

BR Brands and Dixie Announce Execution of Definitive Agreement

Merger establishes preeminent cannabis CPG company and industry-leading house of brands

GREENWICH, CT and DENVER, CO, April 22, 2020 /CNW/ - Today, BR Brands LLC ("BR Brands"), a premier house of brands within the legal cannabis sector, and Dixie Brands Inc. ("Dixie") ([CSE: DIXI.U](#)), (OTCQX: DXBRF, Frankfurt: 0QV), one of the legal cannabis industry's most recognized consumer packaged goods companies, have entered into a definitive agreement (the "Definitive Agreement") to complete their previously disclosed business combination (the "Transaction"), pursuant to which Dixie will indirectly acquire from BR Brands all of the outstanding voting shares of Mary's Brands ("Mary's"), the creator of such brands as Mary's Medicinals, Mary's Methods, Mary's Nutritionals and Mary's Tails, and certain other assets of BR Brands, including securities of Edgewater Foods, Inc. and Lost County, Inc. The Transaction is expected to close in the third quarter of 2020, subject to satisfaction of all closing conditions, including receipt of required Dixie shareholder and regulatory approvals.

Following completion of the Transaction, BR Brands will own and control approximately 80% of the outstanding voting shares of Dixie, with existing Dixie shareholders holding the balance of the outstanding voting shares. The non-participating voting shares of Dixie will be redeemed as part of the Transaction. Subject to the satisfaction of all applicable listing requirements, it is the intention of the parties that the voting shares of Dixie will, following completion of the Transaction, continue to be listed and posted for trading on the Canadian Securities Exchange as a single class.

The combination will strengthen the balance sheet of the combined entity and is expected to drive upside synergies as well as operational efficiencies, providing long-term, stable growth for shareholders and a best-in-class product portfolio for consumers across the globe.

"Through the combination of BR Brands and Dixie, the resulting entity will represent a dominant platform and preeminent house of brands within the global cannabis consumer packaged goods sector. Combined, the company will boast an unrivaled product offering across one of the largest THC geographic footprints, representing more than 200 SKUs across 10 states and Puerto Rico," said BR Brands Chairman Andrew Schweibold. "It is a challenging economic environment, however the legal cannabis industry continues to thrive and the power of our product portfolio, intellectual property and team position the company to capitalize on the underlying cannabis macro trends and drive value to our stakeholders as the industry continues to mature and consolidate."

Alongside the progression of deal documentation, [BR Brands](#) and [Dixie](#) have initiated key integration initiatives across both companies' portfolios to drive early synergies for existing stakeholders. Current integration efforts are focused on sales, distribution, operations and manufacturing in key states. Beginning with California, significant progress has been made to create a fully integrated sales team and optimize commercial efficiencies via shared distribution capabilities and procurement practices. Plans to combine production operations in California are also underway. Additionally, the combined team is turning its attention to replicating these efforts in other states, including Colorado and Michigan.

"The Transaction is progressing ahead of schedule, and we are already beginning to see the assets come together. They will be managed against the same principles, best practices and standard operating procedures that have successfully guided the two companies individually," said Chuck Smith, President and Chief Executive Officer of Dixie. "Our goal is to build a platform for product innovation, manufacturing, marketing, sales and distribution excellence – for both existing brands and new partners as we continue to grow through acquisition."

The combination of BR Brands and Dixie brings together a portfolio of established and differentiated brands that touch nearly every product segment including edibles, sublinguals, beverages, topicals and inhalables. With more than 200 SKUs, the combined entity's product portfolio is unmatched in the industry and caters to the medicinal and adult-use THC, human CBD and pet/veterinarian cannabis verticals.

On completion of the Transaction, the board of directors of the combined business will be comprised of three nominees of BR Brands and two nominees of Dixie. Chuck Smith will remain the President and Chief Executive Officer and Andrew Schweibold of BR Brands will serve as Chairman of the Board.

Additional terms of the Transaction are disclosed in Dixie's March 9, 2020 press release. The Transaction constitutes a "fundamental change" of Dixie under the policies of the Canadian Securities Exchange and therefore requires approval by the shareholders of Dixie. It is anticipated that an online and physical meeting of shareholders of Dixie will be scheduled for late-June to approve the Transaction. An information circular describing the Transaction in more detail will be mailed to Dixie shareholders in advance of the meeting.

Certain directors and officers of Dixie have entered into voting and support agreements pursuant to which they have agreed, among other things, to vote in favor of the Transaction.

The board of directors of Dixie (the "Dixie Board") has unanimously approved the Transaction and recommends that shareholders of Dixie vote in favor of the resolution to approve the Transaction. As part of its diligent review and consideration of the Transaction, the Dixie Board obtained a fairness opinion from AltaCorp. Capital Inc. (the "AltaCorp Fairness Opinion") stating that, as of the date of the opinion, and subject to the assumptions, limitations, and qualifications contained in the AltaCorp Fairness Opinion, the consideration to be paid by Dixie pursuant to the Transaction is fair, from a financial point of view, to Dixie.

Dixie also announces that it has granted 14,198,926 restricted subordinate voting shares to certain non-executive employees and 597,222 restricted subordinate voting shares to certain directors (collectively, the "Restricted Shares"), in each case at a price of \$0.36 per share, pursuant to the terms of Dixie's 2019 Long-Term Incentive Plan (the "Plan"). The Restricted Shares issued to non-executive employees will vest on January 1, 2021 and the remaining Restricted Shares vest immediately upon grant and are otherwise subject to the terms of the Plan. Further information regarding the Plan can be found in the information circular of Dixie dated May 17, 2019, a copy of which is available at www.sedar.com.

ABOUT BR BRANDS

BR Brands, LLC is a consumer packaged goods platform within the global legal cannabis sector, dedicated to partnering with best-in-class brands that share the same vision of integrity, commitment to consistent dosing and product efficacy. BR Brands is actively deploying new capital into the sector and continues to seek out new partnerships by utilizing a 'buy-and-build' approach to consolidation. Representing one of the largest geographic footprints of cannabis brands to-date, BR Brands centralizes strategic capital allocation and key executive functions to maximize operational synergies across its house of brands, with the goal of driving outsized returns for all stakeholders. The founder and exclusive financial partner of BR Brands is [Rose Capital](#), an investment firm focused on providing strategic capital and operating partnerships across the global cannabis sector. For prospective operators and investors seeking more information on BR Brands, please contact us at info@brbrands.com or visit www.brbrands.com.

ABOUT DIXIE BRANDS

Dixie Brands Inc. is leading the CPG cannabis industry by championing freedom for consumers

around the world. Through its licensed partners, Dixie has been perfecting the art and science of creating award-winning THC and CBD-infused products for nearly a decade. A true multi-state operator currently in California, Colorado, Maryland, Michigan, Nevada and Oklahoma. Dixie's relentless commitment to product innovation from fun to functional has earned the brand a place as one of the industry's most recognized consumer brands. Dixie's portfolio features over 100 products across more than 15 different product categories representing the industry's finest edibles, beverages, tinctures, topicals and connoisseur grade extractions, as well as world-class CBD-infused wellness products and pet supplements. To find out more about Dixie's innovative products, 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 annual information form dated June 21, 2019.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (i) the transaction with BR Brands will be completed on the terms described herein; (ii) there will be no material adverse competitive or technological change in condition of the Company's business; (iii) there will be a demand for the Company's products that the Company has accurately forecast; and (iv) 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 Canadian Securities Exchange has neither approved nor disapproved the contents of this news release.

SOURCE BR Brands LLC

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