

August 20, 2020



Exactus, Inc. Reports Second Quarter 2020 Financial Results and Conference Call

Second Quarter 2020 Highlights

- Total Net Revenue of \$531,240
- Continuation of Sales & Marketing Buildout
- White Label Division Launch
- European Sales Expansion
- Strengthened the Balance Sheet

DELRAY BEACH, Fla., Aug. 20, 2020 (GLOBE NEWSWIRE) -- Exactus, Inc. (OTCQB: EXDI) (the "Company") a leading supplier of hemp-derived ingredients (CBD/CBG) and feminized hemp genetics, reported its financial results for the second quarter 2020 and conference call dial-in information.

During the second quarter of 2020, Exactus continued to generate year over year revenue growth through a time of pandemic.

Focusing on core competencies of bulk raw ingredients, the company has built a solid pipeline of potential opportunities and has been successful in selling into the European market.

The company has continued to attract top talent with the additions Daniel Alberttis as Chief Operating Officer, Mark Alouf as Director of Sales, and recruited Sonya Bain as Sales Manager and Product Specialist to facilitate the growth and manage large scale accounts.

With these additions, the Company will be directing its efforts to specialty ingredients, and white label business to expand its customer base and leverage its relationships to drive more profitable and scalable revenue.

Emiliano Aloï, Interim CEO of Exactus stated, "We are happy to see that our strategic shift is bringing fundamental and tangible results. Our board and management team have worked closely and diligently to achieve this transition. We feel that we are coming together as a company and bringing forth the solutions that our clients and shareholders want. Our year over year sales are up, our burn is down, and our debt is shrinking. Specifically, we are very

proud of our new integrated CRM, sales, and E-commerce integration that Mark Alouf and his team have put together, and of Sonya Bain's leadership in launching our white label division. These are the results that we need to strengthen our position in the market and to enable Exactus to engage in its M&A growth strategy."

Second Quarter 2020 Financial Summary

Total net revenue for the second quarter 2020 was \$531,240 versus \$139,683 in the prior year. The increase in revenue was primarily attributable to the build out of sales and marketing. Net loss for the quarter was -\$1,529,070 versus -\$955,226 million in the prior year. The net loss for the second quarter 2020 was due, primarily, to non-cash expenses for stock-based compensation.

Conference Call

Management will hold a conference call on Thursday, August 20, 2020 at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss its second quarter 2020 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 13708862.

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 13708862.

The conference call will be broadcast and available for replay on the investor relations section of the Exactus' website and at <http://public.viavid.com/index.php?id=141347>.

To learn more about Exactus, Inc., visit the website at www.exactushemp.com.

About Exactus:

Exactus Inc. (OTCQB:EXDI) is a leading producer and supplier of hemp-derived ingredients and feminized hemp genetics. Exactus is committed to creating a positive impact on society and the environment promoting sustainable agricultural practices. Exactus specializes in hemp-derived ingredients (CBD/CBG/CBC/CBN) and feminized seeds that meet the highest standards of quality and traceability. Through research and development, the Company continues to stay ahead of market trends and regulations. Exactus is at the forefront of product development for the beverage, food, pets, cosmetics, wellness, and pharmaceutical industries.

For more information about Exactus: www.exactushemp.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, 2019 filed with the Securities and Exchange Commission (the "SEC") on May 22, 2020, 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 Exactus, including statements concerning harvest expectations, the impact of Exactus' acquisition of Green Goddess, LeVor Collection, and interests in the 2019 harvest on its supply and product line expansion, Exactus' ability to monetize its harvest, Exactus' ability to expand its product lines and brands, the amount of future orders for Exactus products, and Exactus' future revenue, gross margins and working capital. 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 Exactus 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 Exactus may be found in Exactus' 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. Any forward-looking statement speaks only as of the date on which such statement is made, and Exactus 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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Condensed Balance Sheets (Unaudited) - USD (\$)	Jun. 30, 2020	Dec. 31, 2019
Current Assets:		
Cash and cash equivalents	\$298,754	\$18,405
Accounts receivable, net	42,895	55,725
Accounts receivable - related party	107,660	18,860
Inventory	340,528	1,337,809
Prepaid expenses and other current assets - current	60,114	248,776
Prepaid expenses and other current assets - related party - current	622,159	622,160
Due from related parties	0	127,500
Total current assets	1,472,110	2,429,235
Other Assets:		
Deposits	0	80,000

