

Plus Products Releases Letter from CEO Discussing COVID-19 and Strategic Changes

San Mateo, CA – March 19, 2020 – Plus Products Inc. (CSE: PLUS) (OTCQX: PLPRF) (“PLUS” or the “Company”), a leading branded cannabis products company based in California, today released a letter from Jake Heimark, Co-founder and CEO, discussing the COVID-19 pandemic and recent company developments.

To our Shareholders:

I could not be prouder of the PLUS team over the past few weeks. This is an unprecedented time for the world, and I continue to be amazed at the care, passion and commitment of our team to provide high quality products to as many customers as possible.

We do not know how COVID-19 will affect our business, but we believe that we are well prepared to respond to this crisis. For our company’s full response and real-time updates on the actions we are taking to respond to this crisis, please visit plusproductsinc.com/coronavirus.

PLUS continues to have a strong foundation as a leader in the California cannabis market

We have set three critical objectives as a Company over the next four quarters: 1) to ensure the safety and health of our employees and customers, 2) to continue to establish ourselves as a clear, long-term leader in the California edibles space and 3) to become a cash-flow positive business.

We believe that PLUS is well-positioned:

- *The Company is capitalized with enough cash on hand to continue executing through the entirety of 2020 without any additional fundraising.*¹
- *PLUS was the largest brand in the largest category of the California edibles market in 2019, and had the two best-selling cannabis products, across all categories, in the state over that same period.*²
- *The California market remains disproportionately critical to becoming a global cannabis brand. In 2019, the state’s emerging adult-use cannabis market was 38% of the global adult-use cannabis market and is expected to remain 27% of that market through 2024.*³
- *Edibles remain the most attractive space to build a brand, with price premiums remaining constant, while other categories continue to see significant price degradation.*⁴

We have made material changes to our business to align with a new industry landscape

2019 proved to be a difficult year for the entire cannabis industry. Macro events – ranging from the vaping crisis to slow growth in emerging markets – contributed to underwhelming results and immense pressure from the market on operators across the board, a pressure that has continued to impact the industry into the new year.

PLUS has been no exception. We have faced a home market in California that continues to battle growing pains as it works to compete with a highly active illicit market, streamline a disorderly regulatory environment, and support undercapitalized operators across an adolescent supply chain. As a result, growth has been less robust than anticipated and we were not spared from the broader market downturn.

Early in 2020, we made adjustments to our business to ensure that we are in the right position to succeed in 2020 and 2021. We believe that the current crisis will only serve to heighten the importance of these adjustments.

The decisions made were driven by a strategic commitment to prioritize growing our footprint in markets in which we are already operational over entry into new markets, with a particular focus on our home state of California.

General Personnel Reductions

In January of this year, the Company reduced its workforce by 13 full-time employees, accounting for 20% of its non-production workforce.

Executive Salary Reduction

Three of the Company's executive officers have agreed to salary reductions ranging from 20% to 50% in exchange for options that will be issued following the lapse of the current executive financial blackout period.

Executive Reorganization

Marc Seguin, the Company's Chief Revenue Officer, will be leaving the organization this week.

Conclusion of John Legend Engagement

PLUS and John Legend have concluded their engagement.

We would like to thank Mr. Legend for the part he played in helping to bring the PLUS Hemp CBD line to the country.

The conclusion of the engagement resulted in the cancellation and return to treasury of 159,235 subordinate voting shares that were held in escrow.

Employee Equity Incentivization Restructure

We operate in a market that has seen industry indices lose 75% of their value since our Initial Public Offering a year-and-a-half ago.⁵ This market environment creates a challenge in talent retention for public and private companies alike.

We believe that we have recruited and retained an incredible team here at PLUS. As we face a crucial year for our organization, it is important that our employees are highly motivated to increase sales and market share while pursuing profitability. To help ensure that this objective is met, we are restructuring certain previously granted equity incentives. The restructuring process will involve a forfeiture and, following the lapse of all statutory waiting periods, subsequent issuance of new awards to employees holding equity incentives that have been impacted by the market movements. All of which will be conducted in accordance with the terms of PLUS's Equity Incentive Plan.

