



DIXIE BRANDS INC. ANNOUNCES THIRD QUARTER 2018 FINANCIAL RESULTS

DENVER, December 10, 2018 – Dixie Brands Inc. (Dixie or the Company) (CSE: DIXI.U), one of the cannabis industry’s leading consumer packaged goods companies, has announced its financial results for the three-month and year-to-date periods ended September 30, 2018. All figures are stated in U.S. dollars.

“Our revenue growth is accelerating as we realize an increasing return on years of investment in our product portfolio, manufacturing capabilities and distribution network,” said Chuck Smith, President and CEO, Dixie Brands. “With well-recognized brands and over 100 products already being sold in the marketplace, we are well positioned to drive further sales growth through careful deployment of the capital we raised in our recent financing. Our fully-funded business plan targets expansion into four-to-six new U.S. states and Canada in 2019, applying the successful template we have used in the four states where we already operate. We expect continued momentum in our existing markets combined with expansion both in the U.S. and internationally to generate significant growth in revenue and profitability.”

Financial Highlights

- Revenue was \$2,435,000 in the third quarter of 2018, an increase of 110% from \$1,162,000 of revenue in Q3 2017.
- Year-to-date, revenue was \$4,205,000 in 2018, up 60% from \$2,630,000 in the first nine months of 2017. Growth has been driven by increased sales of Dixie’s THC-infused products in Colorado, Maryland and Nevada, as well as the Company’s CBD products.
- Gross profit of \$1,038,000 in Q3 2018 was up 102% from \$514,000 a year earlier, while year-to-date gross profit of \$1,936,000 was up 57% over 2017. As a percentage of revenue, gross profit margin declined by 1% in both the three-month and nine-month periods, to 43% and 46%, respectively, as a result of fluctuations in product mix.
- Net loss attributable to the Company was \$2,404,000 in Q3 2018, compared to \$630,000 in Q3 2017. Year-to-date, a net loss of \$4,696,000 in 2018 compares to \$2,043,000 in 2017. The 2018 results were affected by a non-cash charge of \$2,187,000, which was recorded in Q3 2018, for the conversion of debt into equity, and by expenses of \$803,000 (including \$556,000 incurred in Q3 2018) associated with the reverse takeover, Series C financing and public stock listing completed subsequent to September 30. Factoring out these charges, the Company would have made a small profit in Q3 2018.
- Dixie had \$18,584,000 of cash at September 30, 2018, compared to \$44,000 at December 31, 2017. The higher cash balance reflected the receipt of the majority of proceeds from a financing that closed at the beginning of October.

Operating Highlights

- In the third quarter Dixie re-launched operations in California, a state estimated to account for approximately one-third of the total U.S. cannabis market, following a clarification of regulatory requirements in the state. After having established an inventory of products in the third quarter, the Company expects to begin generating revenue in California in the fourth quarter of 2018.

- Dixie entered into an agreement with Central Garden & Pet, a distributor with access to thousands of retail locations nationwide, to distribute the Company's Therabis line of pet wellness products.
- New products launched during the third quarter included Sour Smash Gummies and Cucumber-Melon Mints, two product line extensions to the Company's award-winning product portfolio and Mindset, a new brand focused on high quality vape and concentrate products.

Dixie also entered into a services contract with executive recruiting firm, Protis Global, to lead the search for additional executives to join the Company's C-Suite. Some of the new positions Dixie is filling are expected to be announced in Q4 2018.

Subsequent to quarter-end

- The Company closed a Series C financing round on October 1, 2018, raising gross proceeds of \$25 million in an oversubscribed, non-brokered private placement.
- Dixie completed a reverse takeover of Academy Explorations Limited on November 27 and began trading on the Canadian Securities Exchange on November 29.

The Company has filed its complete financial statements and management's discussion and analysis at www.sedar.com.

About Dixie Brands, Inc.

Dixie Brands Inc., which has been formulating award-winning THC and CBD-infused products since 2009, is expecting to double its manufacturing and distribution capabilities in 2019 in the U.S. as well as expand internationally, including Canada. Dixie leads the global industry in the development, packaging design, product innovation and quality control for the commercial production of cannabis infused products. While the Company started with a single flagship product, the Dixie Elixir (a THC-infused soda), it is now one of the industry's most recognized consumer brands, expanding to over 100 products across more than 15 different product categories representing the industry's finest edibles, tinctures, topicals and connoisseur grade extractions, as well as world-class CBD-infused wellness products and pet dietary supplements. Dixie's executive team has been instrumental in the formation of the marijuana industry for recreational and medicinal use, serving as founding members on several national regulatory and business-oriented industry organizations. To find out more about Dixie's innovative products, or about how Dixie is building the future of cannabis, visit www.dixiebrands.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this news release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Dixie and its subsidiary entities or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this news release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties.

These risk factors are discussed in detail under the heading "Risk Factors" in the listing statement filed on SEDAR. New risk factors may arise from time to time and it is not possible for management of the

Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, Dixie cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of December 10, 2018. Dixie will update these assumptions at each reporting period and will adjust its forward-looking information as necessary.

The CSE has neither approved nor disapproved the contents of this news release.

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