

Cannabis Industry's Most Recognized Consumer Packaged Goods Brand Going Public, Expanding Global Operations



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Dixie Brands, Inc. →

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Denver-based Dixie Brands, Inc. Targets Going Public On the Canadian Securities Exchange In October, Plans Significant Expansion

DENVER, Oct. 1, 2018 /PRNewswire/ -- Dixie Brands, Inc. (Dixie) signed a definitive merger agreement on September 28, 2018 in connection with its proposed public listing on the Canadian Securities Exchange (CSE). Pending approval from the CSE, Dixie will complete a reverse takeover (RTO) of a Canadian public company, Academy Explorations Limited (Academy) and will be subsequently renamed Dixie Brands (USA) Inc. Both Academy and Dixie have received board and shareholder approval for the RTO. As a result, Dixie will boast the largest global footprint of infused product manufacturing and distribution facilities of any brand in the cannabis space.

"The Federal legalization of marijuana in Canada is further proof that cannabis is no longer a fringe conversation or product. By going public on the CSE, we're investing in Dixie's future for continued growth with a focus on quality, product innovation and scale," says Dixie CEO Chuck

Smith.

Simultaneously with the finalization of the documents in connection with the RTO, Dixie closed its Series C fundraising round of approximately \$25 million. The Series C round was originally offered as a non-brokered private placement for \$20 million, however, due to positive investor demand, Dixie increased the maximum offering amount to \$25 million with board and shareholder approval.

"The financing round we have just closed will provide resources for Dixie to expand our brand throughout the U.S. and into Canada," Smith states. "Dixie has been a leader in the cannabis industry since its inception. We have nine years of experience developing intellectual property and building a brand that creates an incredible platform for our company and shareholders. We look forward to providing the same safe, high quality, and consistent product to patients and adult-use consumers throughout the U.S. and Canada."

Dixie is currently operating in four states (Colorado, California, Nevada, and Maryland) and has international distribution and manufacturing partners in Australia and Canada. Dixie plans to expand into four to six additional states in 2019 through partnerships with licensed and regulated producers in each state. Already the owner of the largest award-winning, THC-infused product line in the industry, Dixie has recently expanded its hemp-based offerings by introducing Aceso Wellness, a human dietary supplement line, and Therabis, a pet food supplement portfolio, at the end of 2016. These highly regarded products are available through brick-and-mortar locations and e-commerce in all 50 states, and internationally.

As a result of the additional capital recognized by the Series C raise and future access to capital in the public markets, Dixie will expand its controlled manufacturing and distribution footprint throughout the U.S., and invest in automated production to increase manufacturing scale and efficiency. Additionally, Dixie will invest in continued product innovation and development in line with mainstream consumer trends and ever-increasing demand from wide ranging demographics.

The New Frontier in Canada

A recent parliamentary vote in Canada legalized marijuana across the country. In 2018, Dixie entered into a Canadian license agreement with Auxly Cannabis Group Inc. (Auxly), a vertically

integrated global cannabis company. Under the agreement, Auxly will work closely with the Dixie team to co-develop innovative products for the adult-use recreational Canadian market.

Dixie products will be developed and manufactured at Auxly's wholly-owned Canadian-licensed dealer, Dosecann Inc., a company led by a world-class team of food scientists, extraction specialists and product innovators. Dosecann operates out of a 42,000 square foot facility, purpose-built for extraction and the research, development and manufacturing of cannabis products. Dosecann is located in the BioCommons Research Park in Charlottetown, PEI where it benefits from the thriving biotech community that PEI has attracted over the past decade. Dosecann will serve as Dixie's hub of cannabis research and innovation.

Dixie's House of Brands

Dixie started with a single product, the Dixie Elixir, a THC-infused soda, and now offers more than 30 different categories across more than 100 individual products – one of the broadest THC product lines in the industry. The award-winning company is a trailblazer in the rapidly expanding and evolving cannabis landscape. Brands that are distributed under the Dixie Brands umbrella include:

- *Dixie*, our namesake line that includes premium and award-winning THC-infused beverages, confections, concentrates, tinctures, and topicals
- *Synergy*, a variety of THC-infused products which also harnesses the benefits of CBD, the cannabinoid most often hailed for its anti-anxiety and anti-inflammatory benefits
- *Mindset*, an array of connoisseur-grade combustible cannabis products including concentrates, pre-rolls, and flower
- *Dr. Stash*, a price-centered brand that focuses on scalable products that have the ability to quickly be brought to market

In 2016, Dixie launched two new standalone brands to harness the benefits of CBD, a non-psychoactive compound found in hemp that is commonly hailed for its anti-anxiety and anti-inflammatory benefits: Therabis and Aceso Wellness. Both the Aceso and Therabis brands have been sold through traditional retail and online since their inception.

- *Aceso*, a suite of "hemp 2.0" products designed to provide general wellness and relief from minor aches and pains as well as combat mild-anxiety
- *Therabis*, an all-natural hemp-based pet supplement formulated in conjunction with an experienced veterinarian and designed to provide pets with relief from itching and mild-anxiety as well as providing greater joint mobility

Education, Quality & Innovation

Dixie has established itself as the trusted source for innovative, safe, effective and delicious cannabis products, leading to features on 60 Minutes, CNBC, MSNBC, Fast Company and many more. The company is built and managed as a commercial food manufacturer with years of standard operating procedure development and unmatched scaling capabilities. Dixie handcrafts every product with pure-extracted THC and exceeds mandated regulation by triple lab testing every product. The company boasts extensive expertise in emulsification, formulation, packaging and regulatory compliance.

Additionally, Dixie leads the way in working with legislators at the state and national level, driving reform and educational initiatives, as well as serving as founding members of Colorado Leads, the New Federalism Fund and the Cannabis Trade Federation.

A listing statement with information about Dixie and prepared in accordance with the policies of the CSE will be available on SEDAR at sedar.com. The merger agreement will also be posted on SEDAR on Academy's home page.

To find out more about Dixie's innovative products, or about how Dixie is building the future of cannabis, please visit us at dixiebrands.com.

Media Inquiries

Deborah Park, TURNER

dixie@turnerpr.com / 303-333-1402

Dixie Brands, Inc.

Charles Smith, Chief Executive Officer

E-mail: csmith@dixiebrands.com

C.J. Chapman, General Counsel

E-mail: cchapman@dixiebrands.com

Academy Explorations Limited

Binyomin Posen, CEO and Director

Telephone: (416) 481.2222 x 246

Email: bposen@plazacapital.ca

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Certain statements in this news release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Dixie and its subsidiary entities or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this news release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties.

These risk factors will be discussed in detail under the heading "Risk Factors" in the listing statement to be filed with the CSE. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, Dixie cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as at October 1, 2018. Dixie will update these assumptions at each reporting period after going public and will adjust its forward-looking information as necessary.

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