PLUS, along with our Board of Directors, has taken many steps to structure a good-faith plan consistent with our Equity Incentive Plan mandate to "*promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees.*"

Key elements of this equity incentive restructure include the following:

- No member of the Board of Directors, including the Chief Executive Officer, will be eligible for participation in the restructuring effort.
- Equity incentives awarded to executive officers as a part of this restructuring will total 6% of the equity incentives issued as a part of this effort and 1% of the total Equity Incentive Plan pool.
- The equity incentives issued following the proposed forfeiture will not exceed 65% of the total forfeited equity incentives.
- 50% of the equity incentives issued following the proposed forfeiture will be subject to performance targets tied to PLUS's revenue growth and profitability.
- Following the equity incentive restructure *and* issuances in exchange for salary reductions of the PLUS executive management team discussed above, the total equity incentives issued and outstanding from the Equity Incentive Plan will be equivalent to 7.5% of the outstanding shares of the Company. This accounts for one-half of the 15% available to be awarded under the terms of the Equity Incentive Plan.

We firmly believe this equity incentive restructuring plan is in the best interest of our current shareholders, and will ensure that existing and future employees of PLUS are properly incentivized and aligned with all of the Company's stakeholders.

Fundamentals will be the key to our success

PLUS has built one of the most successful brands in the world's largest cannabis market. Just recently, we launched a second brand, *PLUS CBDRelief*, which targets a large segment of underserved consumers whom we believe are looking for high quality, precisely-dosed edibles to find relief.

Moving ahead we intend to build a strong portfolio of edibles brands, leveraging our core capabilities in markets where we have established distribution channels and a dedicated customer base.

Our portfolio currently consists of two brands. We expect to launch a third before the end of Q2.

We believe that we have a clear path to achieving our three critical objectives set forth above. If we do, there will be few, if any, companies better positioned to build a global portfolio of cannabis brands. And while these are uncertain times, we know that we will emerge from this moment in time together.

I look forward to updating our shareholders further upon the release of our 2019 Audited Financials, currently scheduled for the week of April 20.

Jake Heimark
Co-Founder & CEO

- (1) Formal public guidance from the Company
- (2) According to BDS Analytics GreenEdge Platform
- (3) The State of Legal Cannabis Markets 7th Addition – Arcview | BDS Analytics
- (4) BDS Analytics GreenEdge Platform (<https://docsend.com/view/g7kwcw7>)
- (5) NewCannabisVentures.com

Availability

California THC: *PLUS* cannabis-infused edibles are currently available in over 360 licensed retailers across the state of California. *PLUS CBDRelief* cannabis-infused gummies are expected to continue to roll-out across the state over the coming weeks.

Nevada THC: *PLUS* cannabis-infused gummies are currently available in over 30 Nevada licensed retailers.

National Hemp CBD: *PLUS* has launched a line of 100% Hemp CBD-infused gummies. They are available for purchase in 43 states across the country at plusproducts.com.

About PLUS

PLUS is a cannabis and hemp 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.

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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: (1) the extent to which PLUS is

well-positioned to achieve its objectives, if at all; (2) the extent to which PLUS's adjustments to the business in early 2020 will ensure that PLUS is in the right position to succeed, and the extent to which the COVID-19 crisis will serve to heighten the importance of those adjustments, if at all; (3) the quality of the team recruited by PLUS and the extent to which such team are to be motivated to increase sales and market share while pursuing profitability through the restructuring of certain previously granted equity incentives, or at all; (4) the extent to which the equity incentive restructuring plan is in the best interests of PLUS's current shareholders and will ensure that existing and future employees of PLUS are properly incentivized and aligned with all of PLUS's stakeholders; (5) the extent to which consumers are looking for high quality, precisely dosed edibles to find relief, if at all; (6) the intention of PLUS to build a strong portfolio of edibles brands, and whether and to what extent PLUS will be able to leverage its core capabilities in markets where it has established distribution channels and a dedicated customer base; (7) the identification by PLUS of three critical objectives over the next four quarters to ensure the safety and health of our employees and customers, to continue to separate itself from the pack as a clear, long term winner in the California edibles space and to become a cash-flow positive business, and whether or not PLUS is able to achieve these objectives over the next four quarters or at all; and (8) whether or not PLUS, in achieving these critical objectives will be in a better position to build a global portfolio of cannabis brands.

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 sells products, 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.