

February 7, 2019



Exactus Releases Annual Shareholder Letter

GLENN ALLEN, VA / ACCESSWIRE / February 7, 2019 / Exactus Inc. (OTCQB: EXDI)

Dear Fellow Shareholders:

Over the last several months the Exactus team and its advisors have been evaluating numerous opportunities and relationships to increase shareholder value.

We are pleased to have identified the rapidly growing hemp-based Cannabidiol (CBD) market as a valuable target for a new company focus. Moving forward we will be developing this opportunity. We will focus on leveraging our recently established relationships to pursue a vertically integrated company that will have control of the entire product life cycle.

This decision was based in part on the passing of The Hemp Farming Act of 2018. The Act was signed into law during December 2018 and removes hemp (cannabis with less than 0.3% THC) from the Schedule I controlled substances list. Following passage, CBD derived from industrial hemp became legal in the US under federal law and in all 50 states, opening the door to develop and sell hemp-based CBD products nationwide

The CBD market is poised for extraordinary growth. The Brightfield Group, an industry leading market research firm, estimates the total CBD market to be ~\$22B in 2022. This includes growth in specialty retailers doubling, and the medical practitioner distribution channel growing by 400% by 2022.

Exactus started 2019 with momentum, entering into a Master Product Development and Supply Agreement with Ceed2Med, LLC (www.ceed2med.com). Ceed2Med owns and utilizes cGMP facilities in the United States and has expertise, resources, skills and experience in growing and processing active phyto-cannabinoid (CBD) rich ingredients into isolates, distillates, water soluble, and proprietary formulations, including full-spectrum and broad-spectrum products. It is important to note that all our CBD products will have a verifiable history and chain of custody from the seed through to the final consumer product. To be clear, our Hemp derived CBD products are grown and cultivated to only produce CBD that will not cause the psycho activity found in THC based cannabis products or cannabis derived CBD, and we have chosen to not engage in the cannabis business which continues to face legal challenges at the federal level.

We also plan to evaluate strategic acquisitions and opportunities to acquire existing retail distribution channels to fast track our growth. Hundreds of small CBD distributors have carved out niche markets which we believe are poised for acquisition in a roll-up strategy, and we have begun to evaluate several potential opportunities.

Our partnership with Ceed2Med provides Exactus a turnkey solution to enter into this explosive market. Our goal is to rapidly establish wholesale and retail sales channels for CBD end-products to be sold to humans, such as nutraceuticals and supplements, as well as pet and farm products for animal health. Exactus expects to offer a number of products including tinctures, edibles, capsules and topical solutions which we expect to begin marketing by the end of first quarter 2019 under our own brand and white label options. These products will be manufactured for us by Ceed2Med.

As a part of our new focus, we have appointed three new board members including Kevin Esval, Jeffrey Thompson and Ken Puzder who bring extensive and successful entrepreneurial backgrounds in investment banking, technology and business to support us as we achieve our goals.

Kevin Esval currently serves as Executive Managing Director and CCO of VelocityHealth Securities, a company he founded in 2000. Prior to founding VelocityHealth Securities, Mr. Esval served as a divisional SVP and COO for UnitedHealth Group where he was instrumental in growing his division from \$0 to \$400 million at his departure.

Jeffrey Thompson is the CEO and Founder of Red Cat Propware Inc., a provider of cloud-based analytics, storage, and services for drone aircraft. Mr. Thompson founded Towerstream Corp. which became publicly traded on the NASDAQ in June 2007 as well as EdgeNet Inc., a privately held Internet service provider which was sold to Citadel Broadcasting Corporation in 1997.

Kenneth Puzder serves as the Chief Financial Officer of Ceed2Med and Co-founder, CFO and Managing Member of the Lutkens Group, LLC. Mr. Puzder specializes in financial leadership, mergers and acquisitions, restructurings and turnarounds. Mr. Puzder previously served in various positions with the Arby's Restaurant Group ("ARG") family of companies, including CFO of AFA Service Corporation.

We are also establishing a world-class advisory board led by Emiliano Aloï. Mr. Aloï is a co-founder of Ceed2Med and previously served as Vice President and Director of Strategic Development for GenCanna Global, Inc. Mr. Aloï is an agribusiness expert skilled in supply and market development.

Our plan is to expand our board of advisors with additional experts that will assist us with CBD, FDA regulatory and product development.

In conclusion, 2019 is looking to be a pivotal year as we embark on this amazing opportunity. I look forward to keeping you updated on our progress as we are eager to launch new products, build out distribution channels, and increase investor awareness and shareholder value.

On behalf of the Exactus management, Board of Directors, and employees, I want to personally thank you for your continued support.

Sincerely,

Phil J Young

Chairman & CEO

For information about our products and availability please call 804-205-5036 or email, cbd@exactusinc.com.

About Exactus:

Exactus, Inc., is a healthcare company pursuing opportunities in two distinct business segments, Hemp derived, Cannabidiol, which is more commonly referred to as CBD. Industrial hemp is a type of cannabis, defined by the federal government as having THC (tetrahydrocannabinol) content of 0.3 percent or less. THC is the psychoactive compound found in cannabis. The company is also developing point of care diagnostics.

Forward Looking Statements:

This letter includes forward-looking statements. Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements. Such risks and uncertainties include, but are not limited to, the impact of competitive firms, the ability to meet regulatory requirements, the ability to manage growth, the ability to acquire and retain clientele, acquisitions of technology, equipment, or human resources, the ability to access new capital, the effect of economic business conditions, and the ability to attract and retain skilled personnel. We are not obligated to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this press release.

Formore information:

Company Contacts:

Corporate Communications Contact:

Tim Ryan, EVP & Director

tryan@exactusinc.com

646.342.6199

Philip J. Young, Chairman and CEO

pyoung@exactusinc.com

SOURCE: Exactus Inc.