



# Xebra Brands Fine-Tunes Corporate Focus

VANCOUVER, BC, June 6, 2022 /CNW/ - **Xebra Brands Ltd. ("Xebra")** (CSE: XBRA) (OTCQB: XBRAF) (FSE: 9YC), a cannabis company, provides the following corporate update.

Xebra's business model is driven by the view that ultimately, as more countries legalize, industrial scale cultivation of cannabis and cannabis product manufacturing, will occur in countries where quality products can be produced and exported at the lowest cost. While the legal framework hasn't been established yet for imports and exports in many countries where cannabis is presently legal or in the process of legalizing, Xebra believes that business planning should be predicated on longer term views, rather than what is possible today.

Since its founding in 2019, Xebra has been committed to obtaining dominant positions in emerging markets where cannabis can be cultivated, and cannabis products manufactured, at low-cost, and eventually exported to developing and maturing markets, where Xebra can introduce its unique branded products. With these objectives in-mind, and considering ongoing bearish head-winds in capital markets, Xebra has completed a thorough strategic analysis of the four markets it has a presence in: Canada, Mexico, the Netherlands, and Colombia, with an objective to focusing its resources in jurisdictions where it can add the most shareholder value. As a result, Xebra management has resolved to exit Colombia and the Netherlands and prioritize activities in Mexico where it has an outright first mover advantage, and in Canada, where it has developed truly unique beverage brands and formulations.

## CANADA

Xebra is launching its Vicious Citrus brand of cannabis infused lemonades nationally in Canada this summer. Vicious Citrus been presented to provincial cannabis boards across the country with accepted sales listings in major markets including the Province of Ontario where approximately 1,100 retail cannabis store licences have been issued. National sales coverage is in place to support the rollout, as well as ongoing consumer education and marketing efforts for cannabis retailers. This summer, Vicious Citrus "OG" Lemonade will be the first of three SKUs to hit the shelves, combining 10mg of THC with 2mg of CBN (Cannabinol). Vicious Citrus "OG" is one of only a few beverages in Canada containing CBN, a unique cannabinoid that has peaked industry and consumer interest across North America. The launch of additional SKUs in the coming months will further the Vicious Citrus brand focus of delivering unique cannabinoid formulations to discerning and engaged cannabis consumers.

## MEXICO

Xebra announced on December 2<sup>nd</sup>, 2021, that the Mexican Supreme Court granted Xebra an irrevocable cannabis injunction, through its wholly owned Mexican subsidiary, Desart MX, SA de CV ("**Xebra Mexico**"). On March 24<sup>th</sup>, 2022, Xebra announced that the Supreme Court issued and recorded the official final written resolution supporting the injunction, and directed the Federal Circuit Court to enforce the Supreme Court decision. Xebra is awaiting the formal cannabis authorizations to be issued by the Mexican Health Regulatory Agency (COFEPRIS), with the aim of commencing commercial cannabis activities this 2022 calendar year.

Xebra is presently evaluating several opportunities to partner in cannabis cultivation, processing and manufacturing. Xebra Mexico's injunction applies specifically to cannabis with low-levels of THC (under 1%), therefore, in practical terms, to hemp cultivation and processing, and to the manufacture and sale of mainly CBD, CBG and CBN products, such as tinctures, oils, topicals, edibles, beverages,

concentrates, distillates, emulsions, and biomass etc., and certain uses of the cannabis flower.

Xebra believes Mexico has the potential to be one of the largest near-term country cannabis consumer markets in the world. Mexico is also within the North American free trade zone (USMCA), allowing it to benefit from its considerable cultivation and product manufacturing cost advantages over Canada and the United States. Xebra is of the opinion that there is sufficient precedent with many agricultural crops and manufactured products, to suggest that there is a possibility that ultimately much of North American industrial scale cannabis production activity will occur in Mexico.

## **COLOMBIA AND THE NETHERLANDS**

The Colombian cannabis landscape is saturated with hundreds of cannabis licences, making it in Xebra's opinion very difficult to gain a competitive edge, or to create a profitable business model with scale, even in the longer term. In the Netherlands, Xebra harvested and delivered its first cannabis crop in March in a competitive pilot trial for an exclusive government contract to supply medicinal cannabis. The selection process includes among other things, the submission of samples from three cannabis trial crops by March 2023, evaluated for certain criteria, including consistency and technical parameters. Xebra's first crop was marginally near the desired ideal THC and CBD target ratios, which if successfully contested could be adjusted under a second crop to achieve the desired outcome, however it became evident from the expenditures associated with performing the first trial, that the costs of cultivation in the Netherlands are far too high, and that operating there would be contradictory to Xebra's objective of being a lowest cost producer and exporter of cannabis products. Xebra will endeavour to recover costs by selling any equipment of value in the Netherlands and Colombia.

