



Arizona™ Beverages and Dixie Brands Form Strategic Partnership to Launch Collection of THC-Infused Cannabis Products

The iconic AriZona™ brand becomes the first mega brand to extend into THC cannabis market

DENVER and WOODBURY, NY, Aug. 7, 2019 /CNW/ - Dixie Brands Inc. ([CSE: DIXI.U](https://www.cse.com/quote/DIXI.U)), (OTCQX: DXBRF), (Frankfurt: 0QV), a leading cannabis CPG company, and AriZona, maker of the #1 selling iced tea in America, signed a binding letter of intent on Friday, August 2nd, 2019, to partner for the production, distribution and sale of cannabis-infused products containing tetrahydrocannabinol (THC).

Under the terms of this deal between Dixie Brands Inc., and the AriZona™ brand, through its affiliated entity, Herbal Enterprises, LLC, will direct brand and product conceptual design; while Dixie Brands will develop, formulate, manufacture and distribute the new portfolio of AriZona branded THC infused consumer packaged goods.

"AriZona has always led the way in product innovation," said Don Vultaggio, Chairman, AriZona Beverages. "The cannabis market is an important emerging category, and we've maintained our independence as a private business to be positioned to lead and seize generation-defining opportunities exactly like this one. The Cannabis category is an ideal space to bring the flavor and fun of AriZona into new and exciting products, and we selected Dixie Brands as our partner to bring these products to market after touring their best in class manufacturing facilities, and spending considerable time building a strong relationship with their management. Both companies share a heritage of quality, excellence in manufacturing, and doing things the right way, and we look forward to all this partnership has in store."

"AriZona is a power brand," said Chuck Smith, CEO Dixie Brands, "and the most iconic and recognized CPG brand to extend into the cannabis market, providing the evolving cannabis consumer with a fun and flavorful experience alongside an iconic brand they know and love. For nearly a decade Dixie Brands has crafted award-winning cannabis-infused products creating some of the most recognized and trusted brands in the industry, and we are thrilled to have found a partner that shares our values. This partnership marks a watershed moment for the popularization and expansion of the cannabis sector overall, and is another large step forward for Dixie Brands' strategy to build a house of famous cannabis CPG brands."

Based on the signed letter of intent (LOI), Dixie Brands and AriZona agree to complete definitive agreements within forty-five (45) days after the date of the LOI, or such other date mutually agreed to in writing by the companies, including a license agreement that shall grant Dixie Brands the right to use certain AriZona trademarks, brand and other necessary intellectual property in conjunction with Dixie's extensive formulation, manufacturing and distribution expertise.

In connection with the execution of the binding letter of intent, but subject to the execution of definitive agreements and the receipt of any additional required approvals, AriZona or its affiliate may complete a strategic investment in Dixie Brands through the exercise of warrants granted to AriZona equal to the value of up to USD\$10,000,000 in subordinate voting shares of Dixie Brands at an exercise price of USD \$0.59 for a term of 24 months. Upon signature of the definitive agreement

the company will make an announcement with the details of the agreement.

The initial term of the partnership is three years, with an option to renew for up to two (2) additional terms of two (2) years each.

ABOUT AriZona

AriZona Beverages, founded in Brooklyn, N.Y. in 1992, is proud to be a family owned and operated American company. AriZona's mission is to offer top quality beverages in uniquely designed packages that are accessible and affordable. AriZona Beverages — makers of the number one ready-to-drink Iced Tea in America - holds a unique position in the global beverage industry with its iconic \$0.99 big can and "keeping it real" no frills approach to the consumer market. AriZona never pays for glitzy advertising campaigns to gain consumer loyalty and is constantly ahead of the curve, carving out trends without the use of focus groups and market research. With a loyal following across various demographics, AriZona pulls its own inspiration from its fierce social media following and devoted fan base. To learn more about the AriZona please visit drinkarizona.com; Facebook: AriZonalcedTea; Twitter/Instagram/Pinterest: @DrinkAriZona

ABOUT DIXIE BRANDS, INC

Dixie Brands Inc., (CSE: DIXI.U), (OTCQX: DXBRF), (Frankfurt: 0QV), through its licensed partners, has been formulating award-winning THC and CBD-infused products since 2010. The Company is on track to double its U.S. manufacturing and distribution footprint in 2019, currently operating in 6 U.S. states with plans to expand internationally into Canada and across Latin America by the end of the year. With nearly a decade of operational experience, Dixie Brands leads the global industry in product development, quality control, packaging and the commercialization of cannabis-infused products. While the Company started with a single flagship product, the Dixie Elixir (a THC-infused soda), the portfolio has expanded to include some of the industry's most recognized consumer brands, with 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 Brands' 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 Brands' innovative products, or about Dixie Brands journey to becoming the world's leading CPG company in the cannabis industry, 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.

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