

PLUS PRODUCTS REPORTS UNAUDITED 2019 THIRD QUARTER RESULTS

San Mateo, CA – November 29, 2019 – Plus Products Inc. (CSE: PLUS) (OTCQX: PLPRF) (the “Company” or “PLUS”), a cannabis branded products company in the U.S., today released its unaudited financial and operational results for the three and nine months ended September 30, 2019, expressed in U.S. dollars. These filings are available for review on the Company’s SEDAR profile at www.sedar.com and with the Canadian Securities Exchange (the “CSE”).

Q3 Financial Highlights (amounts are approximate and are stated in U.S. Dollars, unless stated otherwise):

- Net Revenues climbed to \$3.5 million in Q3 2019, representing a 38% year-over-year growth compared to Q3 2018 net revenues of \$2.6 million. Gross Revenues increased to \$3.9 million, representing a 50% year-over-year growth compared to Q3 2018 of \$2.6 million. Discounts & Promotional expenses in Q3 2019 of \$0.4 million were driven primarily by carryover of one-time costs from the launch of the PLUS Mints in Q2 2019.
- Gross profit was \$0.4 million in Q3 2019, compared with \$0.4 million in Q3 2018. Gross profit margin of 13% in Q3 2019 was down quarter-over-quarter from 20% in Q2 2019 due to start-up costs for the PLUS Hemp CBD launch and Nevada adult-use market launch, as well as the carryover promotional costs discussed above.
- Spending on operating expenses was \$9.9 million in Q3 2019, up from \$2.1 million in Q3 2018 due to one-time start-up costs associated with the rebranding of the PLUS cannabis line, the nationwide launch of the PLUS hemp CBD line, Nevada adult-use market launch and other investments in building talent, market share, infrastructure and financial capacity to support its future growth. Of these expenses, \$3.5 million were one-time costs.
- The Company reported \$22.3 million in cash and cash equivalents at September 30, 2019. PLUS experienced planned cash out flows in Q3 which were significantly greater than ongoing structural spend due to the launch of Hemp CBD and Nevada adult-use operations, a significant portion of which were prepaid expenses with value expected to be realized over the next 4 quarters.
- Net working capital was \$29.1 million in Q3 2019 compared to \$22.4 million in Q4 2018. Current liabilities as of September 30, 2019 were \$3.0 million as compared to \$2.2 million at December 31, 2018.
- Shareholder equity reached \$17.5 million at September 30, 2019, compared to \$25.7 million at December 31, 2018 due to the \$20.2 million net loss for the first nine months of 2019, offset partially by proceeds from warrant exercises and the impact of share-based compensation.

Q3 Operational Update:

- Unveiled rebrand of PLUS cannabis infused edibles line following proprietary market structure research conducted by Henry J Rak Associates, with design work provided by Partners & Spade, known for their work with Warby Parker and Peloton.
- Launched first California-wide marketing campaign with billboards and other out-of-home media across major cities.

- Launched Hemp CBD product line nationwide through direct-to-consumer e-commerce platform at plusproducts.com.
- Debuted a new product line, rolling out a second line of cannabis infused-gummies in California.

Post Period End:

- Launched into the Nevada adult-use market following a successful commercialization of the partnership with Nevada licensed operator Taproot Holdings Inc. four months following a definitive agreement.
- Appointed e-commerce senior executive, Jill Braff, to the Company's Board of Directors, and Dr. Ari Mackler as the Company's Chief Scientific Officer.

Management Commentary

“In the third quarter of 2019 we reported another period of revenue growth and invested heavily in building a strong platform for brand expansion moving forward,” said Jake Heimark, co-founder & Chief Executive Officer of the Company. “We successfully launched our 100% Hemp CBD line, now available for purchase in 43 states, and laid the foundation for our Nevada market entry, which materialized just days following the quarter end.

“While our topline growth was less robust than we had hoped entering the quarter, our team has done a great job battling tough market conditions in California, maintaining a significant 21% share of the gummies market¹.

