



Dixie Brands announces fiscal 2018 financial results

DENVER, May 1, 2019 /CNW/ - Dixie Brands Inc. ("Dixie" or "the Company") (CSE: DIXI.U), (OTC: DXBRF), (Frankfurt: 0QV), one of the cannabis industry's leading consumer packaged goods (CPG) companies, has announced its financial results for the year ended December 31, 2018. All figures are stated in U.S. dollars.

"The financing and public listing we completed in the final weeks of 2018 set the stage for a breakout year in 2019," said Chuck Smith, President and CEO, Dixie Brands. "Dixie accomplished a lot as a private company, building up an industry-leading portfolio of more than 100 commercialized products. We are very excited by our opportunities to invest our capital into strengthening our distribution network and market presence to accelerate our growth."

Fiscal 2018 Financial Highlights

- Revenue was \$5,791,451 in fiscal 2018, an increase of 73% from \$3,339,387 of revenue in 2017. Revenue was \$1,586,282 in the fourth quarter of 2018, compared to \$709,677 a year earlier, an increase of 123%. In both periods, increased revenue was driven by our growth in Colorado, Nevada and Maryland as well as our relaunch in California. Both existing and newly developed products contributed to the growth.
- Gross profit of \$3,017,902 in 2018 was up 92% from \$1,575,610 a year earlier. As a percentage of revenue, gross profit margin increased to 52% from 47% in 2017, as a result of improved productivity and increasing sales in our higher margin product lines.

- Net loss attributable to the Company was \$21,238,351 in 2018, compared to \$4,339,938 the previous year. The increased loss was associated in large part with a significant increase in operating and other expenses which were primarily incurred in association with the Company's financing, reverse takeover and public listing activities, including \$16,013,297 of non-cash expenses in accordance with International Financial Reporting Standards.
- Dixie had \$18,361,000 of cash at December 31, 2018, compared to \$44,000 at December 31, 2017. The higher cash balance reflected the receipt of gross proceeds of \$25 million from an oversubscribed, non-brokered private placement completed on October 1.
- Dixie completed a reverse takeover of Academy Explorations Limited on November 27 and began trading on the Canadian Securities Exchange on November 29.

Events Subsequent to Year-End

- Announced entry into the Latin American market through a 50/50 joint venture with Khiron Life Sciences Corp. Dixie-Khiron JV Corp. will seek first-mover advantage by introducing Dixie's product portfolio across Khiron's growing footprint that already addresses 430 million of the region's 620 million people. The Company believes that this joint venture presents a significant long-term growth opportunity.
- Announced that Dixie will be the exclusive U.S. distribution arm for Khiron's award-winning Kuida cosmeceutical line, once applicable regulatory approvals are received.
- Entered the Michigan market through a joint venture licensing agreement with Choice Labs, and proceeded to establish production facilities and place products on shelves within eight weeks from entering into an agreement with Choice, demonstrating the benefits of proven operating procedures, superior formulations and over nine years of experience.
- Continued to innovate with new product announcements including: Aceso Fizz Tabs, a line of CBD-infused dissolvable

drink tablets; Aceso Soothe Balm, a topical cream formulated with full-spectrum hemp oil; Therabis Calm & Quiet CBD-infused soft chew treats for felines; and Dixie Bursts THC-infused pulled taffy.

- Strengthened executive team with the addition of CPG veterans Bob Rubin as President of Therabis, Andrew Floor as VP of Marketing for Dixie Brands and Hilal Tabsh as VP of Marketing and Distribution for Aceso Hemp.

Key Growth Initiatives for 2019

The Company is pursuing a number of initiatives that are expected to result in significant revenue growth in 2019 and in future years. Key objectives for this year include the following:

- Continue to expand the number of dispensaries selling the Dixie Brands portfolio of THC-infused products within the existing U.S. footprint of California, Colorado, Maryland, Michigan and Nevada. California is estimated at one-third of the total U.S. cannabis market and represents a significant growth opportunity for Dixie which re-launched in the state in the final months of 2018.
- Establish operations in four-to-six new U.S. states in 2019, of which Michigan is the first.
- Secure additional distribution agreements for Aceso Hemp and Therabis to grow the presence of both brands in bricks and mortar locations and complement their established e-commerce channels.
- Continue to innovate by introducing new products that take advantage of Dixie's intellectual property and expertise.
- Enter the Canadian cannabis-infused products market by the end of 2019, following the publication of final regulations by Health Canada, through a licensing agreement with Auxly Cannabis.
- Evaluate potential mergers and acquisitions in order to accelerate growth, enter new markets and add new brands.

Mr. Smith added: "We expect to generate growth across all areas of our business in 2019 as the market for cannabis-infused products continues to increase and we take advantage of our leadership position in the space. Key drivers will include our full roll-out across California, our entry into additional U.S. states, and expanded distribution of our CBD brands Aceso Hemp and Therabis. Over the longer term, we anticipate realizing further growth from our Latin American joint venture partnership with Khiron Life Sciences, other international opportunities, and the ongoing cannabis legalization trend in the United States."

The Company has filed its complete fiscal 2018 audited financial statements and management's discussion and analysis at www.sedar.com.

About Dixie Brands, Inc.

Dixie Brands Inc., through its licensed partners, has been formulating award-winning THC and CBD-infused products since 2009. Currently operating in five U.S. states, the Company 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 is a global leader 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

The information provided in this press release may contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. All statements, other than statements of historical fact, made by the Company (or its predecessors) that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: (i) the regulation of the medical and recreational marijuana industry in the United States, Canada, Mexico, Australia, New Zealand, Latin America and other countries in which the Company may carry on its business; (ii) the ability of the Company to obtain meaningful consumer acceptance and a successful market for its products on a national and international basis at competitive prices; (iii) the ability of the Company to develop and maintain an effective sales network; (iv) the success of the Company in forecasting demand for its products or services; (v) the ability of the Company to maintain pricing and thereby maintain adequate profit margins; (vi) the ability of the Company to achieve adequate intellectual property protection; (vii) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and (viii) other risks described from time to

time in documents filed by the Company with securities regulatory authorities, including the Company's listing statement dated November 23, 2018.

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.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements as no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including the risks described above. Consequently, all forward-looking statements made in this press release are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to herein should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

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

SOURCE Dixie Brands, Inc.

View original content to download multimedia:

<http://www.newswire.ca/en/releases/archive/May2019/01/c7431.html>

%SEDAR: 00000372E

For further information: Dixie Brands, Inc., C.J. Chapman, General Counsel and Secretary, cchapman@dixiebrands.com / 303-945-3963; Media Inquiries, Desiree Rosa, MULTIPLY, dixie@wearemultip.ly / 202-292-4566; Media (Canada): Crystal Quast, Vincic Advisors, crystal@vincicadvisors.com / 647-529-6364; Investor Inquiries, Jeff Codispodi, Vincic Advisors, jeff@vincicadvisors.com / 647-278-9376

CO: Dixie Brands, Inc.

CNW 07:23e 01-MAY-19