



Dixie Brands to Bring Cannabis-infused Products to Michigan in a Joint Venture with Choice Labs

- Michigan consumers will soon have access to Dixie's portfolio of more than 100 cannabis-infused products
- Dixie entering agreement with Choice Labs, the state's first vertically integrated cannabis producer
- Michigan has 300,000 medical marijuana patients, and soon opening up to adult recreational use
- First of four-to-six new U.S. states Dixie plans to enter in 2019

DENVER, Feb. 6, 2019 /CNW/ - Dixie Brands Inc. ("Dixie" or "the Company") (CSE: DIXI.U), (Frankfurt: 0QV), one of the cannabis industry's leading consumer packaged goods companies, has announced plans to bring its line of edibles and other THC-infused products to Michigan through a joint venture with Choice Labs ("Choice"). Based in Jackson, MI, Choice is a vertically integrated and licensed marijuana grower, processor and retailer.

Dixie-branded products will be available as early as March 2019 for Michigan's approximately 300,000 medical marijuana patients. Dixie is one of the industry's most recognized consumer brands, with more than 100 products spanning 15 different categories. The initial product list is expected to include tinctures, mints, pressed pills, gummies, topicals and the Company's flagship Dixie Elixir beverages. In the following months, as the adult recreational market becomes fully regulated, Michigan consumers will have access to the complete Dixie line-up shown at www.dixieelixirs.com.

"As Michigan transitions from one of the largest medical marijuana markets in the U.S. towards full legalization for adult recreational use, we have the opportunity to bring Dixie Brands' vast product portfolio into the market. Choice Labs has deep roots within the local community, and their vertically integrated operations and sophisticated extraction techniques make them the ideal partner for this venture," said Chuck Smith, President and CEO, Dixie Brands. "Michigan is the first of several new states we plan to enter in 2019 as we execute on our strategy of expanding our national footprint."

Pursuant to the joint venture agreement, Dixie is granting Choice a license to use Dixie's intellectual property, including its proprietary formulations and preparation methods as well as the associated trademarks, in the State of Michigan. The manufacturing facility will be located at Choice's 10-acre campus in Jackson, and will make use of Dixie's proven "GMP" (good manufacturing practices) and quality control procedures, proprietary formulations and comprehensive lab testing of all products.

Choice will manufacture and sell Dixie's portfolio of products in the state, as permitted by applicable laws. The products will be available to all provisioning centers in Michigan, consistent with the strategy Dixie has successfully employed in other states where its products are typically sold in more than 80% of all dispensaries.

Choice is a family-owned company that has been supplying medical marijuana to the Michigan market since 2017. Choice's CEO and majority owner, Wes Lutz, has been an automotive dealer in Michigan since 1976 and has served on the boards of state and national industry organizations for automotive dealers. With the planned expansion of its growing, processing and retail operations, Choice anticipates adding approximately 20 jobs over the coming 12 months, in addition to the 60 individuals it already employs.

"We are thrilled to be able to offer Dixie products to our customers in Michigan," said Wes Lutz, CEO of Choice Labs. "We have found that a significant portion of Michigan's medical marijuana patients prefer to consume some or all of their cannabis through THC-infused products, and we expect the same to be true in the adult recreational market. Our joint venture with Dixie Brands will enable us to provide these customers with a full range of best-in-class products that are proven to be fully compliant with some of the strictest regulatory regimes in the United States."

Dixie has set a goal to enter four-to-six new U.S. states this year, in addition to the four states (California, Colorado, Maryland and Nevada) where it currently operates. The Company's 2019 expansion plans are fully funded following a \$25 million financing completed in October 2018. Dixie typically contracts with licensed producers in each state in order to establish a strong local presence and ensure full compliance with all legal requirements. Dixie is executing on a similar strategy to grow internationally and build a global "house of brands", evidenced by its recent joint venture agreement with Khiron Life Sciences Corp. to bring the entire Dixie portfolio to the over 600 million citizens of Latin America.

About Dixie Brands, Inc.

Dixie Brands Inc., through its licensed partners, has been formulating award-winning THC and CBD-infused products since 2009, and is expecting to double its manufacturing and distribution capabilities in 2019 in the U.S. as well as expand internationally, including Canada and Latin America. 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.

About Choice Labs

Choice Labs is a leading medical marijuana company licensed by the State of Michigan to grow, process and sell cannabis. Headquartered on a 10-acre campus in Jackson, Choice is Michigan's first vertically integrated cannabis producer, operating a grower facility, a processor facility and multiple provisioning centers. Choice uses a sophisticated CO₂ cannabis extraction technique that is clean, safe, efficient and versatile.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this news release may constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. These statements 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.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (i) there will be no material adverse competitive or technological change in condition of the Company's business; (ii) there will be a demand for the Company's products that the Company has accurately forecast; and (iii) there will be no material adverse change in the Company's operations, business or in any governmental regulation affecting the Company or its suppliers.

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 the date of this news release. The Company undertakes no obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise, other than as required under applicable securities legislation.

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

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