Dixie Brands Inc.

Management Discussion and Analysis
For the three and twelve months ended December 31, 2019

This Management Discussion and Analysis ("MD&A") of Dixie Brands Inc. (the "Company" "DBI" "Dixie Brands", or "Dixie") provides analysis of the Company's financial condition and results for the three months and twelve months ended December 31, 2019. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The following information should be read in conjunction with the accompanying audited financial statements and the notes thereto. This MD&A was prepared using information that is current as of June 12, 2020, unless otherwise stated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

The information provided in this MD&A 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 including, without limitation, proposed sales of the Company's products in Michigan, Oklahoma and other United States and foreign jurisdictions, and the development and launch of new products. 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 MD&A 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 MD&A was prepared and approved by management of the Company on June 12, 2020.

Overview of the Company

Based in Denver, Colorado, Dixie Brands is one of the cannabis industry's leading consumer packaged goods ("CPG") companies, crafting award-winning Tetrahydrocannabinol ("THC") and Cannabidiol ("CBD") infused products since its inception in 2010. Starting with its flagship Elixir, the portfolio has grown through unparalleled production heritage and an industry-leading research and development ("R&D") capability to encompass five distinct brands, 15 product lines and over 100 individual products ("SKU's") representing some of the industry's finest edibles, beverages, tinctures, topicals and concentrates as well as world-class CBD-infused wellness products and pet dietary supplements.

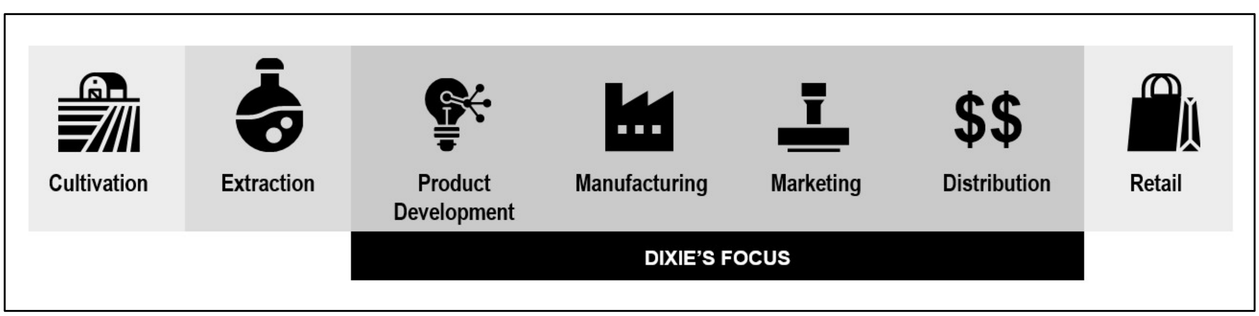
Dixie Brands has established a leadership position in the industry via:

- A proven track record over nearly 10 years in business
- A portfolio of brands that people recognize and trust
- Industry-leading R&D capability, intellectual property ("IP") and related formulations
- Unparalleled heritage and expertise in food-grade manufacturing
- Deep packaging and compliance experience and expertise
- Demonstrated ability to rapidly commercialize new markets and products

Overview of Operations

A Clear and Focused Business Model

Dixie Brands is a true multi-state operator ("MSO"), CPG company focused on high-return segments of the value chain:



Full vertical integration poses a number of challenges, costs and limitations to a world-class CPG company building a portfolio of 'famous brands' where flexibility in raw materials and the ability to maximize retail distribution are fundamental to sustainable success. Dixie optimizes profitable revenue potential by sourcing its raw materials, and by driving availability of its products through all applicable licensed retailers.

With that clearly defined focus, Dixie Brands has established an industry leading position on product development, food-grade manufacturing, quality control, packaging design and commercialization (sales and marketing) of one of the industry's broadest portfolios of consistently high-quality cannabis-infused products.

A True House of Brands

As one of the industry's only true House of Brands (a portfolio of distinct, differentiated brands created for specific consumer audiences and distribution channels), Dixie has built a purposeful consumer-driven portfolio spanning the full cannabis spectrum from 'Fun' to 'Functional' across three distinct business units:

Dixie Brands – THC and CBD infused edibles, topicals and concentrates available in select regulated markets only. Brands include:

- Dixie - Built for Experience Explorers, Dixie encapsulates contemporary cannabis culture providing high quality, consistent, flavorful and indulgent edible products for those looking to discover more from everyday moments.
- Synergy – Purposefully crafted, clean, green and predictably functional infused products for health and wellness worshippers looking to live life to the fullest. Synergy celebrates the entourage effect, thoughtfully combining THC and CBD with other hero ingredients to provide a wholistic experience.
- Mindset – A pointedly effect-based brand in development. Crafted for performance pragmatists who have the fire within, looking to elevate their performance and, chasing their summits, be they athletic, creative or intellectual.

AcesoHemp – Broad spectrum hemp-derived human supplements distributed via direct to consumer ("DTC"), eCommerce and broad market retail channels.

- A brand created to capture the restorative nature of plants, AcesoHemp combines all natural 'Herb to Hemp' ingredients including terpenes, L-theanine, turmeric, glucosamine and B-vitamins to provide a portfolio of products targeting specific outcomes such as anxiety, pain and inflammation.

Therabis – Broad spectrum hemp-derived pet supplements distributed via DTC, eCommerce, broad market pet retail and Veterinary-only channels.

- Originally founded by Dixie with veterinarian Dr Steven Katz, Therabis is a broad-spectrum hemp brand providing natural, efficacious alternative remedies for cats and dogs, offering indication-specific relief via Calming, Mobility and Stop the Itch formulas.

