



Abacus Health Products Reports First Quarter 2019 Financial Results

Toronto, ON – May 30, 2019 – Abacus Health Products, Inc. (CSE: ABCS) (“Abacus” or the “Company”) reported its financial results today for the first quarter ended March 31, 2019. All amounts are in U.S. dollars unless indicated otherwise.

Q1 2019 Financial Summary

- Revenue increased 166% YoY to \$3.8 million
- Gross profit increased 185% YoY to \$2.4 million
- Gross margin increased YoY to 63.3% from 59.1%

Year-to-Date Operational Highlights

- CBD CLINIC continued to perform well with revenue increasing 148% YoY, from \$1,433,243 to \$3,553,751, and an increase of 23% over the fourth quarter of 2018, from \$2,886,412.
- Initial retail orders for CBDMEDIC™ were received in the first quarter and started shipping at the end of the quarter. Purchase orders received to date represent over 2,000 retail pharmacy and supermarket locations across 11 states.
- Most retail chains taking 8 to 13 unique CBDMEDIC™ SKUs.
- Completed CDN\$34 million (US\$25.6 million) bought deal offering.
- Leadership team strengthened with the addition of VP Sales and VP Marketing.

“Over the last few months we have succeeded in positioning ourselves as a leader in topical CBD products,” said Perry Antelman, CEO. “Retailers and consumers appreciate the breadth and quality of our product lines which are the result of over a decade of R&D. Retail interest in our product line continues to grow and we expect to double the number of retail locations by the end of the third quarter of 2019. We are also advancing several other products addressing new therapeutic indications and expect to bring some of these to market over the next 12 months.”

Financial Results

	Q1 2019	Q1 2018	Change
Revenue	3,822,207	1,438,122	166%
Gross profit	2,421,091	849,788	185%
Gross margin	63.3%	59.1%	
Income (loss) before other expenses and income taxes	(2,724,805)	564,308	
Net and comprehensive income (loss)	\$(12,517,605)	\$541,332	
Earnings Per Share – Basic	\$(0.79)	N/A	
Earnings Per Share - Diluted	\$(0.79)	N/A	

Revenue for the first quarter of 2019 was approximately \$3.8 million, which represents an increase of approximately \$2.4 million year-over-year (“YoY”), or 166%, and \$0.8 million, or 29%, compared to the fourth quarter of 2018. The increase in revenue was primarily the result of an increase in sales of the Company’s CBD CLINIC™ products to the health care practitioner market driven by both increased sales to distributors as well as direct sales. Sales attributable to CBD CLINIC™ were \$3.5 million during the first quarter of 2019, representing approximately 93% of total sales.

Abacus recognized approximately \$0.3 million of revenues for CBDMEDIC™ in the first quarter of 2019 as it began fulfilling purchase orders received during the quarter by retail chains. Revenues for CBDMEDIC™ in subsequent quarters in 2019 are expected to increase, reflecting purchase orders signed after the first quarter of 2019 and benefiting from a full financial reporting period whereby CBDMEDIC™ products will be in retail stores.

Gross profit for the first quarter of 2019 was approximately \$2.4 million representing a gross margin of 63.3%, an increase from 59% for the YoY period as well as from the full 2018 year. The gross margin improved as the Company benefitted from economies of scale as well as reduction in price of certain raw materials.

Net cash flows provided by operating activities was \$(5,528,113) for the first quarter of 2019, a decrease of \$(6,451,645) compared to \$923,532 for the first quarter of 2018. The decrease in cash used by operating activities was primarily due to an increase in sales volume, marketing, advertising and other expenses as well as increase in trade receivables and inventories.

Year-to-Date Business Review

The first quarter saw the beginning of purchase orders and shipments to pharmacy and supermarket retailers, including national chains, across select states. Purchase orders received to date represent over 2,000 retail pharmacy and supermarket locations across 11 states, and the momentum of retailer adoption continues to be strong. Based on advanced discussions with other retailers Abacus expects to double the number of retail doors that CBDMEDIC™ is sold in by the end of the third quarter of 2019.

During the first quarter Abacus launched an advanced skincare line for the treatment of acne, eczema, and itch and rash as well as a new foot pain product. Abacus’ topical product line is among the broadest in the industry and retailers are generally stocking between 8-13 unique SKUs. Based on IRI industry data¹ for the 4-week period ending 4/21/19, CBDMEDIC™ is the leading selling CBD brand in CVS (NYSE: CVS) based on revenue generated per store per month where CBDMEDIC™ is sold.

