



PLUS PRODUCTS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Expressed in US Dollars)

(Unaudited)

PLUS PRODUCTS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	September 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Current assets		
Cash	\$ 11,142,571	\$ 150,122
Trade receivables	1,250,535	329,696
Inventory (Note 7)	1,081,099	307,941
Prepays	360,242	81,000
Due from related party (Note 11)	-	115,709
Total current assets	13,834,447	984,468
Deposits	287,439	20,649
Property and equipment (Note 6)	1,126,742	816,383
TOTAL ASSETS	\$ 15,248,628	\$ 1,821,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 1,300,882	\$ 440,850
Income taxes payable	205,079	-
Notes payable (Note 9)	-	600,000
Total liabilities	1,505,961	1,040,850
Shareholders' equity		
Share capital (Note 5)	21,521,626	4,073,099
Obligation to issue shares (Note 5)	12,267	648,076
Reserves	70,712	-
Deficit	(7,861,938)	(3,940,525)
Total shareholders' equity	13,742,667	780,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 15,248,628	\$ 1,821,500

Nature and continuance of operations (Note 1)

Commitments (Note 12)

Subsequent event (Note 14)

Approved on behalf of the board:

"Craig Heimark"

Craig Heimark, Director

"Jacob Heimark"

Jacob Heimark, Director

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

PLUS PRODUCTS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
REVENUE	\$ 2,561,866	\$ 356,865	\$ 5,012,201	\$ 685,151
COST OF SALES	2,175,525	528,923	4,328,605	1,007,585
GROSS MARGIN	386,341	(172,058)	683,596	(322,434)
OPERATING EXPENSES				
Advertising and promotion	71,753	8,493	177,742	20,922
Amortization (Note 6)	292	1,530	877	1,530
Consulting fees	309,808	614,607	798,966	683,584
General and administrative	211,824	90,625	329,443	101,819
Meals and travel expenses	146,624	47,325	233,880	111,699
Professional fees	612,939	65,771	1,179,780	67,043
Regulatory fees	-	17,374	9,763	17,920
Research and development	-	5,140	-	18,355
Salaries and benefits (Note 11)	448,123	143,667	1,117,547	258,075
Share-based compensation (Note 5)	255,697	38,520	518,947	38,520
LOSS BEFORE OTHER ITEMS	(1,670,719)	(1,205,110)	(3,683,349)	(1,641,901)
OTHER ITEMS				
Other income and expense	-	-	(3)	-
Interest expenses	6,645	13,551	32,987	48,181
LOSS BEFORE INCOME TAXES	(1,677,364)	(1,218,661)	(3,716,333)	(1,690,082)
Income tax expense	118,472	-	205,079	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (1,795,836)	\$ (1,218,661)	\$ (3,921,412)	\$ (1,690,082)

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

PLUS PRODUCTS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US Dollars)
(Unaudited)

	Common Shares		Preferred Shares		Obligation to Issue Shares	Reserves	Deficit	Total
	Number of Shares	Share Capital	Number of Shares	Share Capital				
Balance at December 31, 2016	103,627	\$ 1,036	-	\$ -	\$ 785,000	\$ -	\$ (893,319)	\$ (107,283)
Common shares repurchased (Note 5)	(2,127)	(6,000)	-	-	-	-	(6,000)	(12,000)
Common shares issued for cash (Note 5)	18,587	855,000	-	-	(785,000)	-	-	70,000
Common shares issued for services (Note 5)	6,431	38,584	-	-	-	-	-	38,584
Preferred shares issued for cash (Note 5)	-	-	4,890,263	3,257,760	-	-	-	3,257,760
Obligation to issue shares (Note 5)	-	-	-	-	331,899	-	-	331,899
Share issuance costs (Note 5)	-	(13,975)	-	-	(62,305)	-	-	(76,280)
Net loss for the period	-	-	-	-	-	-	(1,690,082)	(1,690,082)
Balance at September 30, 2017	126,518	\$ 874,645	-	\$ 3,257,760	\$ 269,594	\$ -	\$ (2,589,401)	\$ 1,812,598
Balance at December 31, 2017	127,018	\$ 891,666	4,890,263	\$ 3,181,480	\$ 648,076	\$ -	\$ (3,940,525)	\$ 780,697
Common shares issued for the Transaction (Note 5)	100	1	-	-	-	-	(1)	-
Common shares issued for cash (Note 5)	15,000	405,000	-	-	-	-	-	405,000
Common shares issued for options exercised (Note 5)	1,250	55,277	-	-	-	(21,527)	-	33,750
Preferred shares issued for consulting fees (Note 5)	-	-	2,318,414	1,130,051	(635,809)	-	-	494,242
Preferred shares issued for cash (Note 5)	-	-	10,438,198	15,858,151	-	-	-	15,858,151
Preferred shares issued as finders' fees (Note 5)	-	-	101,881	-	-	-	-	-
Share-based compensation - options granted (Note 5)	-	-	-	-	-	92,239	-	92,239
Net loss for the period	-	-	-	-	-	-	(3,921,412)	(3,921,412)
Balance at September 30, 2018	143,368	\$ 1,351,944	17,748,756	\$ 20,169,682	\$ 12,267	\$ 70,712	\$ (7,861,938)	\$ 13,742,667

