for the three months ended June 30, 2019 represent the very early stages of a significant opportunity. Revenue for the second quarter was \$139,683, up from \$15,980 in the prior quarter as we began to ship product to customers. Please refer to our complete 10-Q filed with the SEC.

## Conference Call

Management will hold a conference call on Thursday August 15, 2019 at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss its second quarter results and its business outlook. To access this call, dial 1-877-451-6152 (domestic) or 1-201-389-0879 (international). The conference ID is 13693789.

Following the conference call, a replay will be available at 1-844-512-2921 (domestic) or 1-412-317-6671 (international). The replay passcode is 13693789. The conference call will be broadcast and available for replay on the investor relations section of the Company's website at <https://ir.exactusinc.com>.

## Exactus, Inc. and Subsidiaries Consolidated Balance Sheets

	<u>Jun. 30</u> <u>2019</u>	<u>Dec. 31</u> <u>2018</u>
	(unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 664,645	\$ 1,960
Accounts receivable	69,914	0
Accounts receivable - related party	40,519	0
Inventory	1,047,781	0
Other current assets	<u>1,121,665</u>	<u>12,330</u>
<b>Total current assets</b>	2,944,524	14,290
Property and equipment, net	373,531	-
Intangible assets and other, net	2,640,645	-
Operating lease right-of-use assets, net	<u>467,036</u>	<u>-</u>
<b>Total assets</b>	\$6,425,736	\$ 14,290

**Liabilities and stockholders' equity****Current liabilities**

Accounts payable	\$1,028,828	\$ 923,429
Accrued expenses	43,637	46,875
Note payable - related parties	27,500	51,400
Other current liabilities	<u>718,747</u>	<u>2,317,088</u>
<b>Total current liabilities</b>	1,818,712	3,338,792
Convertible notes payable	100,000	100,000
Operating lease liabilities, long-term portion	<u>305,419</u>	<u>-</u>
<b>Total liabilities</b>	2,224,131	3,438,792
<b>Total equity (deficit)</b>	<u>4,201,605</u>	<u>(3,424,502)</u>
<b>Total liabilities and stockholders' equity (deficit)</b>	<u>\$6,425,736</u>	<u>\$ 14,290</u>

**Exactus, Inc.****Consolidated Statements of Operation (Unaudited)**

	Three Months Ended		Six Months Ended June	
	June 30,		30,	
	2019	2018	2019	2018
Total net revenues	\$ 139,683	\$ -	\$ 155,663	\$ -
Cost of sales	<u>103,187</u>	<u>-</u>	<u>115,787</u>	<u>-</u>
<b>Gross profit</b>	36,496	-	39,876	-
<b>Operating expenses:</b>				
General and administrative	798,681	202,171	1,502,768	1,398,309
Professional and consulting	330,891	19,033	2,211,038	130,590
Research and development	<u>11,975</u>	<u>75,000</u>	<u>26,975</u>	<u>150,000</u>
Total operating expenses	<u>1,141,547</u>	<u>296,204</u>	<u>3,740,781</u>	<u>1,678,899</u>
<b>Loss from operations</b>	(1,105,051)	(296,204)	(3,700,905)	(1,678,899)
<b>Total other expenses (income), net</b>	(2,519)	(263,506)	1,183,468	45,343
<b>Net loss</b>	<u>\$ (1,107,570)</u>	<u>\$ (559,710)</u>	<u>\$ (2,517,437)</u>	<u>\$ (1,633,556)</u>
<b>Net loss attributable to non-controlling interest</b>	152,344	0	187,948	0
<b>Net loss attributable to Exactus, Inc.</b>	<u>-955,226</u>	<u>-559,710</u>	<u>-2,329,489</u>	<u>-1,633,556</u>

<b>Deemed dividend on preferred stock</b>	0	0	-904,450	0
<b>Net loss available to Exactus, Inc. common stockholders</b>	\$ (955,226)	\$ (559,710)	\$ (3,233,939)	\$(1,633,556)
<b>Net loss per common share - basic and diluted</b>	\$ (0.03)	\$ (0.12)	\$ (0.09)	\$ (0.36)
<b>Net loss available to Exactus, Inc. common stockholders per common share - basic and diluted</b>	\$ (0.03)	\$ (0.12)	\$ (0.12)	\$ (0.36)
<b>Weighted average basic shares</b>	35,203,356	4,603,813	27,227,822	4,563,346

To learn more about Exactus, Inc., visit the website at [www.exactusinc.com](http://www.exactusinc.com).

### **About Exactus:**

Exactus Inc. is a company advocated to reintegrating the hemp supply chain into the world's mainstream commercial markets, including the farming, development and distribution of hemp-derived Cannabidiol products, which is more commonly referred to as CBD, and is one of the non-psychoactive Cannabinoids found in the plant. Industrial hemp is a type of Cannabis plant containing less than 0.3% THC (tetrahydrocannabinol), which is the psychoactive component of the Cannabis plant. Industrial hemp is cultivated for the plant's seed, fiber, and extracts. After 40 years of prohibition, the Agricultural Improvement Act of 2018, known as the 2018 Farm Bill, legalized hemp on the federal level as an agricultural crop. Hemp production will be regulated by the United States Department of Agriculture (USDA) and the states. As a result, Hemp has generally been removed from the Controlled Substances Act (CSA) and the Drug Enforcement Administration (DEA). A potential risk of growing hemp in the United States is that the entire crop must be destroyed if it tests at a THC percentage greater than 0.3%.

For more information about Exactus: [www.exactusinc.com](http://www.exactusinc.com).

### **Investor Notice**

Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the risks, uncertainties and forward-looking statements described under "Risk Factors" in Item 1A of our most recent Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission (the "SEC") on March 29, 2019 and under the heading "Risk Factors" in our Current Report on Form 8-K filed with the SEC on January 14, 2019, and in other periodic and current reports we file with the SEC. If any of these risks were to occur, our business, financial condition, or results of operations would likely suffer. In that event, the value of our securities could decline, and you could lose part or all of your investment. The risks and uncertainties we describe are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In addition, our past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results in the future. See "Safe Harbor" below.

### **Safe Harbor - Forward-Looking Statements**

The information provided in this press release may include forward-looking statements

relating to future events or the future financial performance of the Company. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Words such as "anticipates," "plans," "expects," "intends," "will," "potential," "hope" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon current expectations of the Company and involve assumptions that may never materialize or may prove to be incorrect. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of various risks and uncertainties. Detailed information regarding factors that may cause actual results to differ materially from the results expressed or implied by statements in this press release relating to the Company may be found in the Company's periodic and current filings with the SEC, including the factors described in the sections entitled "Risk Factors", copies of which may be obtained from the SEC's website at [www.sec.gov](http://www.sec.gov). Any forward-looking statement speaks only as of the date on which such statement is made, and the Company does not intend to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

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