“Despite the uncertain conditions faced by management teams in the industry, both on the ground and in the capital markets, we have continued to invest in growth. Over the last few months we have launched an advertising campaign in California, launched a new product line, and entered two strategically important markets. Less than a month after entering the Nevada market, PLUS Uplift Sour Watermelon is a top 10 selling edible product². Despite significant spend this quarter, we maintain a strong capital position with over \$22 million USD on hand. We expect this represents enough cash to pursue our strategic plan for a full year without external funding.

“PLUS remains confident in our strategic positioning as a hyper-focused CPG brand built within the California edibles market. Today, California represents 38% of the global adult-use market and is expected to maintain a 27% share of that market through 2024³. We have seen ingestibles continue to show the most defensible price premiums on shelves⁴ and they are growing as a percentage of the market⁵ as consumers learn that inhalable products are not the safest way to consume cannabis. For these reasons, it continues to be our belief that the branded products winner in cannabis will emerge from the California edibles markets. In California today, PLUS has the best-selling cannabis product across all categories and maintains a position as a leader within the state's edibles market⁶.

“We are excited about our prospects for growth over the next year, with a multi-state expansion model that is already proving itself in the market, our direct-to-consumer and wholesale hemp CBD businesses gaining traction, and the expected growth of our home market here in California⁷.”

For further information, please refer to summary of unaudited financial information at the end of this press release as well as the Company's unaudited financial statements along with the related MD&A (Management Discussion and Analysis) filed under the Company's profile at www.sedar.com and with the CSE.

- (1) In Q3 2019 according to Headset Insights.
- (2) As of November, 29th 2019 according to Headset Insights best-selling edibles list.
- (3) The State of Legal Cannabis Markets 7th Edition – Arcview | BDS Analytics.

- (4) BDS Analytics GreenEdge Platform
- (5) BDS Analytics GreenEdge Platform
- (6) PLUS has the #1 best-selling cannabis product in California over the last twelve months according to Headset Insights.
- (7) The State of Legal Cannabis Markets 7th Edition – Areview | BDS Analytics.

Conference Call Details

On Monday, December 2, 2019 at 8:30am Eastern Time / 5:30am Pacific Time, the Company will host a conference call and webcast to discuss the financial results and its recent corporate highlights.

Participant Dial-In Numbers:

Toll-Free: 1-877-407-0784

Toll / International: 1-201-689-8560

*Participants should request the Plus Products Earnings Call or provide confirmation code 13696648

The call will be webcast on the Plus Products Investor page of the Company website at <https://www.plusproductsinc.com>. Please visit the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. Following the conclusion of the call, there will be an archived audio webcast of the conference call available for replay on the Plus Products website or at [this link](#).

Jake Heimark, Co-founder and Chief Executive Officer and Jon Paul, Chief Financial Officer will be conducting a question and answer session following the prepared remarks.

Availability

California THC: PLUS cannabis-infused edibles are available in over 360 licensed retailers across the state of California.

Nevada THC: PLUS cannabis-infused gummies are currently available in 30 Nevada dispensaries, including all three MedMen locations and Planet 13. They are expected to be rolled out to more dispensaries across Nevada in the coming weeks.

National Hemp CBD: PLUS recently launched a line of 100% Hemp CBD-infused gummies. They are available for purchase in 43 states across the country at [plusproducts.com](https://www.plusproducts.com).

About PLUS

PLUS is a hemp and cannabis food company focused on using nature to bring balance to consumers' lives. PLUS's mission is to make cannabis safe and approachable – that begins with high-quality products that deliver consistent consumer experiences. PLUS is headquartered in San Mateo, CA and has 80 employees.

For further information contact:

Jake Heimark
CEO & Co-founder
ir@plusproducts.com

Investors:

Blake Brennan
Head of Investor Relations
Blake@plusproducts.com
Tel +1 213.282.6987

Media:

Bill Harrison
Third Street Media Group
bill@thirdstreetmediagroup.com
Tel +1 213.712.8811

The CSE does not accept responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements:

This press release includes statements containing certain “forward-looking information” within the meaning of applicable securities law (each, a “forward-looking statement”). Forward-looking statements are frequently characterized by words such as “plan”, “continue”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur and include, but are not limited to, statements relating to: expected realization of value from the launch of Hemp CBD and the Nevada operations, the sufficiency of cash on hand to pursue PLUS’s strategic plan; the emergence of the edibles market; future prospects of PLUS; future expansion of PLUS in other states; the success of the direct-to-customer and wholesale hemp CBD business; the market share of the California market and projections for the sales of products.

