

*NEWS RELEASE*

## **Xebra Brands Ltd. Announces Business Transformation Plan and Investment by Newly Appointed Board Member.**

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- **Announces a substantial change to its business strategy to focus on its Mexico first mover advantage and away from the capital-intensive Canadian cannabis beverage market**
- **Rodrigo Gallardo, previous President of Xebra Mexico, is appointed as interim-CEO of Xebra to implement the Business Transformation Plan**
- **Explores strategic partners and alignment within Mexico to expand its business to focus on the development and advancement of CBD products**
- **Secures an additional capital investment from David Ross Macias Diaz, newly appointed Xebra board member.**
- **Implements immediate cost-cutting initiatives that aligns its expenses with new Mexican focus.**

**Vancouver, BC, Canada, January 31, 2024, Xebra Brands Ltd. ("Xebra" or the "Company") (XBRA: CSE) (XBRAD: OTCQB) (9YC0: FSE),** a cannabis company, announces a business transformation plan that will shift the Company's resources away from Canadian cannabis beverages to focus on the development and commercialization of the authorizations to manufacture cannabis products in Mexico (the "Business Transformation Plan"). As part of the implementation of the Business Transformation Plan, newly appointed board member David Ross Macias Diaz has committed to an investment into the Company.

### Business Transformation Plan

The Business Transformation Plan includes:

- Transforming the business strategy into a Mexico first model focused on generating revenues via the cannabis authorizations granted to Xebra in 2023 through partnership opportunities, listing of our own products and possible M&A transactions of companies within Mexico;
- Scaling down the capital-intensive operations of the Company's Canadian Cannabis Beverages business;
- Appointing Rodrigo Gallardo as Interim-CEO to implement the Business Transformation Plan;

- Streamlining current corporate and operational staff to minimize cash expenditures;
- Realignment of current board seats from with eight (8) members to four (4) members;
- Revised Business Strategy.

Under the Business Transformation Plan, the Company's core focus will be on commercializing the authorizations granted to Xebra an outright first-mover-advantage in Mexico, allowing Xebra and its partners to import and acquire cannabis seeds, cultivate and harvest cannabis, process and produce cannabis, and sell cannabis products both domestically and through export.

### Appointment of New CEO

Rodrigo Gallardo has been appointed Interim - Chief Executive Officer of Xebra Brands Ltd. Rodrigo was one of the original founders of Xebra, in 2018 and has held numerous roles within the organization since that time. His experience as a lawyer in Mexico has focused the previous six years on the legal advancement of cannabis and CBD products in Mexico. Mr. Gallardo has been responsible for coordinating all the legal efforts that led Xebra to get the first legal cannabis authorization ever in Mexican history.

Jay Garnett stepped down from the Board of Directors and as Chief Executive Officer. The Company also extends its sincere gratitude to Mr. Garnett for his dedicated service over the few years, significantly contributing to the Company's current success.

"Our primary objective has always been to unlock the authorizations granted to Xebra in Mexico," said Jay Garnett. "The business transformation marks another stride in streamlining our strategy, emphasizing our focus on Mexico and what sets us apart", I look forward to the leadership and guidance that Mr. Gallardo will provide to the organization," commented Mr. Garnett.

Mr. Gallardo is an international business executive with three decades of experience in marketing and business development. A lawyer by training from the Universidad Iberoamericana "UIA", certified in Business Administration from the same University and holding a certification in Top Executive Management by the IPADE (Mexican Harvard Business School). Additionally, a Co-founder of a boutique family law-firm. Mr. Gallardo has held executive roles in a number of entrepreneurial ventures, gaining extensive experience in the food, entertainment, construction and real estate industries. He is the Co-founder of Elements Bioscience and Sativa Group Biosciences, pioneering entities in the Mexican cannabis industry. In 2018, both companies played a pivotal role as founders during the incorporation of Xebra Brands Ltd.

"I'm elated to assume the helm of Xebra, as a founder of this company I couldn't be more committed to the success of this venture. We have achieved a significant part of our goals successfully by transforming this venture into a public company. Additionally, we secured the first-ever amparo (injunction) in Mexico and obtained the inaugural authorization for legal cannabis in the country, which is now on the verge of execution. My objective is to elevate this

company to the next level, forging strategic partnerships that will enable us to capitalize on the vast opportunities presented by the Mexican market,” commented Mr. Gallardo.

#### Investment from Board Member

As previously announced on October 2, 2023, the Company is seeking to raise an aggregate amount of up to \$1,000,000, with David Ross Macias Diaz fully committed to fulfilling this financing endeavor. This will be accomplished by issuing up to 12,000,000 units of the Company at a price of \$0.05 per Unit, generating gross proceeds of up to \$600,000. Concurrently, there will be a placement of up to a principal amount of \$400,000 in unsecured convertible debenture units. Notably, so far David has already completed an initial tranche of \$250,000 toward the full investment.

#### Realignment of Board Seats

Along with Jay Garnett providing his resignation from the board of directors, the board of directors has been reduced from eight (8) member to four (4) in order to support the business transformation plan and Rodrigo Gallardo in Mexico, as follows;:

- Mr. Tada (Todd) Dalotto is resigning as the Chief Science Officer and as a director of the Company, effective immediately;
- Mr. Jordi Chemonte is resigning as a director of the Company, effective immediately;
- Mr. Antonio Grimaldo is resigning as a director of the Company, effective immediately;

The Board thanks Mr. Garnett, Mr. Dalotto, Mr. Chemonte and Mr. Grimaldo for their dedication and professionalism while providing their services to the Company.

#### **ABOUT XEBRA**

Xebra is an international cannabis cultivation and product company, with global brands and intellectual property. Our focus includes beverages, wellness and leisure. Xebra is an absolute first mover in the Mexican cannabis sector, with the first ever granted authorization to a corporation by the COFEPRIS. In Canada, Xebra retails its unique Vicious Citrus OG & NEO THC/CBN Lemonades.

*Rodrigo Galardo*  
Interim CEO

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*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 close the Offering, the size and terms of the Offering, its expected use of the net proceeds of the Offering, the ability to obtain the necessary shareholder and regulatory approvals from the applicable securities regulators or obtain the approval of the Canadian Securities Exchange in connection with the Offering; its ability to enter into and execute partnerships or joint venture opportunities on acceptable terms; 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, Canada, or elsewhere, including cannabis authorizations from the Mexican Health Regulatory Agency (COFEPRIS); its ability to satisfy the conditions of authorizations granted by COFEPRIS; its ability to successfully apply for, obtain and retain 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, Canada, or elsewhere and related plans and timing; its ability to manufacture, commercialize or sell cannabis-infused beverages, wellness products, or other products in Mexico, Canada, or elsewhere, and its related plans and claims, including market interest and availability; its ability to create wellness products that have a therapeutic effect or benefit; plans for future growth and the direction of the business; 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 MD&A of the Company for the period ended November 30, 2022. 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 retain the authorizations granted by COFEPRIS, the inability 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 potential acquisitions, dispositions or joint ventures 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; the continued growth in global demand for cannabis products and the continued increase in jurisdictions legalizing cannabis; and the timely receipt of regulatory approvals for license applications on terms satisfactory to Xebra. 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. 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.