Operating Across Multiple Markets

The Dixie Brands regulated portfolio currently operates through licensed manufacturers in six US states (Colorado, California, Nevada, Maryland, Michigan and Oklahoma). Dixie Brands products are currently sold in more than 1,100 dispensaries across existing markets (with approximately 90% penetration in Colorado, Nevada, Maryland and Michigan).

The AcesoHemp and Therabis hemp-derived product portfolios are currently available nationwide via owned DTC channels and indirectly through third-party distributors and key online plus brick-and-mortar retailers, and on a combined basis are currently available in more than 3,000 retail locations.

Business Strategy

Revenue model

Dixie generates revenue from the regulated industry based on specific contracts with licensed manufacturers for the grant of the right to use the intellectual property rights of Dixie. Revenue from Therabis and Aceso are derived from multiple sales channels including DTC, eCommerce, distributors, wholesalers and broad market retail channels.

Since being publicly listed on the Canadian Stock Exchange on November 29th, 2018, Dixie Brands has aggressively pursued its stated goal of becoming the number one CPG company in the cannabis industry via demonstrated progress against five key strategic imperatives:

1) Optimize Global Reach

Establish a truly global portfolio of consumer brands via purposeful, rapid expansion into new markets organically, via strategic partnerships and/or focused M&A. In 2019, Dixie Brands:

- Opened Michigan, generating revenue less than 60 days after signing the agreement
- Secured Oklahoma, commenced commercial operations by end of January 2020

2) Control Quality by Managing Production

Build manufacturing operations in each market for the regulated portfolio via local licensing agreements or joint ventures with locally licensed partners. Utilize deep experience and robust IP library to establish and accelerate production efficiently and effectively. In 2019, Dixie Brand:

- Increased available SKU's in Michigan, to 21 SKU's
- Launched four additional SKU's into Maryland
- Launched eight additional SKU's into California
- Launched five additional SKU's into Colorado

3) Be Masters of Our Own Destiny

Maximize control over route to market with dedicated sales and marketing efforts in each geography, deploying proven commercial strategic framework via localized team:

- Dominate at retail (brick and mortar and online)
- Build meaningful relationships with budtenders and/or retail staff (non-regulated)
- Engage target audiences directly and digitally
- Fuel word of mouth

To date in 2019, Dixie Brands has:

- Built a strong executive team with deep CPG experience and a demonstrated track record of building brands
- Finalized portfolio architecture, brand definition and consumer profiling underpinning house of brands

4) Satisfy Consumer needs via Innovation

Deploy innovation as a weapon via unparalleled R&D capability, utilizing localized consumer insight to drive new product development and localized consumer feedback to drive ongoing existing product review, refinement and renovation. To date in 2019, Dixie Brands has:

- Launched Dixie Bursts into Colorado, driving 23% market share within first 90 days
- Announced breakthrough in water solubility via proprietary emulsification technique and ingredient management with new brand FUSE, drink additive which has an expected launch planned for early 2020.
- Launched AcesoHemp CBD-infused dissolvable tablets and range of topical creams
- Launched an industry-first in Therabis' CBD-infused feline soft chew targeting a specific indication (stress)

5) Leverage Leadership Position for Growth

Utilize strength of brands and commercial performance to rapidly drive revenue growth organically (increased distribution, accelerated new product launches, enhanced retail presence and recommendation) via focused M&A and strategic partnerships. In 2019, Dixie Brands:

- Finalized definitive agreement with Herbal Enterprises LLC, an affiliate of the AriZona™ brand, bringing two iconic, trusted and innovative brands together for the production, distribution and sales of THC-infused products. The entry of such an iconic CPG brand has been widely recognized as a watershed moment for the cannabis industry, validating Dixie Brands' unparalleled experience and market strategy.

Selected Financial Information

The following is selected financial data derived from the consolidated financial statements of the Company for the three months and twelve months ending December 31, 2019 and 2018.

The selected consolidated financial information set out below may not be indicative of the Company's future performance:

	Three months ended December 31, 2019	Three months ended December 31, 2018	Year to Date December 31, 2019	Year to Date December 31, 2018	Year to Date December 31, 2017
Revenues					
Licensing	$ 2,548,862	$ 1,785,951	$ 9,914,899	$ 4,488,993	$ 1,581,554
Finished Goods	183,750	90,514	857,555	638,814	640,604
Materials and Ingredients	12,130	(271,052)	224,868	411,910	742,557
Other	17,521	(4,490)	99,637	251,734	374,672
Total Revenue	2,762,263	1,600,923	11,096,959	5,791,451	3,339,387
Cost of Goods Sold	1,674,476	504,534	6,564,698	2,773,549	1,763,777
Gross Profit	1,087,787	1,096,389	4,532,261	3,017,902	1,575,610
General and Administrative	1,501,538	10,612,544	16,867,144	14,741,237	3,289,008
Sales and Marketing	813,324	732,753	5,831,479	1,189,618	793,275
Depreciation and Amortization	45,829	29,968	513,978	196,904	251,611
Total Operating Expenses	2,360,691	11,375,265	23,212,601	16,127,759	4,333,894
Loss From Operations	(1,272,904)	(10,278,876)	(18,680,340)	(13,109,857)	(2,758,284)
Total Other (Income) Expense	550,636	6,079,292	1,758,676	8,128,494	1,581,654
Net Loss and Comprehensive Loss Before Non-Controlling Interest	(1,823,540)	(16,358,168)	(20,439,016)	(21,238,351)	(4,339,938)
Non Controlling Interest	**36,849**	**(775,989)**	**(298,927)**	**(945,293)**	**(299,902)**
Net Loss Attributable to Company	**$ (1,860,389)**	**$ (15,582,179)**	**$ (20,140,089)**	**$ (20,293,058)**	**$ (4,040,036)**
Earnings (Loss) Per Share - Basic and Diluted	**$ (0.01)**	**$ (0.28)**	**$ (0.16)**	**$ (0.36)**	**$ (0.10)**
Attributable to Dixie Brands Inc	$ (0.01)	$ (0.27)	$ (0.16)	$ (0.35)	$ (0.09)
Attributable to Non-Controlling Interest	$ -	$ (0.01)	$ -	$ (0.02)	$ (0.01)
Weighted-Average Shares Outstanding - Basic and Diluted	**125,862,932**	**58,349,725**	**125,862,932**	**58,349,725**	**43,296,205**