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

PLUS PRODUCTS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
Net loss	\$ (3,921,412)	\$ (1,690,082)
Non cash items		
Amortization	295,855	1,530
Shares issued for consulting fees	494,242	331,899
Share-based compensation	518,947	-
Interest expense	32,987	48,181
Changes in operating assets and liabilities		
Trade receivable	(920,839)	(187,557)
Prepays and deposits	(546,032)	(77,611)
Inventory	(773,158)	(27,851)
Accounts payable and accrued liabilities	878,967	40,116
Income tax payable	205,079	-
Due to related party	115,709	19,031
Net cash used in operating activities	(3,619,655)	(1,542,344)
Cash flows used in investing activities		
Purchase of property and equipment	(606,701)	(306,505)
Net cash used in investing activities	(606,701)	(306,505)
Cash flows from financing activities		
Proceeds from issuance of loan payable	150,000	200,000
Repayments of loan payable	(782,987)	-
Proceeds from issuance of shares, net of share issuance costs	15,851,792	3,290,098
Common shares repurchased	-	(12,000)
Net cash provided by financing activities	15,218,805	3,478,098
Change in cash	10,992,449	1,629,249
Cash, beginning of the period	150,122	268,426
Cash, end of the period	\$ 11,142,571	\$ 1,897,675

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

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

1. NATURE AND CONTINUANCE OF OPERATIONS

Plus Products Inc. (the “Company” or “PLUS”) was incorporated on March 29, 2018 under the laws of British Columbia. The Company is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “PLUS”. The Company’s head office is located at 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7.

On July 25, 2018, the Company completed a share exchange agreement (the “Agreement”) with Plus Products Holdings, Inc. (“Plus Nevada”), a private company incorporated pursuant to the Corporate Law of the State of Nevada, whereby the Company acquired all of the issued and outstanding shares of Plus Nevada in exchange for certain shares of the Company (the “Transaction”) (Note 10). As a result of the share exchange, Plus Nevada became a wholly-owned subsidiary of the Company. Plus Nevada’s core business activities are the manufacturing and wholesale of cannabis infused products.

On April 25, 2018, Plus Nevada merged with Plus Products Holdings Inc. (“Plus Delaware”), a private company incorporated under the General Corporation Law of the State of Delaware (the “Reorganization”) with Plus Nevada as the surviving entity (Note 4).

Going concern

These condensed consolidated interim financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and it will require further financing to operate and further develop its business. The Company’s ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements were authorized for issue on November 29, 2018, by the Directors of the Company.

Statement of compliance and basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual combined financial statements of Plus Delaware, unless otherwise modified in Note 3, and should be read in conjunction with the annual combined financial statements of Plus Delaware for the year ended December 31, 2017, which were prepared in accordance with IFRS as issued by IASB. There have been no significant changes in judgement or estimates from those disclosed in the combined financial statements of Plus Delaware for the year ended December 31, 2017.