ON BEHALF OF THE BOARD:

Jay Garnett  
CEO


*Certain information contained in this press release constitutes forward-looking statements under applicable securities laws. Any statements that are not statements of historical fact may be deemed to be forward-looking statements, these include, without limitation, statements regarding Xebra Brands Ltd.'s expectations in respect of its ability to successfully execute its business plan or business model; its ability to provide economic, environmental, social, or any benefits of any type, in the communities it operates in or may operate it in the future; its ability to be a first mover in a country, or to obtain or retain government licenses, permits or authorizations in general, or specifically in Mexico, Colombia, Canada, the Netherlands, or elsewhere; its ability to successfully apply for and obtain trademarks and other intellectual property in any jurisdiction; its ability to be cost competitive; its ability to commercialize, cultivate, grow, or process hemp or cannabis in Mexico, Colombia, Canada, the Netherlands, or elsewhere and related plans and timing; financial, operational, or any other term or statement relating to the Company's participation in the Dutch medicinal cannabis cultivation pilot trial, including guaranteed revenue projections and any deliverable timelines; its ability to manufacture cannabis beverages, wellness products, or other products; its ability to commercialize or sell cannabis beverages, wellness products, or other products, in Mexico, Colombia, Canada, the Netherlands, or elsewhere; its ability to launch, commercialize or to sell Vicious Citrus Lemonade in 2022 or at any time, in any jurisdiction, and its related plans and claims, including market interest; its ability to commercialize or to sell Elements wellness products in any jurisdiction at any time; its ability to create wellness products that have a therapeutic effect or benefit; plans for future growth and the direction of the business; financial projections including expected revenues, gross profits, and EBITDA (which is a non-GAAP financial measure); plans to increase product volumes, the capacity of existing facilities, supplies from third party growers and contractors; expected growth of the cannabis industry generally; management's expectations, beliefs and assumptions in general, including manufacturing costs, production activity*

*and market potential in Mexico or any jurisdiction; events or developments that XEBRA expects to take place in the future; general economic conditions; and other risk factors described in the prospectus of the Company dated September 30, 2021. All statements, other than statements of historical facts, are forward-looking information and statements. The words "aim", "believe", "expect", "anticipate", "contemplate", "target", "intends", "continue", "plans", "budget", "estimate", "may", "will", and similar expressions identify forward-looking information and statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by XEBRA as of the dates of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the inability of XEBRA to generate sufficient revenues or to raise sufficient funds to carry out its business plan; changes in government legislation, taxation, controls, regulations and political or economic developments in various countries; risks associated with agriculture and cultivation activities generally, including inclement weather, access to supply of seeds, poor crop yields, and spoilage; compliance with import and export laws of various countries; significant fluctuations in cannabis prices and transportation costs; the risk of obtaining necessary licenses and permits; inability to identify, negotiate and complete a potential acquisition for any reason; the ability to retain key employees; dependence on third parties for services and supplies; non-performance by contractual counter-parties; general economic conditions; and the continued growth in global demand for cannabis products and the continued increase in jurisdictions legalizing cannabis; the impact of DTC eligibility, or lack of, on the liquidity of the shares of XEBRA and the timely receipt of regulatory approval for license applications. In addition, there is no assurance Xebra will: be a low-cost producer or exporter; obtain a dominant market position in any jurisdiction; have products that will be unique; launch Vicious Citrus "OG" or other Vicious Citrus SKUs; or monetize any asset sales from its Colombian and Dutch subsidiaries. The foregoing list is not exhaustive and XEBRA undertakes no obligation to update or revise any of the foregoing except as required by law. Many of these uncertainties and contingencies could affect XEBRA's actual performance and cause its actual performance to differ materially from what has been expressed or implied in any forward-looking statements made by, or on behalf of, XEBRA. Readers are cautioned that forward-looking statements are not guarantees of future performance and readers should not place undue reliance on such forward-looking statements. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those set out in such statements.*

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