	December 31, 2019	December 31, 2018	December 31, 2017
Current Assets	$ 7,381,755	$ 21,990,079	$ 2,468,335
Total Assets	$ 9,728,734	$ 24,899,172	$ 6,349,026
Current Liabilities	$ 13,860,788	$ 8,725,423	$ 7,696,698
Total Liabilities	$ 13,860,788	$ 8,963,523	$ 8,561,559

Discussion of Operations

Total Revenue

Revenue for the three months ended December 31, 2019 was $2,762,263, an increase of $1,161,340 (73%) from the fourth quarter of the prior year. Revenue for the twelve months ended December 31, 2019 was $11,096,959, an increase of $5,305,508 (92%) over the prior year.

The increase in total revenue continues to be driven by our sustained presence in Colorado, an established market and our renewed focus on California, a market Dixie re-entered in October 2018. Revenue also has increased due to opening a new market in Michigan at the end of March 2019. Sales growth is attributable to both existing products and the launch of new products, as well as higher penetration into dispensaries.

The Company also developed new distribution channels and routes to market in 2019 for its two CBD subsidiaries, AcesoHemp and Therabis. We expect increased revenue in subsequent quarters from this focused investment.

Revenue is classified as licensing revenue, finished goods, materials and ingredients and other. Licensing revenue is the main driver of the change in revenue recognized in 2019 compared to 2018. Finished goods revenue relates to the sale of the companies CBD Subsidiaries, AcesoHemp and Therabis.

Licensing Revenue

Licensing revenue is derived from affiliate sales of Dixie branded products in their related state and governed by the individual contract between the Company and the affiliate.

Licensing revenue for the three months ended December 31, 2019 was $2,548,862, an increase of $762,911 (43%) from the fourth quarter of the prior year. Licensing revenue for the twelve months ended December 31, 2019 was $9,914,899, an increase of $5,425,906 (121%) over the prior year.

Licensing revenue related to each location is detailed out below.

	Three months ended December 31,		Year to Date December 31,	
	2019	2018	2019	2018
Colorado	$ 1,703,846	$ 1,296,156	$ 6,997,766	$ 3,242,216
California	556,470	225,184	1,819,903	244,975
Maryland	89,362	103,174	385,450	320,845
Nevada	131,181	161,437	516,412	680,957
Michigan	68,004	-	195,369	-
	$ 2,548,862	$ 1,785,951	$ 9,914,899	$ 4,488,993

Colorado

Colorado license revenue for the three months ended December 31, 2019 was $1,703,846 an increase of $407,690 (31%) from the fourth quarter of the prior year. Revenue for the twelve months ended December 31, 2019 was $6,997,766 an increase of $3,755,550 (116%) over the prior year.

The increase in Q4 2019 compared to Q4 2018 was due to higher sales by the Colorado affiliate on Dixie-branded products. These higher sales were achieved by a 9% increased penetration into dispensaries, an increase of 147% of the Dixie Gummy, and a successful introduction of the Dixie Bursts.

The increase in the twelve months ended December 31, 2019 compared to the twelve months ended December 31, 2018 can be attributed to the change in the Colorado affiliate revenue model on July 1, 2018. The new revenue model allowed the Company to recognize a higher percentage of the revenue from the sale of Dixie branded products. Under this model, the Company incurred certain expenses that had previously been allocated to the manufacturer.

California

California license revenue for the three months ended December 31, 2019 was $556,470 an increase of $331,286 (147%) from the fourth quarter of the prior year. Revenue for the twelve months ended December 31, 2019 was $1,819,903 an increase of $1,574,928 (643%) over the prior year.

The California affiliate terminated production of Dixie branded products at the end of 2017. The first three quarters of 2018 sales were related to inventory on hand until a new contract was negotiated. In third quarter 2018 a new agreement was executed, and manufacturing of Dixie branded products started in fourth quarter 2018. The increase in Q4 2019 compared to Q4 2018 was due to a 158% increase in sales by the California affiliate on Dixie-branded products.

Maryland

Maryland license revenue for the three months ended December 31, 2019 was $89,362 a decrease of $13,812 (-13%) from the fourth quarter of the prior year. Revenue for the twelve months ended December 31, 2019 was $385,450 an increase of $64,605 (20%) over the prior year.

The decrease in Q4 2019 compared to Q4 2018 was due to a decrease in mint sales in Q4 2019 of 22%. The decrease was related to a supply of raw materials vs. the demand for the product. The increase in the twelve months ended December 31, 2019 compared to the twelve months ended December 31, 2018 is due to an increase of 44% of the customer base the affiliate sells Dixie-branded products.

Nevada

Nevada license revenue for the three months ended December 31, 2019 was $131,181 a decrease of $30,256 (-19%) from the third quarter of the prior year. Revenue for the twelve months ended December 31, 2019 was $516,412 a decrease of $164,545 (-24%) over the prior year.

The decrease for the three month and twelve months ended December 31, 2019 compared to prior year periods was due to the Nevada affiliate increasing the number of brands it manufactures from three in 2018 to five in 2019 resulting in lower manufacturing capacity for Dixie branded products. Additionally, the Nevada affiliate did not increase the number of sales representatives thereby reducing the focus on Dixie branded products.