Basis of combination and consolidation

During the period ended September 30, 2018, each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. These consolidated financial statements includes the accounts of the Company and its wholly owned subsidiaries, Plus Nevada, Plus Products California Cooperative, Inc. (“PPCC”) and Carberry, LLC (“Carberry”). In January 2018, Plus Delaware acquired the assets of PPCC, which it then assigned to Carberry. PPCC was dissolved on July 10, 2018. All intercompany transactions and balances have been eliminated on these consolidated financial statements.

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

During the year ended December 31, 2017, the combined financial statements include the accounts of Plus Delaware and the companies under common control, PPCC and Carberry, as listed in Note 1. All intercompany transactions and balances have been eliminated. Management believes the assumptions underlying the combined financial statements of Plus Delaware are reasonable.

3. SIGNIFICANT ACCOUNTIN POLICIES**Corporate reorganization**

Transactions whereby the Company exchanges its own equity interest for those of the receiving entity, and the assets and liabilities of the original entity and new entity remain the same immediately before and after the transaction, are considered reorganizations. These transactions are accounted for using predecessor accounting. The acquired net assets are including in the Company's consolidation on carrying value. Any difference between the consideration given and the net assets acquired is recognized in deficit.

New standard IFRS 15 *Revenue from Contracts with Customers*

The has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") effective January 1, 2018 on a retrospective basis and applied the transitional provisions, so that any adjustments would be recorded in opening retained earnings at January 1, 2018.

IFRS 15 supersedes IAS 18– Revenue, IAS 11 – Construction Contracts, and other revenue related interpretations. The standard outlines the principles that must be applied to measure and recognize revenue and the related cash flows. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has concluded that the recognition and measurement of the sale of products in all contracts is consistent with the current revenue recognition practice and therefore does not expect any transitional adjustment.

New standard IFRS 9 *Financial Instruments*

The Company has adopted IFRS 9, Financial Instruments (IFRS 9) effective January 1, 2018 on a retrospective basis and applied the transitional provisions, so that any adjustments would be recorded in opening retained earnings at January 1, 2018. IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities. The adoption of IFRS 9 supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the IFRS 9 requirements are similar to those of IAS 39. The main distinction is that, in cases where the fair

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

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For the nine month period ended September 30, 2018

value option is chosen for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 introduces a single expected credit loss model for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's condensed consolidated interim financial statements and did not result in a transitional adjustment.

The Company has no hedges on its condensed consolidated interim financial statements for the reporting period.

The Company has concluded that the adoption of IFRS 9 did not require any transitional adjustments to the classification or measurement of the Company's financial assets and financial liabilities.

4. REORGANIZATION

On April 25, 2018, Plus Nevada acquired 100% of the issued and outstanding shares of Plus Delaware from the shareholders of Plus Delaware pursuant to the merger between Plus Nevada and Plus Delaware. In consideration, Plus Nevada issued shares to former shareholders of Plus Delaware on a one for one basis. The transaction was treated as a common control transaction whereby predecessor accounting was applied. At the completion of the Reorganization, the absolute and relative interests of the shareholder of Plus Nevada remained the same as prior to the Reorganization. The assets and liabilities of the post-reorganization entity remained the same as the pre-reorganization entity

5. SHARE CAPITAL**Authorized share capital**

The authorized share capital of the Company consists of the following:

an unlimited number of common shares ("Subordinate Voting Shares") without par value – non-redeemable and noncumulative;

an unlimited number of Class A common shares ("Proportionate Voting Shares") without par value –non-redeemable and noncumulative, and convertible at the option of the holder, at any time and subject to the restrictions set out in the Company's Articles, into 100 Subordinate Voting Shares for each Proportionate Voting Share;

an unlimited number of Class B preferred shares ("Class B Subordinate Voting Preferred Shares"), including:

- a maximum of 4,000,000 Series Seed preferred shares ("Series Seed Subordinate Voting Preferred Shares") without par value – noncumulative and convertible at the option of the holder, at any time, into one Subordinate Voting Share for each Series Seed Subordinate Voting Preferred Share and are subject to a mandatory conversion upon the completion of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class B Subordinate Voting Preferred Shares;
- a maximum of 2,173,913 Series Seed-1 preferred shares ("Series Seed-1 Subordinate Voting Preferred Shares") without par value – noncumulative and convertible at the option of the holder, at any time, into one Subordinate Voting Share for each Series Seed-1 Subordinate Voting Preferred Share and are subject to a mandatory conversion upon the completion of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class B Subordinate Voting Preferred Shares;
- a maximum of 3,500,000 Series A preferred shares ("Series A Subordinate Voting Preferred Shares") without par value – noncumulative, and convertible, at the option of the holder, at any time, into one Subordinate Voting Share for each Series A Subordinate Voting Preferred Share and are subject to a mandatory conversion upon the completion

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of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class B Subordinate Voting Preferred Shares;

- a maximum of 6,000,000 Series B-1 preferred shares (“Series B-1 Subordinate Voting Preferred Shares”) without par value – noncumulative, and convertible, at the option of the holder, at any time, into one Subordinate Voting Share for each Series B-1 Subordinate Voting Preferred Share and are subject to a mandatory conversion upon the completion of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class B Subordinate Voting Preferred Shares; and

5. SHARE CAPITAL (CONTINUED)

- a maximum of 6,535,950 Series B-3 preferred shares (“Series B-3 Subordinate Voting Preferred Shares”) without par value - noncumulative, and convertible, at the option of the holder, at any time, into one Subordinate Voting Share for each Series B-3 Subordinate Voting Preferred Share and are subject to a mandatory conversion upon the completion of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class B Subordinate Voting Preferred Shares.

an unlimited number of Class C preferred shares (“Class C Proportionate Voting Preferred Shares”), including:

- a maximum of 15,000 Series B-2 preferred shares (“Series B-2 Proportionate Voting Preferred Shares”) without par value – noncumulative, and convertible at the option of the holder, at any time, into one Proportionate Voting Share for each Series B-2 Proportionate Voting Preferred Share and are subject to a mandatory conversion upon the completion of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class C Proportionate Voting Preferred Shares; and
- a maximum of 65,360 Series B-3A preferred shares (“Series B-3A Proportionate Voting Preferred Shares”) without par value - noncumulative, and convertible at the option of the holder, at any time, into one Proportionate Voting Share for each Series B-3A Proportionate Voting Preferred Share and are subject to a mandatory conversion upon the completion of an initial public offering and listing of the Subordinate Voting Shares on a recognized stock exchange, or a special separate resolution passed by the holders of Class C Proportionate Voting Preferred Shares.

Common sharesPeriod ended September 30, 2018

The Company issued 9,750 Proportionate Voting Shares to the officers of the Company for proceeds of \$9,750. The fair value of these shares is \$263,250. As a result, the Company recorded \$253,500 to share-based compensation.

The Company issued 5,250 Proportionate Voting Shares to the officers of the Company for proceeds of \$5,250. The fair value of these shares is \$141,750. As a result, the Company recorded \$136,500 to share-based compensation.

The Company issued 1,250 Proportionate Voting Shares upon the exercise of 1,250 stock options at \$27 per share for proceeds of \$33,750. At the time of issue, the options were valued at \$21,527 and credited to reserve. Upon exercise, this amount was taken out of reserve and added to the value received for shares issued.

Period ended September 30, 2017

During the year ended December 31, 2016, the Company agreed to issue certain number of Class B Subordinate Voting Preferred Shares of the Company at a predetermined share price. The Company received the proceeds of \$785,000 during the year ended December 31, 2016 and additional proceeds of \$70,000 during the period ended September 30, 2017. During the period ended September 30, 2017, these subscribers agreed to the subscription of the Proportionate Voting Shares and the Company issued 18,587 Proportionate Voting Shares at \$46 per share for gross proceeds of \$855,000.

The Company issued 6,431 Proportionate Voting Shares to the directors, executives, and employees of the Company for proceeds of \$64. The fair value of these shares is \$38,584. As a result, the Company recorded \$38,520 to share-based compensation.

The Company repurchased 2,127 Proportionate Voting Shares for a payment of \$12,000. The recovery of \$6,000 the Company paid on repurchases of these shares were recorded to deficit.