The continued growth of CBD CLINIC™ in the first quarter reflects a leading position that our topical products have with health care practitioners. Abacus plans to introduce a new line of massage creams, as well as different product sizes into this segment in the second half of the year. The Company continues to build on its strong relationships with key distributors in the healthcare practitioner market and supporting their efforts to attract new users to the product line. Additionally, Abacus launched an

¹ <https://www.iriworldwide.com/en-CA/>

inside sales team in the first quarter to manage the increasing interest of health care practitioners which seek to purchase directly from the Company. The Company believes that the healthcare practitioner segment continues to represent a significant opportunity.

Abacus continues to leverage its R&D strength to develop new products addressing different therapeutic indications and expects to bring some of these to market over the next 6-12 months.

Abacus began to invest significantly in marketing activities in the first quarter – these included both strategic campaign development as well as activations in the fitness channel as well as the creation of a new ecommerce platform. Subsequent to the first quarter, the Company undertook several activations, including a partnership with celebrity trainer Harley Pasternak, as part of its efforts to increase awareness for its products with consumers.

In the second quarter of 2019, Abacus completed a CDN\$34 million (US\$25.6 million) bought deal offering (the “Offering”) under which the underwriters exercised their over-allotment option in full. Abacus intends to use the net proceeds of the Offering for the following purposes: to accelerate the Company's marketing and sales programs to seek to increase retail pharmacy store locations to over 10,000; for working capital to support the associated increase in sales; to advance the international distribution of its products and other general corporate purposes.

Also subsequent to the first quarter, Abacus received new purchase orders, increasing the number of retailers it has received purchase orders from to 15 across 11 states. These new purchase orders increase the availability of CBDMEDIC™ products to over 2,000 pharmacy and supermarket retail locations throughout the U.S.

On May 15, 2019, the Company gave notice to holders of its convertible debentures of its intent to repay the outstanding principal balance. The Company believes that all holders will exercise their option to convert their debentures into subordinate voting shares, and as a result of the settlement the Company will save the annual 10% interest payable.

Conference Call and Webcast

Date: Friday, May 31, 2019

Time: 10 a.m. ET

Webcast: <https://event.on24.com/wcc/r/1987807/2997221656884D343FD84AFA94B2E9D9>

Dial in: 647-427-7450 or 1-888-231-8191

Conference ID: 1589844

Replay: 1-855-859-2056

Reference Number: 1589844

The conference call replay will be available until June 9, 2019.

The Management Discussion and Analysis for the period and the accompanying financial statements and notes are available under the Company's profile on SEDAR at www.sedar.com and on its website at <https://abacushp.com/investors/financial-information/>.

Forward-Looking Statements

This news release contains forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are based on a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking statements.

The forward-looking statements contained in this news release include, without limitation, statements relating to the expansion of the offering of the Company's products and the execution of its growth strategy, are based on management's current expectations and are subject to a number of risks, uncertainties and assumptions, including assumptions regarding the Company's ability to efficiently operate its business, market and economic conditions, business prospects or opportunities, future plans and strategies, anticipated events and trends, and regulatory changes that may affect the Company and its customers and industry. There can be no assurance that actual results will not differ materially from those expressed or implied in forward looking statements. Undue reliance should not be placed on forward-looking statements. Additional information about these risks, uncertainties and assumptions is contained under "Risk Factors and Uncertainties" in the Company's annual information form dated April 12, 2019, which is available under the Company's SEDAR profile at www.sedar.com. Each forward-looking statement speaks only as of the date hereof, and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

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About Abacus Health Products, Inc.

Abacus is a company engaged in the development and commercialization of over-the-counter (OTC) registered topical medications with active pharmaceutical ingredients and which contain organic and natural ingredients, including a cannabinoid-rich hemp extract containing CBD from Cannabis sativa L plant. Abacus' products are aimed at the rapidly growing markets for topical pain relief and therapeutic skincare and are based on proprietary patent-pending technologies developed by Abacus. Abacus' formulations combine advanced science with organic and natural ingredients to provide safe relief. Abacus currently offers two lines of products: (i) CBD CLINIC™, marketed to the professional practitioner market, and (ii) CBDMEDIC™, marketed to the consumer market. Abacus' products are offered across the United States and are produced by a contract manufacturer in a cGMP compliant and audited manufacturing facility.

To learn more about Abacus, visit www.abacushp.com

For further information: please contact **Hank Hague, CFO**, of the Company, at 416-848-1457 or investorrelations@abacushp.com