Michigan

Michigan license revenue for the three and twelve months ended December 31, 2019 was $68,004 and $195,369, respectively. Michigan is a new market in 2019. Revenue in the second quarter of 2019 was classified in materials and ingredients and reclassified into licensing revenue in the third and fourth quarters.

Finished Goods Revenue

Finished goods revenue relates to the sale of the companies CBD Subsidiaries, AcesoHemp and Therabis.

Finished goods revenue for the three months ended December 31, 2019 was $183,750, an increase of $93,236 (103%) from the fourth quarter of the prior year. Finished goods revenue for the twelve months ended December 31, 2019 was $857,555, an increase of $218,741 (34%) over the prior year.

Finished goods revenue related to each subsidiary is detailed out below.

	Three months ended December 31,		Year to Date December 31,	
	2019	2018	2019	2018
AcesoHemp	$ 36,897	$ 4,263	$ 187,334	$ 25,503
Therabis	146,853	86,251	670,221	613,311
	$ 183,750	$ 90,514	$ 857,555	$ 638,814

The increase in both AcesoHemp and Therabis sales were the result of broader wholesale distribution networks that opened up at the end of 2019. In addition to wholesale sales, AcesoHemp and Therabis were able to list products for sales on Amazon.com during the year which increased the direct-to-consumer sales.

Gross Profit

For the three months ended December 31, 2019 and 2018 gross profit was $1,087,787 and $1,096,389, respectively, a decrease of $8,602. For the twelve months ended December 31, 2019 and 2018 gross profit was $4,532,261 and $3,017,902, respectively, an increase of $1,514,359. As a percentage of revenue, the gross margin for the three months ended December 31, 2019 and 2018 was 39% and 68%, respectively. The gross margin for the twelve months ended December 31, 2019 and 2018 was 41% and 52%, respectively.

The decrease in gross margin for the twelve months ended December 31, 2019 was due to inventory adjustments and the upfront cost of scaling production to meet the increased demand in new markets, California and Michigan specifically. The Company expects a compression in margins as new markets open, with margins ultimately expected to improve as efficiencies and economies of scale are realized.

Total Operating Expenses

For the three months ended December 31, 2019 and 2018, total operating expenses were $2,360,691 and $11,375,265, respectively, a decrease of $9,014,574. For the twelve months ended December 31, 2019 and 2018 total operating expenses were $23,212,601 and $16,127,759, respectively, an increase of $7,084,842.

General and administrative ("G&A") expense for the three months ended December 31, 2019 was $1,501,538 compared to $10,612,544 in 2018, a decrease of $9,111,006. General and administrative expense for the twelve months ended December 31, 2019 was $16,867,144 compared to $14,741,237 in 2018, an increase of $2,125,907.

The increase in G&A expenses was driven by the following items for the twelve months ended December 31, 2019:

- Stock Option Incentives and Share-Based Compensation were $6,504,018 in 2019 and $4,074,871 in 2018. This was a non-cash expense that was the result of the issuance of stock options to key management. In 2018 the share-based compensation was related to the employee incentive plan that was in place prior to the Company becoming a public entity.

- Professional fees were $3,741,495 in 2019 and $1,947,578 in 2018. Professional fees increased due to the higher costs associated with being a public company. Included in the 2019 professional fees were stock and stock options expense on contracts, fees related to the 2018 year-end audit, third party accounting consultants, market makers fees, research and development wages, public relations firms and operations consultants. Included in the 2018 professional fees were derivative liability expense, third party accounting consultants and fees related to the 2016 and 2017 year-end audit.

- Salaries and benefits were $4,311,237 in 2019 and $2,665,705 in 2018. The increase was due to hiring and promoting key executive positions in 2019 to focus on growing revenue in all channels and business lines. Specifically, the new additions included 6 positions at the Vice President level or higher.

- Legal expenses were $601,900 in 2019 and $343,408 in 2018. The increase in legal expenses is due to the regulations and requirements of being a public company, the expansion into new markets and the complexities around the cannabis regulations in current and new markets.

- Travel and entertainment expenses were $479,642 in 2019 and $297,008 in 2018. Increases in travel and entertainment expenses were due to increased headcount and costs associated with entering new markets.

- Bad debt expense is a credit of $103,106 in 2019 and expense of $3,708,095 in 2018. Bad debt was a credit in 2019 due to the estimated credit loss calculation. The estimated credit loss was adjusted due to receipt of payments previously reserved.

- All other general and administrative expenses were $1,331,958 in 2019 and $1,803,150 in 2018. The majority of the decrease in all other general and administrative expenses in 2019 compared to 2018 was that in 2018 a $429,919 discount on notes receivable was expensed within general and administrative expenses.

Sales and Marketing expense for the three months ended December 31, 2019 was $813,324 compared to $732,753 in 2018, an increase of $80,571. Sales and marketing expense for the twelve months ended December 31, 2019 were $5,831,479 compared to $1,189,618 in 2018, an increase of $4,641,861.
Sales and marketing expenses increased as the Company invested heavily to drive sales in all channels.

- Sales and marketing salaries and benefits were $1,874,525 in 2019 and $434,545 in 2018. The Company hired a VP of Sales and a VP of Marketing for Dixie Brands and a VP of Marketing for Therabis in additional to other new sales and marketing team members.

- Consumer and trade marketing spend in 2019 was $3,956,954 compared to $755,073 in 2018. The increase was due to marketing spends to develop the California market, refine brand strategy, marketing studies, enhance the various company websites, tradeshows and events and ad spend to drive Ecommerce sales.

Other Expenses

Other expenses for the three months ended December 31, 2019 was $550,636 compared to $6,079,292 in 2018, a decrease of $5,528,656. Other expenses for the twelve months ended December 31, 2019 was $1,758,676 compared to $8,128,494 in 2018, a decrease of $6,369,818.