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

The Company incurred \$13,975 share issuance costs pursuant to issuance of Subordinate Voting Shares and Proportionate Voting Shares.

5. SHARE CAPITAL (CONTINUED)**Preferred shares**Period ended September 30, 2018

The Company issued 3,892,293 Series B-1 preferred units at \$1.20 per unit for proceeds of \$4,670,752. Each unit consists of one Series B-1 Subordinate Voting Preferred Share and one-half of a Series B-1 preferred share purchase warrant. Each warrant entitles to the holder to acquire a Series B-1 Subordinate Voting Preferred Share at \$2.20 per share for two years following the issuance date. The Company paid share issuance costs with issuance of 101,881 Series B-1 preferred units ("B-1 Compensation Units"). Each B-1 Compensation Unit consists of one Series B-1 Subordinate Voting Preferred Share and one-half of a Series B-1 preferred share purchase warrant. Each warrant entitles to the holder to acquire a Series B-1 Subordinate Voting Preferred Share at \$2.20 per share for two years following the issuance date.

The Company issued 9,958 Series B-2 preferred units at \$1.20 per unit for proceeds of \$1,195,012. Each unit consists of one Series B-2 Proportionate Voting Preferred Share and one-half of a Series B-2 preferred share purchase warrant. Each warrant entitles to the holder to acquire a Series B-2 Proportionate Voting Preferred Share at \$2.20 per share for two years following the issuance date.

The Company issued 144,501 Series A Subordinate Voting Preferred Shares to the consultants of the Company. The fair value of these shares is \$130,051. The Company recorded \$93,343 as share-based compensation during the year ended December 31, 2017. As a result, the Company recorded \$36,708 to share-based compensation.

The Company issued 2,173,913 Series Seed-1 Subordinate Voting Preferred Shares to a consultant of the Company. The fair value of these shares is \$1,000,000. The Company recorded \$542,466 as consulting fees during the year ended December 31, 2017. As a result, the Company recorded \$457,534 to consulting expense.

The Company issued 6,535,947 Series B-3 Subordinate Voting Preferred Shares at \$1.53 per share for gross proceeds of \$9,992,387.

Period ended September 30, 2017

The Company issued 2,222,222 Series A Subordinate Voting Preferred Shares at \$0.90 per share for gross proceeds of \$2,000,000 and issued 69,228 Series A Subordinate Voting Preferred Shares at the value of \$62,305 as finder's fees.

The Company issued 2,598,813 Class B Series Seed preferred units at \$0.46 per unit for gross proceeds of \$1,195,455. Each unit consists of one Series Seed Subordinate Voting Preferred Share and one-half of a Series Seed preferred share purchase warrant. Each warrant entitles to the holder to acquire a Series Seed Subordinate Voting Preferred Share at \$0.69 per share until July 21, 2019.

Stock Options

On July 23, 2018, the Board of Directors approved the 2018 Stock and Incentive Plan, which reserved for issuance, on a rolling basis, an aggregate of 10% of the number of Common Shares outstanding, including the number of Common Shares issuable on conversion of the Class A Common Shares, Class B Preferred Shares and Class C Preferred Shares. The options vest at the discretion of the Board of Directors.

As at September 30, 2018, the Company had the following options outstanding and exercisable:

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

Expiry date	Exercise price	Class	Number of options outstanding
July 25, 2023	\$ 27	Class A Common	2,200
July 25, 2022	\$ 0.27	Common	150,000
September 16, 2028	\$ 101	Series Seed Preferred	2,600
September 23, 2028	\$ 101	Series B-2 Preferred	1,600
			156,400

5. SHARE CAPITAL (CONTINUED)

The following is a summary of the Company's stock option activities:

	Number of Options	Weighted average exercise price
Outstanding at December 31, 2017	-	-
Issued	157,650	\$ 3.54
Exercised	(1,250)	\$ 27
Outstanding at September 30, 2018	156,400	\$ 3.35

During the period ended September 30, 2018, the Company granted 3,450 options to acquire Proportionate Voting Shares. The options have a term of 5 years, exercise price of \$27 and 1,292 vest immediately while the remaining options vest over the period of 3 years following the grant date. The fair value of the stock options granted during the period using the Black-Scholes Option Pricing Model was \$36,452.