Prepaid expenses and other current assets - long term	9,589	0
Prepaid expenses and other current assets - related party - long-term	2,175,000	2,492,045
Property and equipment, net	405,775	477,433
Intangible assets, net	1,656,894	2,147,311
Operating lease right-of-use assets, net	310,694	390,810
Total other assets	4,557,952	5,587,599
TOTAL ASSETS	6,030,062	8,016,834
Current Liabilities:		
Accounts payable	2,026,841	1,442,409
Accounts payable - related party	454,511	454,511
Accrued expenses	589,148	238,010
Unearned revenue -related party	0	215,000
Notes payable - current portion	90,755	0
Note payable - related parties	78,017	55,556
Subscription payable	250,000	250,000
Convertible notes, net of discounts	575,979	85,906
Derivative liability	468,387	880,410
Interest payable	39,332	16,677
Due to related party	84,500	0
Operating lease liabilities, current portion	178,541	169,869
Total current liabilities	4,836,011	3,808,348
Long Term Liabilities:		
Convertible notes payable	0	100,000
Notes payable - long-term portion	244,755	0
Operating lease liabilities, long-term portion	132,154	220,942
Total long term liabilities	376,909	320,942
TOTAL LIABILITIES	5,212,920	4,129,290

Condensed Statements of Operations and Comprehensive Loss (Unaudited) - USD (\$)	3 Months Ended		6 Months Ended	
	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
Income Statement				
Net revenues	\$531,240	\$99,164	\$1,051,440	\$115,144
Net revenues - related party	0	40,519	315,800	40,519
Net revenues	531,240	139,683	1,367,240	155,663
Cost of sales	562,270	0	1,604,743	0
Cost of sales - related party	60,000	103,187	417,783	115,787
Total cost of sales	622,270	103,187	2,022,526	115,787
Gross profit (loss)	(91,030)	36,496	(655,286)	39,876
Operating Expenses:				
General and administration	760,306	622,079	1,820,893	1,274,288
Selling and marketing expenses	132,110	176,602	413,000	228,480
Professional and consulting	552,197	330,891	1,280,068	2,211,038
Research and development	0	11,975	0	26,975
Total operating expenses	1,444,613	1,141,547	3,513,961	3,740,781
Loss from Operations	(1,535,643)	(1,105,051)	(4,169,247)	(3,700,905)
Other Income (Expenses):				

Derivative gain (loss)	249,982	0	356,468	(1,454,729)
Gain on extinguishment of debt, net	39,142	0	39,142	0
(Loss) gain on settlement of debt, net	(16,500)	0	(23,000)	3,007,629
Interest expense	(420,675)	(2,519)	(709,141)	(369,432)
Total Other Income (Expenses), net	(148,051)	(2,519)	(336,531)	1,183,468
Loss Before Provision for Income Taxes	(1,683,694)	(1,107,570)	(4,505,778)	(2,517,437)
Provision for income tax	0	0	0	0
Net Loss	(1,683,694)	(1,107,570)	(4,505,778)	(2,517,437)
Net Loss attributable to non-controlling interest	154,624	152,344	310,443	187,948
Net Loss Attributable to Exactus, Inc.	(1,529,070)	(955,226)	(4,195,335)	(2,329,489)
Deemed dividend on Preferred Stock	0	0	0	(904,450)
Net Loss available to Exactus, Inc. common stockholders	\$(1,529,070)	\$(955,226)	\$(4,195,335)	\$(3,233,939)
Net Loss per Common Share - Basic and Diluted	\$(0.03)	\$(0.03)	\$(0.10)	\$(0.09)
Net Loss attributable to non-controlling interest per Common Share - Basic and Diluted	0	0	(0.01)	(0.01)
Net Loss available to Exactus, Inc. common stockholders per Common Share - Basic and Diluted	\$(0.03)	\$(0.03)	\$(0.09)	\$(0.12)
Weighted Average Number of Common Shares Outstanding: Basic and Diluted	48,203,183	35,203,356	46,757,076	27,227,822