- The Company had interest expense for the twelve months ended December 31, 2019 and 2018 of $2,034,926 and $644,598, respectively. The increase in interest expense in 2019 relates to the deferred purchase price from the acquisition of additional equity in Therabis.

- In 2018, the Company had a one-time expense relating to the listing expenses incurred during the reverse take-over with Academy of $6,695,137.

Non-Cash Expenses

Non-cash expenses were $49,397 for the three-month period ending December 31, 2019 and $7,927,787 for the twelve-month period ending December 31, 2019. These non-cash expenses were related to depreciation and amortization and the issuance of stock and stock options to key management and third-party consultants.

Current Assets

Current assets decreased by $14,608,324 from December 31, 2018 to December 31, 2019. The majority of the decrease can be attributed to the cash payments relating to the acquisition of additional equity in Therabis, LLC, the reimbursement of the Auxly prepaid licensing fees, payment of third-party consultants, as well as operating expenses.

Current Liabilities

Current liabilities increased by $5,135,365 from December 31, 2018 to December 31, 2019. The majority of the net increase is due to the deferred closing payment and interest on the Therabis acquisition of $5,460,824, increase in High Street Capital notes payable of $2,600,000, accounts payable of $1,278,918, offset by the repayment of Auxly licensing fees of $3,250,000.

Historical Data

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Revenues	$ 937,572	$ 817,558	$ 2,435,398	$ 1,600,923	$ 2,218,175	$ 2,995,310	$ 3,121,211	$ 2,762,263
Loss From Operations	(514,219)	(1,777,241)	(539,521)	(10,278,876)	(6,682,160)	(6,424,291)	(4,300,985)	(1,272,904)
Net Loss and Comprehensive Loss Before Non-Controlling Interest	(817,954)	(1,575,752)	(2,486,477)	(16,358,168)	(6,673,692)	(6,919,619)	(5,022,165)	(1,823,540)
Non Controlling Interest	(10,234)	(77,478)	(81,592)	(775,989)	(79,356)	(150,062)	(106,358)	36,849
Net Loss Atrributable to Company	$ (807,720)	$ (1,498,274)	$ (2,404,885)	$ (15,582,179)	$ (6,594,336)	$ (6,769,557)	$ (4,915,807)	$ (1,860,389)
Earnings (Loss) Per Share - Basic and Diluted	$ (0.02)	$ (0.04)	$ (0.05)	$ (0.28)	$ (0.05)	$ (0.06)	$ (0.04)	$ (0.01)
Attributable to Dixie Brands Inc	$ (0.02)	$ (0.03)	$ (0.05)	$ (0.27)	$ (0.05)	$ (0.05)	$ (0.04)	$ (0.01)
Attributable to Non-Controlling Interest	$ -	$ -	$ -	$ (0.01)	$ -	$ -	$ -	$ -
Weighted-Average Shares Outstanding - Basic and Diluted	44,761,432 **	44,786,711 **	46,687,223 **	58,349,725	125,038,597	125,711,190	126,196,426	125,862,932

*Due to reclassifications of revenue at year-end, certain quarters will have immaterial differences to previously released financial information. Revenue for the entire year is correctly stated.
**Note that all shares outstanding have been converted to the port-RTO amounts, each share converted to 10.535.

Revenue by Quarter

The general factors that cause quarterly variations in revenue are organic growth, new product introductions, expansion into new states, impacts of changes to the revenue model in Colorado and the general seasonality of the business where as the Company experiences higher growth during the summer months and certain holidays in Q2 and Q3.

Net Loss Before Non-Controlling Interest by Quarter

The general factors that cause quarterly variations in the net loss before non-controlling interest are available funding to drive revenue growth through increased investing in sales and marketing efforts and general and administrative spends. Some of the other factors include the cost of going public in Q4 2018 and supporting the higher cost structure. In 2019 the Company engaged in cost reductions during Q3 and

Q4 2019, specifically in general and administration expense. This approach resulted in $5,409,256 less of a net loss in Q4 2019 compared to Q1 2019.

Significant Events

The following material events occurred in 2019:

Corporate Developments

January 29th – Dixie Brands listed its shares on the Frankfurt Stock Exchange, one of the world's largest trading centers for securities, under the trading symbol OQV.

June 26th – Dixie Brands announced that its subordinate voting shares will commence trading on the OTCQX Best Market under the symbol DXBRF. The Company also announced that its subordinate voting shares are now eligible for electronic clearing and settlement in the US through the Depository Trust Company, otherwise known as the DTC.

September 23rd – Dixie Brands Announces Warrant Extension to October 1, 2020.

November 18th – The Company formed a wholly owned subsidiary DB Oklahoma, LLC.

Key Changes to the Leadership Team

January 7th – Veteran consumer marketing executives Andrew Floor (Treasury Wine Estates + Campari) and Hilal Tabsch (Red Bull) joined the Dixie Brands team.

January 14th – Pet food and CPG veteran Bob Rubin joined the Dixie Brands leadership team as the first President of Therabis, Dixie's hemp-infused Pet Wellness subsidiary. Bob Rubin subsequently separated from the Company on September 30, 2019.

June 4th – CPG veteran Greg Robbins joined Dixie Brands from Red Bull North America as Chief Financial Officer.

Establishing Innovation as a Weapon

February 19th – Dixie Brands subsidiary Aceso Hemp launched a line of broad-spectrum hemp derived CBD dissolvable drink tablets (Fizz Tabs) in Calm, Soothe and Wellness formulations and entered the topicals category with a new CBD-infused Soothe balm.

February 25th – Dixie Brands subsidiary Therabis entered the $2 billion feline treat market with first-ever CBD-infused soft chew cat treat targeting a specific indication.