During the period ended September 30, 2018, the Company granted 150,000 options to acquire Subordinate Voting Shares. The options have a term of 4 years, exercise price of \$0.27 and all options vest immediately on the grant date. The fair value of the stock options granted during the period using the Black-Scholes Option Pricing Model was \$23,968.

During the period ended September 30, 2018, the Company granted 2,600 options to acquire Proportionate Voting Shares. The options have a term of 10 years, exercise price of \$101 and 375 vest immediately while the remaining options vest over the period of 3 years following the grant date. The fair value of the stock options granted during the period using the Black-Scholes Option Pricing Model was \$24,324.

During the period ended September 30, 2018, the Company granted 1,600 options to acquire Proportionate Voting Shares. The options have a term of 10 years, exercise price of \$101 and the options vest over the period of 3 years following the grant date. The fair value of the stock options granted during the period using the Black-Scholes Option Pricing Model was \$7,495.

The fair value of the stock options granted for the period ended September 30, 2018 was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	September 30, 2018
Risk-free interest rate	2.14%
Estimated life	4.15 years
Expected volatility	100%
Expected dividend yield	0%
Forfeiture rate	15%

Warrants

As at September 30, 2018, the Company had the following warrants outstanding:

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

Expiry date	Exercise price	Class	Number of warrants outstanding
July 21, 2019	\$0.69	Series Seed Subordinate Voting Preferred Shares	519,722
July 28, 2019	\$0.69	Series Seed Subordinate Voting Preferred Shares	594,933
August 1, 2019	\$0.69	Series Seed Subordinate Voting Preferred Shares	48,750
July 21, 2019	\$0.69	Series Seed Subordinate Voting Preferred Shares	136,000
February 8, 2020	\$2.20	Series B-1 Subordinate Voting Preferred Shares	1,997,065
April 4, 2020	\$2.20	Series B-2 Proportionate Voting Preferred Shares	497,921
			3,794,391

5. SHARE CAPITAL (CONTINUED)

The following is a summary of the Company's warrant activities:

	Number of Warrants
Outstanding at December 31, 2017	1,299,405
Issued	2,536,686
Cancelled	(41,700)
Outstanding at September 30, 2018	3,794,391

The weighted average exercise price and weighted average life are \$1.68 and 0.36 years, respectively.

6. PROPERTY AND EQUIPMENT

	Computer and office equipment	Machinery and equipment	Leasehold improvement	Total
<u>Cost</u>				
Balance at December 31, 2016	\$ -	\$ 11,600	\$ -	\$ 11,600
Additions	3,509	91,894	744,907	840,310
Balance at December 31, 2017	3,509	103,494	744,907	851,910
Additions	9,431	357,567	239,216	606,214
Balance at September 30, 2018	\$ 12,940	\$ 461,061	\$ 984,123	\$ 1,458,124
<u>Accumulated Amortization</u>				
Balance at December 31, 2016	\$ -	\$ 11,600	\$ -	\$ 11,600
Amortization	487	-	23,440	23,927
Balance at December 31, 2017	487	11,600	23,440	35,527
Amortization	1,542	67,680	226,633	295,855
Balance at September 30, 2018	\$ 2,029	\$ 79,280	\$ 250,073	\$ 331,382
<u>Net Book Value</u>				
At December 31, 2017	\$ 3,022	\$ 91,894	\$ 721,467	\$ 816,383
At September 30, 2018	\$ 10,911	\$ 381,781	\$ 734,050	\$ 1,126,742

During the nine month period ended September 30, 2018, included in cost of goods sold was amortization of \$294,978 (December 31, 2017 - \$23,493).