Condensed Consolidated Statements of Cash Flows
(Unaudited) - USD (\$)

6 Months Ended
Jun. 30, 2020 Jun. 30, 2019

Cash Flows From Operating Activities:

Net loss \$(4,505,778) \$(2,517,437)

Adjustments to reconcile net loss to cash used in operations:

Depreciation	53,787	11,851
Derivative (gain) loss	(356,468)	1,454,729
Gain on extinguishment of debt, net	(39,142)	0
Stock-based compensation	1,023,303	2,083,638
Bad debt expense	51,470	0
Impairment expense	57,871	0
Inventory reserve	660,000	0
Amortization of prepaid stock-based expenses	378,138	0
Amortization of discount and debt issuance costs for convertible notes	579,115	339,806
Amortization of intangible assets	490,417	299,355
Amortization of operating lease right-of-use assets	80,116	0
Non-cash interest expense	90,000	0
Loss (gain) on settlement of debt	23,000	(3,007,629)

(Increase) decrease in operating assets:

Accounts receivable	(38,640)	(69,914)
Accounts receivable - related party	(88,800)	(40,519)

Inventory	337,281	(1,047,781)
Advance to supplier - related party	0	(820,108)
Prepaid expenses and other current assets - current	127,570	(289,227)
Prepaid expenses and other current assets - long term	(9,589)	0
Deposit	40,000	0
Increase (decrease) in operating liabilities:		
Accounts payable	561,432	105,400
Accounts payable - related party	0	6,762
Accrued expenses	351,138	0
Unearned revenues	(215,000)	0
Interest payable	28,815	6,746
Operating lease liabilities	(80,116)	0
Net Cash Used In Operating Activities	(400,080)	(3,484,328)
Cash Flows From Investing Activities:		
Purchase of membership interest in subsidiary	0	(1,000,000)
Purchase of property and equipment	0	(385,382)
Net Cash Used In Investing Activities	0	(1,385,382)
Cash Flows From Financing Activities:		
Advances from related party	97,000	30,000
Repayments on related party advances	(12,500)	0
Proceeds from sale of Common Stock	350,000	5,478,838
Payments of principal on notes payable	0	(11,129)
Proceeds from issuance of notes payable	355,929	14,229
Payments of principal on convertible notes	(110,000)	(186,443)
Proceeds from issuance of convertible notes, net of issuance cost	0	206,900
Net Cash Provided By Financing Activities	680,429	5,532,395
Net increase in cash and cash equivalents	280,349	662,685
Cash and cash equivalents at beginning of period	18,405	1,960
Cash and cash equivalents at end of period	298,754	664,645
Supplemental Cash Flow Information:		
Cash paid for interest and finance charges	11,211	22,890
Cash paid for taxes	0	0
Non-Cash transactions investing and financing activity:		
Proceeds from sale of Series A preferred stock paid directly to settle debts	0	55,090
Convertible notes and interest payable settled by Series A preferred stock issued	0	849,360
Note payable, accrued expense and interest payable settled by common stock issued	83,160	40,616
Convertible notes settled by common stock issued	0	196,000
Common stock issued for purchase of membership interest in subsidiary	0	1,440,000
Increase in intangible assets for subscription payable	0	1,650,000
Initial beneficial conversion feature and debt discount on convertible notes	0	206,910
Preferred deemed dividend	0	904,450
Operating lease right-of-use assets and operating lease liabilities recorded upon adoption of ASC 842	0	506,506
Reduction of operating lease right-of-use asset and operating lease liabilities	\$80,116	\$39,470



Source: Exactus, Inc.