April 5th – Dixie Brands expanded its industry leading regulated THC-infused edibles line with the launch of Dixie Bursts, pulled taffy chews into CO.

May 30th – Dixie Brands subsidiary Therabis announced the launch of its increased strength 'Therabis Veterinarian Formula' versions of its existing canine and feline product range, available only via licensed

Veterinarians. The range will include higher concentrations of cannabinoids and other approved natural ingredients for more targeted therapeutic value.

July 25th – Dixie Brands announced a breakthrough in THC water solubility via a proprietary emulsification technique and enhanced ingredient management delivering improved uptake of cannabis-infused liquids. Dixie will showcase this breakthrough in a new range of drink additives called FUSE in Q1 2020.

December 5th – Dixie Brands wholly-owned subsidiary Aceso secures patent for scientific breakthrough in cannabinoid delivery from the United States Patent and Trademark Office. The patent, entitled 'Cannabinoid Emulsion Product and Process for Making the Same', encompasses a broad set of popular formats and formulations providing for the delivery of cannabinoids, along with nutrients, supplements and vitamins in effervescent powder and/or aqueous liquid forms.

Expanding our Reach into new territories and channels

January 30th – Dixie Brands entered into a transformative Joint Venture with Khiron Life Sciences establishing an early mover advantage for its portfolio of THC and CBD infused products where legal across Latin America and securing an additional revenue stream via the distribution of Khiron's Kuida Cosmeceutical brand to the federally legal US CBD cosmetic market.

February 6th – Dixie Brands announced a Joint Venture with Choice Labs to bring portfolio of cannabis-infused products to more than 300,000 registered medical marijuana patients in Michigan.

May 30th – Dixie Brands subsidiary Therabis announced that its hemp-based Pet supplements will be made available to Veterinarians across the USA through a distribution agreement with Vedco Inc.

June 6th – Dixie Brands subsidiary Aceso Hemp secured distribution for its broad-spectrum hemp-based supplement portfolio across Alaska via a new agreement with Bill's Distributing.

June 11th – Dixie Brands continued its drive into new geographies with the announcement of an agreement with Globus Holdings to manufacture and sell Dixie Brands regulated THC and CBD-infused products in Oklahoma beginning in Q4 2019. This will be the sixth state in Dixie's growing US footprint.

August 7th – Dixie Brands and AriZona Beverages announced a strategic partnership to launch a collection of THC-infused cannabis products.

August 19th – Dixie Brands subsidiary AcesoHemp expanded its distribution into California and Nevada with Power Distribution LLC.

November 14th – Dixie Brands' AcesoHemp expanded its distributor network with Colorado's Sunrise Beverage.

November 14th – the Company finalized the supply agreement with Herbal Enterprises LLC, an affiliate of the AriZona™ brand. A collection of THC-infused branded products is expected to be launched in 2020.

November 19th – Dixie Brands finalized entry into the rapidly growing Oklahoma market. Dixie branded products expected on shelves in January 2020.

November 21st – Dixie Brands' AcesoHemp expands retail distribution across 5 US states with ranging in 120 Huck's Markets.

Other Significant News

March 28th – Dixie Brands won another industry quality award with the Best Beverage award for Dixie's Fruit Punch Elixir from High Times.

April 10th – Dixie Brands builds on industry leadership position by announcing it's 'Go Green' initiative to highlight the impact the industry is having on the environment and to make a commitment to transition Dixie towards a more sustainably and environmentally friendly future. The announcement included 7,000 Budtender kits, a partnership with Clean Green certification and a commitment to support the One Tree Planted charity to the value of $25,000 for re-forestation efforts in Northern California and Colorado.

April 25th – Dixie Brands to host 'Future of CBD and Cannabis' Lounge at FounderMade Discovery show in New York City. With a major focus on education and information, Dixie's installation will showcase its full portfolio to over 2000 of the most influential trade, media and consumers on the East Coast.

May 28th – Dixie Brands subsidiary Therabis announced that it has been selected to partner in a clinical trial at the University of Pennsylvania's School of Veterinary Medicine to study the effectiveness of cannabinoids to treat dogs for joint immobility.

August 28th – The Company received $1,000,000 of cash in the form of an unsecured, non-dilutive loan (the "Loan") bearing annual simple interest at 12% from a new strategic funding partner. The Loan is contemplated to be the first part of a broader financing plan, as the Company is in discussions with this partner relating to the same.

October 30th, November 11th and November 25th – Dixie executed three promissory notes ("Loans") totaling $1,500,000, each for $500,000 in favor of a third-party strategic lender. The Loans are interest bearing at 10% and principal and interest will be due one year from the date of the note. The financing is non-dilutive, unsecured loan with a strategic unrelated party. This loan is part of a strategic financing initiative between the parties.

January 23rd, 2020 – Dixie Brands reconstitutes its Board of Directors with the departure of long standing members, Vincent Keber and Devin Binford, and the appointment of Dan Phaure, the Chief Operating Officer of Heritage Cannabis with 20 years of corporate experience, providing strategic guidance in relation to M&A activity, capital transactions and operational changes with companies in North America, Europe and Asia.

March 9th, 2020 – BR Brands and Dixie agree to combine, bringing together two highly recognized portfolios including the iconic Mary's and Dixie brands, creating a market-leading CPG platform. Under the terms of the deal, BR Brands will combine operations with Dixie by assuming the publicly traded platform via a reverse takeover. This transaction, expected to be completed by the third quarter of this year, will create one of the cannabis industry's most comprehensive established house of brands.

April 22nd, 2020 – BR Brands and Dixie announce execution of Definitive Agreement to complete their previously disclosed business combination. 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. 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.