These forward-looking statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this press release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These risks include, but are not limited to, the success of the Company’s investments, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of the Company’s products, customer experience and retention, the continued development of adult-use sales channels, managements estimation of consumer demand in in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete capital projects and facilities improvements, the ability to expand and maintain distribution capabilities, the impact of competition, the ability of the Company to implement initiatives and the possibility for changes in laws, rules, and regulations in the industry. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Non-GAAP Measures:

Adjusted uncompressed weighted average shares outstanding and loss per share.

The Company has additionally determined the adjusted uncompressed weighted average shares outstanding and loss per share, basic and diluted. The Company believes these measures to be representative of loss and comprehensive loss on a per share basis; however, these performance measures have no standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with GAAP, some investors use this information to evaluate the Company's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

PLUS PRODUCTS INC.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in U.S. Dollars - Unaudited)

	As at September 30,	As at December 31,
	2019	2018
	\$	\$
Assets		
Current		
Cash and cash equivalents	22,278,652	22,398,587
Trade receivables	3,510,541	1,379,066
Prepays and deposits	3,629,541	172,128
Note receivable	400,000	-
Inventory	2,263,138	630,337
	32,081,872	24,580,118
Non-current		
Prepays and deposits	1,064,983	586,354

Property and equipment	4,728,754	1,875,401
Intangible assets	88,596	741,863
Goodwill	-	61,296
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Total assets	37,964,205	27,845,032
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Liabilities		
Current		
Accounts payable and accrued liabilities	2,283,696	2,009,412
Income taxes payable	447,934	155,714
Current portion of vehicle loans	27,509	-
Current portion of lease liabilities	242,905	-
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	3,002,044	2,165,126
Non-current		
Vehicle loans	144,527	-
Lease liabilities	909,478	-
Convertible debentures	16,425,070	-
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Total liabilities	20,481,119	2,165,126
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Shareholders' equity

Share capital	41,687,416	34,065,191
Reserves	6,913,644	2,391,055
Deficit	(31,117,974)	(10,776,340)
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Total shareholders' equity	17,483,086	25,679,906
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Total liabilities and shareholders' equity	37,964,205	27,845,032
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PLUS PRODUCTS INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in U.S. Dollars - Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue	3,531,465	2,561,866	10,353,270	5,012,201
Cost of sales	3,084,729	2,175,524	8,493,054	4,327,765
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Gross margin	446,736	386,342	1,860,216	684,436

Operating expenses

Advertising and promotion	3,910,055	47,814	4,620,615	113,737
Depreciation and amortization	13,694	292	14,772	876
Consulting fees	331,753	163,101	1,411,113	173,101
General and administrative	509,261	257,383	1,537,888	444,965
Meals and travel expenses	337,446	146,624	753,756	233,880
Professional fees	933,869	646,641	2,554,863	1,253,769
Regulatory fees	15,739	6,608	21,774	11,461
Research and development	538,512	-	675,531	-
Salaries and benefits	1,935,043	533,150	4,788,153	1,117,548
Share-based compensation	1,382,390	255,750	2,559,189	1,017,907
Loss from operations	(9,461,026)	(1,671,021)	(17,077,438)	(3,682,808)
Other (income) expense				
Interest and other income	(30,662)	(234)	(104,849)	(234)
Accretion expense	433,240	-	1,005,047	-
Interest expense	422,864	6,878	1,014,293	33,219
Gain on foreign exchange	(73,534)	-	(140,373)	-
Impairment of intangible assets and goodwill	803,159	-	803,159	-
Loss before income taxes	(11,016,093)	(1,677,665)	(19,654,715)	(3,715,793)

Income tax expense	384,400	118,472	565,695	205,079
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Loss and comprehensive loss for the period	(11,400,493)	(1,796,137)	(20,220,410)	(3,920,872)
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Weighted average shares outstanding:				
Basic and diluted	32,979,665	14,684,696	29,554,811	11,526,401
Loss per share:				
Basic and diluted	(0.35)	(0.12)	(0.68)	(0.34)
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