7. INVENTORY

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

	September 30, 2018	December 31, 2017
CBD oil	\$ 39,752	\$ 40,525
Hash	181,380	232,425
Other raw material	62,388	34,991
Packaging	273,446	-
Finished goods	524,133	-
	\$ 1,081,099	\$ 307,941

During the nine month period ended September 30, 2018, \$1,035,539 (December 31, 2017 - \$893,130) in inventory was sold and recognized in cost of sales.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Accounts payable	\$ 1,107,984	\$ 228,105
Accrued liabilities	192,898	212,745
	\$ 1,300,882	\$ 440,850

9. NOTES PAYABLE

Principal Balance					
Lender	Agreement Date	Line	Due Date	September 30, 2018	December 31, 2017
Chairman	15-May-15	\$200,000	15-May-18	\$ Nil	\$200,000
Chairman	4-Nov-15	\$100,000	4-Nov-18	\$ Nil	\$100,000
Chairman	9-Mar-16	\$100,000	4-Nov-18	\$ Nil	\$100,000
Chairman	24-Apr-17	\$200,000	4-Nov-18	\$ Nil	\$200,000
Chairman	29-Jan-18	\$120,000	29-Jan-19	\$ Nil	\$ Nil
Chairman	29-Jan-18	\$30,000	29-Jan-19	\$ Nil	\$ Nil
	Total	\$750,000		\$ Nil	\$600,000

As at August 17, 2018, the \$783,219 in notes payable to the Chairman, including interest accrued, were paid off in full.

On May 15, 2015, the Company entered into a promissory note agreement with the Chairman of Plus Nevada (the "Chairman"), whereby the Company agreed to pay the note of \$200,000 by May 15, 2018. The note payable is unsecured and bears interest at 8% per annum, payable on December 31 of each year. The interest balance outstanding more than 15 days following December 31 is subject to an interest rate of 12% per annum.

On November 4, 2015, the Company entered into a line of credit and promissory note agreement with the Chairman, whereby the Company agreed to pay the note of \$100,000 by November 4, 2018. The note payable is unsecured and bears interest at 8% per annum, payable on December 31 of each year. The interest balance outstanding more than 15 days following December 31 is subject to an interest rate of 12% per annum.

On March 9, 2016, the Company entered into a line of credit and promissory note agreement with the Chairman, whereby the Company agreed to pay the note of \$100,000 by November 4, 2018. The note payable is unsecured and bears interest at 8% per annum, payable on December 31 of each year. The interest balance outstanding more than 15 days following December 31 is subject to an interest rate of 12% per annum.

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

On April 24, 2017, the Company entered into a line of credit and promissory note agreement with the Chairman, whereby the Company agreed to pay the note of \$200,000 by November 4, 2018. The note payable is unsecured and bears interest at 8% per annum, payable on December 31 of each year. The interest balance outstanding more than 15 days following December 31 is subject to an interest rate of 12% per annum.

On January 29, 2018, the Company entered into a promissory note agreement with the Chairman, whereby the Company agreed to pay the note of \$120,000 by January 29, 2019. The note payable is unsecured and bears interest at 15% per annum, payable on December 31 of each year. On March 6, 2018, the promissory note was paid off in full.

On January 29, 2018, the Company entered into a promissory note agreement with the Chairman, whereby the Company agreed to pay the note of \$30,000 by January 29, 2019. The note payable is unsecured and bears interest at 15% per annum, payable on December 31 of each year. On March 7, 2018, the promissory note was paid off in full.

10. TRANSACTION

Pursuant to the Transaction, on July 25, 2018, the Company issued shares in exchange for all of the issued and outstanding shares of Plus Nevada. Pursuant to the Agreement, Plus Nevada became a wholly-owned subsidiary of the Company.

Pursuant to the Agreement with Plus Nevada, the Company issued shares to Plus Nevada's shareholders, pro rata in proportion to their holdings of Plus Nevada's securities, on the following basis:

- an aggregate of 2,598,813 Series Seed Subordinate Voting Preferred Shares (as defined herein) of the Company to holders of series seed preferred stock of Plus Nevada ("Seed Stock"), on the basis of one (1) Series Seed Preferred Share in exchange for one (1) share of Seed Stock;
- an aggregate of 2,173,913 Series Seed-1 Subordinate Voting Preferred Shares (as defined herein) of the Company to holders of series seed-1 preferred stock of Plus Nevada ("Seed-1 Stock"), on the basis of one (1) Series Seed-1 Preferred Share in exchange for one (1) share of Seed-1 Stock;
- an aggregate of 2,435,951 Series A Subordinate Voting Preferred Shares (as defined herein) of the Company to holders of series A preferred stock of Plus Nevada ("A Stock"), on the basis of one (1) Series A Preferred Share in exchange for one (1) share of A Stock;
- an aggregate of 3,994,174 Series B-1 Subordinate Voting Preferred Shares (as defined herein) of the Company to holders of series B-1 preferred stock of Plus Nevada ("B-1 Stock"), on the basis of one (1) Series B-1 Preferred Share in exchange for one (1) share of B Stock;
- an aggregate of 142,017.61 Proportionate Voting Shares (as defined herein) of the Company to holders of common stock of Plus Nevada ("Common Stock"), on the basis of one (1) Class A Common Share in exchange for one hundred (100) shares of Common Stock; and
- an aggregate of 9,958.43 Series B-2 Proportionate Voting Preferred Shares (as defined herein) of the Company to holders of series B-2 preferred stock of Plus Nevada ("B-2 Stock"), on the basis of one (1) Series B-2 Preferred Share in exchange for one hundred (100) shares of B-2 Stock.

This resulted in a reverse-takeover of the Company by the shareholders of Plus Nevada. At the time of the Transaction, the Company did not constitute a business as defined under IFRS 3 Business Combination. Therefore, the Transaction is accounted under IFRS 2 Share-Based Compensation. As the Company is deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations are included in the financial statements at their historical carrying value.

PLUS PRODUCTS INC.**Notes to the Condensed Consolidated Interim Financial Statements - Unaudited**

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

The assets and liabilities of the Company assumed on the recapitalization are as follows:

Assets acquired		
Due from shareholder	\$	1
Net assets	\$	1

11. RELATED PARTY TRANSACTIONSSummary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel made during the periods ended September 30, 2018 and 2017, is set out below:

	September 30, 2018	September 30, 2017
Salaries and benefits	\$ 227,500	\$ 15,231
Share-based payments	298,995	-
	\$ 526,495	\$ 15,231

11. RELATED PARTY TRANSACTIONS (CONTINUED)Loans payable to related parties

The Company entered into various lines of credit and promissory notes totalling \$750,000 with the Chairman (Note 9). As at August 17, 2018, the \$783,219 in notes payable to the Chairman, including interest accrued, were paid off in full.

During the nine month period ended September 30, 2018, the Company recorded interest expenses of \$33,219 (2017 - \$58,417) pursuant to the loans payable to related parties.

Due from related party

As of September 30, 2018, the Company has a balance due from the Chairman of \$nil (September 30, 2017: \$7,806). The balance is unsecured, due on demand, and non-interest bearing. Subsequent to September 30, 2017, the balance was fully repaid.

12. COMMITMENTSOperating lease

The Company has obligations under an operating lease for its manufacturing facility in Adelanto, California. The lease term can be extended for another 36 months.

Year	
2018	\$ 81,000
2019	328,860
2020	188,387
	\$ 598,247

13. ECONOMIC DEPENDENCE

During the nine month period ended September 30, 2018, 1 customer (2017 – 2 customers) individually represented 97% (2017 – 19%), 1% (2017- 41%) of total revenue. The sale to these customers represents 94% (2017 – 60%) of total revenue.

14. SUBSEQUENT EVENT

PLUS PRODUCTS INC.

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited

(Expressed in US Dollars)

For the nine month period ended September 30, 2018

Subsequent to the period ended September 30, 2018, the Company granted 1,200 options to acquire Proportionate Voting Shares. The options have a term of 10 years, exercise price of \$300 and 300 vest within the next 12 months while the remaining options vest over the period of 3 years following the grant.

On October 26, 2018, the Company completed an initial public offering on the CSE. The Company issued 6,153,847 Subordinate Voting Shares, at CAD\$3.25 each, raising gross proceeds of CAD\$20,000,003 (\$15,270,522). Fees were CAD\$1,206,782 (\$921,409) for a net raise of CAD\$18,793,221 (\$14,349,113). The agents on the public offering received warrants for 299,300 shares at CAD\$3.25.