Outlook

Dixie Brands made significant investments through the first three quarters of 2019 in order to establish the critical foundation for long term growth based on clearly defined priorities including establishing a strong leadership team and driving geographic expansion. Industry headwinds increased through the year due to changing capital requirements prioritizing increased attention to profitability & positive cash flow over rapid expansion, in Q3 2019 the company shifted focus to ensure the platform would become self-sustaining by Q4 2020. The introduction of the 'Road to Profitability' strategy and the accompanying revised approach to capital allocation had an immediate impact demonstrated in the full year results. Revenue growth of 43% for Q4 2019 vs Q4 2018 was underpinned by material cost management driving a 79% reduction in total operating loss over the same period, a trend Dixie's management fully expects to continue into Q1 2020.

In order to solidify Dixie's platform for long-term, stable growth for our shareholders, the company has continued to explore capital markets and strategic partnership options with the goal of building on the solid foundations established through 2019 and funding accelerated revenue growth for 2020 and beyond. To that end Dixie engaged in exploratory discussions with various cannabis companies in the United States and Canada. During those discussions, and after careful consideration by Dixie's management, it became increasingly apparent that a business combination with BR Brands was in the best interest of shareholders and Dixie and the proposed merger was announced on March 9, 2020.

Under the terms of the proposed deal, BR Brands will combine operations with Dixie by assuming the publicly traded platform via a reverse takeover. This transaction, expected to be completed early in the third quarter of 2020, will create one of the cannabis industry's leading CPG platforms, strengthening the balance sheet of the combined entity and 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.

The combined company establishes one of the cannabis industry's most comprehensive 'house of brands' anchored by two of the most iconic consumer franchises in the market, Dixie and Mary's. The portfolio also boasts two emerging Californian brands in Rebel Coast and Defonce, a deep CBD program including the Aceso and Therabis brands, and the strategic partnership with Herbal Enterprises, LLC, an affiliate of the AriZona brand. An unrivaled leadership team with deep CPG, Financial and Capital Market experience will guide one of the largest installed manufacturing and distribution footprints for infused products in the cannabis industry with an addressable regulated market spanning 12 US states and territories.

Related Party Transactions

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Left Bank LLC d/b/a Dixie Elixirs & Edibles ("Left Bank")

One Director of the Company, Vincent 'Tripp' Keber III, is the sole owner of Left Bank.

The Company purchased intellectual properties from Left Bank in 2015 for $1,000,000.

The Company leases the facility for DBI from Left Bank under a sub-lease agreement that expired in November 2018. Currently the Company leases the building under a month to month agreement. Annual rent is not to exceed $214,462. Total rent expense paid to Left Bank for the year ended December 31, 2019 and 2018 is $214,462 and $192,415, respectively. Left Bank holds inventory on behalf of the Company at the facility for a total amount of $89,004 at December 31, 2019 and $111,253 at December 31, 2018.

As of December 31, 2019, there are no maturing notes receivables due from Left Bank (the "Left Bank loans"). The Company has not identified any significant increases in the credit risk of the Left Bank loans. Therefore, the Company has evaluated the Left Bank loans as a Stage 1 financial asset and have estimated the twelve-month expected credit loss on the loan to be 10%. An expected credit loss provision of $219,807 has been taken on the Left Bank loans as of December 31, 2019.

In addition to the above arrangements between the Company and Left Bank, DBI incurred shared expenses with Left Bank for accounting services provided by DBI accounting team and consultants for $120,000 and $126,000, respectively, for the years ended December 31, 2019 and 2018. The Company also incurred various other shared expenses with Left Bank for $229,963 and $393,511 for the years ended December 31, 2019 and 2018, respectively.

In addition to the above arrangements between the Company and Left Bank, Left Bank incurred shared expenses with DBI for facility maintenance and research and development services provided by Left Bank employees for $389,239 and $nil, respectively, for the years ended December 31, 2019 and 2018.

Purchases and sales between Left Bank and DBI are recorded in accounts payable or accounts receivable. For the year ended December 31, 2019 the Company earned $6,997,776 of packaging revenue. DBI also incurred $4,042,426 of cost of goods sold reimbursements. During the year ended December 31, 2018, the Company earned $3,242,216 of packaging revenue and $143,470 of raw materials and ingredients resale revenue.

At December 31, 2019 and December 31, 2018, the Company had $3,875,214 and $2,793,198, respectively of accounts receivable from Left Bank.

Silver State Wellness

Silver State Wellness owns 30% of DBPN. In October 2016, DBPN issued $675,000 under a note receivable bearing interest at 12% to Silver State Wellness. DBPN had non-interest-bearing advances receivable from Silver State Wellness for $659,387 as at December 31, 2019 and December 31, 2018.

As of December 31, 2019, $1,334,387 in Silver State Wellness notes receivables ($675,000 in principal) and non-interest-bearing advances ($659,387 in principal) (the “SSW loans”) have matured but remain unpaid. As a result, the Company assessed the credit risk of the Silver State Wellness loans as having been significantly deteriorated. Therefore, the Company evaluated the SSW loans as a Stage 3 credit impaired financial asset and have estimated the lifetime expected credit loss on the SSW loans to be 100%. An expected credit loss provision of $1,334,387 has been taken on the SSW loans as of December 31, 2019.

DBPN has equity contributions receivable of $228,263 as at December 31, 2019 and December 31, 2018 from Silver State Wellness. At December 31, 2019 and December 31, 2018, the Company had $517,427 and $1,107,741, respectively of accounts receivable from Silver State Wellness including $22,564 of affiliate packaging revenue and $nil of materials and ingredients resale revenue. The Company also incurred $129,103 of cost of goods sold reimbursement due to Silver State Wellness based on the licensing agreement.

DBI has $10,006 worth of accounts receivable from Silver State Wellness as at December 31, 2019 and December 31, 2018.

Rose Capital Fund

Rose Capital Fund owned 25% of Therabis as of December 31, 2018. On January 2, 2019 DBI purchased Rose Capital Fund’s 25% share of Therabis.

Auxly Cannabis Group Inc

Two former Directors of the Company, Michael Lickver and Hugo Alves, are officers of Auxly. During the year ended December 31, 2018 the Company entered into a licensing agreement with Auxly and received a prepayment of $4,000,000. During the year ended December 31, 2019, $3,250,000 had been returned to Auxly.

The Company amended the initial agreement with Auxly to exclude the exclusive rights in Mexico and paid $375,000 for those rights.

Related party advances and notes receivable:

Related party advances and notes receivable consist of the following:

	2019	2018
Left Bank	$ 1,592,048	$ 1,755,886
Silver State Wellness	675,000	675,000
Total Related Party Notes Receivable	2,267,048	2,430,886
Related Party Advances to Left Bank	97,155	97,155
Related Party Advances to Silver State Wellness	656,887	656,887
Less: Present Value Adjustments on Notes Receivable	269,095	429,919
Less: Allowance on Related Party Advances	1,563,911	1,480,565
Total Related Party Advances and Notes Receivable	$ 1,188,084	$ 1,274,444

DBI holds two notes receivable from Left Bank. The first note for $633,333 and the second note is for $958,715. During the prior year, both notes receivables were extended to June 2022. The notes accrue interest at 2% per annum and are payable at maturity in June 2022. Interest on these notes is not significant as at December 31, 2019 and December 31, 2018.

Compensation of key management personnel:

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors.

	2019	2018
Management Compensation	$ 624,750	$ 621,365
Stock Incentives	2,256,044	2,362,780
Share-Based Payments	-	1,712,091
	$ 2,880,794	$ 4,696,236

Financial Risk Management

Market risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/ or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

The Company's exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at December 31, 2019 is the carrying amount of cash, accounts receivable, and related party advances and notes receivable. The Company has a significant outstanding balance in accounts receivable over 90 days as of December 31, 2019. The Company mitigates its credit risk on its related party advances and notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Expected credit losses for accounts receivables are based on the payment profiles of revenues for the last 12 months, before December 31, 2019, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking cash flow projections of the customers which is the primary factor used to estimate the collectability of the amounts outstanding.
The following is a breakdown of the exposure to ECLs for trade receivables as of December 31, 2019:

	Trade receivables past due				
	0-30 days	**31-60 Days**	**61-90 Days**	**91+ Days**	**Total**
Expected credit loss rate	10%	16%	21%	51%	
Gross Carrying Amount	918,674	500,401	510,777	3,035,988	4,965,841
Lifetime expected credit loss	87,618	78,651	105,447	1,533,758	1,805,474

The Company has a concentration of credit risk with Left Bank, a related party. The Company provided note receivables to Left Bank in the amount of $1,592,048 as at December 31, 2019 and $1,755,886 as at December 31, 2018. The Company also has significant amounts of accounts receivable from Left Bank for $3,875,214 in 2019 and $2,793,198 in 2018. The Company expects to recover these amounts going forward but as there has been a history of slow payments from Left Bank, the Company provides provisions for Left Bank notes receivable for $219,807 and $143,820 as of December 31, 2019 and 2018, respectively, and for Left Bank accounts receivable for $1,383,944 and $1,390,000 as of December 31, 2019 and 2018, respectively.

As of December 31, 2019, there are no maturing notes receivables due other than with Silver State Wellness, as noted in Related Party Transactions. The Company has not identified any significant increases in the credit risk of the advances.

Liquidity risk

The Company's ability to generate cash to fund operations, fund planned growth and development activities is contingent on its ability to increase revenues amongst its various product lines in combination with its ability to raise capital through various funding partners and reduce expenditures. The Company expects to increase revenues in its various CBD product lines through new distribution partners, expanding ecommerce sales and developing new sales channels. The Company also expects to increase licensing revenue from affiliate sales of medicated products by expanding into new states and creating organic growth in current operating states. The Company expects to reduce expenses by effectively managing headcount and focusing effort on ensuring cost effective spending. Any negative cash flows are expected to be managed by funding provided by a funding partner. The inability to increase revenue, obtain funding or reduce expenses according to management's plans could result in liquidity risk.

Asset forfeiture risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants that conduct business with affiliates in the cannabis industry, which either are used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property are never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate ordinary businesses.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company has some exposure to interest rate risk due to its outstanding interest-bearing loans discussed in Note 9. However, the interest rates are fixed and therefore the Company does not have significant interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

Capital structure risk management

The Company considers its capital structure to include debt financing, contributed capital, accumulated deficit, non-controlling interests and any other component of shareholders' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2019.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) that are in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities that are not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	**December 31, 2019**	**December 31, 2018**	**Classification**	**Fair Value**
Financial Assets:				
Cash	$ 551,255	$ 18,361,113	Amortized cost	N/A
Accounts Receivable, net	$ 3,160,367	$ 2,266,733	Amortized cost	N/A
Related Party Advances and Notes Receivable, net	$ 1,188,084	$ 1,274,444	Amortized cost	N/A
Financial Liabilities:				
Accounts Payable	$ 2,378,214	$ 1,099,298	Amortized cost	N/A
Accrue Payroll and Other Accrued Liabilities	$ 8,132,574	$ 2,851,125	Amortized cost	N/A
Derivative Liabilities	$ -	$ 238,100	FVTPL	Level 3
Notes Payable, Current Portion	$ 2,600,000	$ 775,000	Amortized cost	N/A

There are no material reclassifications between fair value levels during the years ended December 31, 2019 or the year ended December 31, 2018.