

BUILDING THE FIRST TRUE CANNABIS CPG PLATFORM

DIXIE BRANDS INC.
INVESTOR PRESENTATION Q4 2018



FORWARD-LOOKING INFORMATION

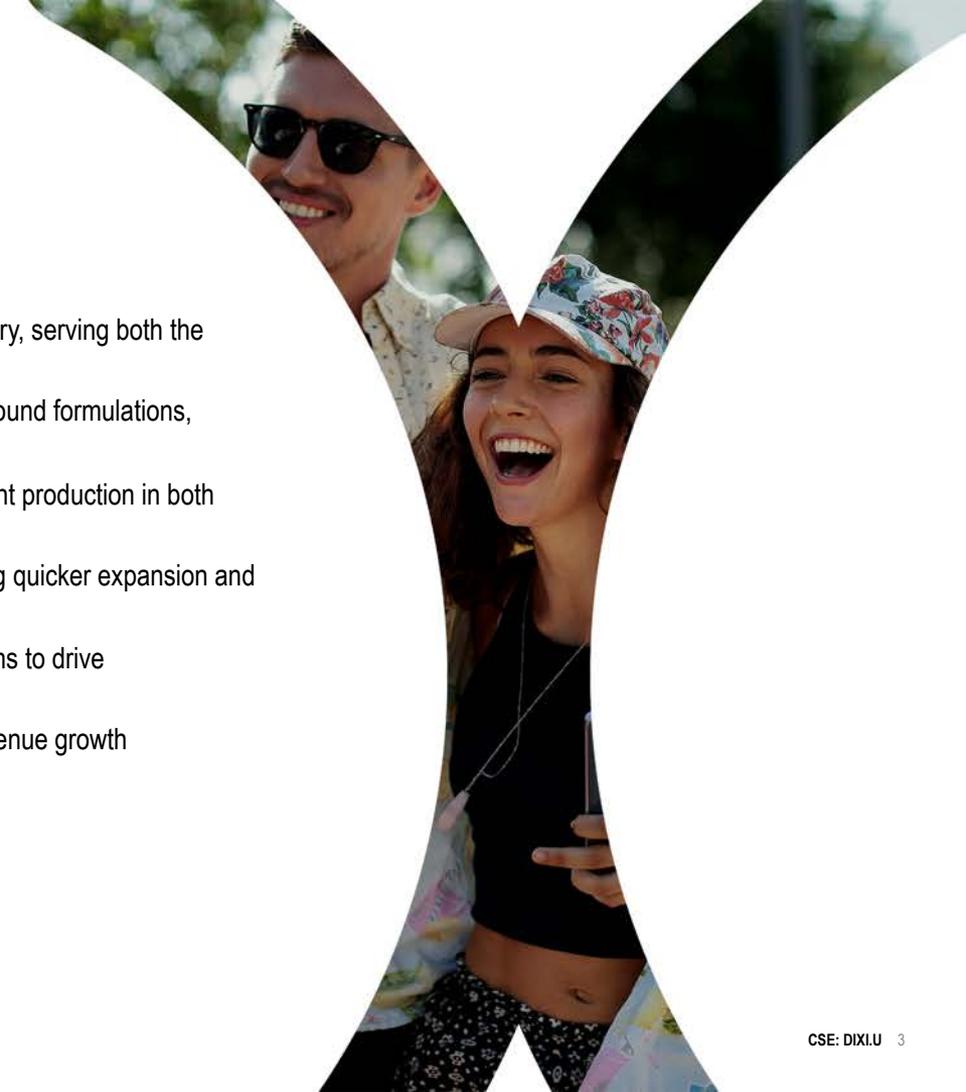
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INVESTMENT HIGHLIGHTS

- I. Broadest portfolio of revenue-producing consumer-facing products in the industry, serving both the regulated (THC) and non-regulated (CBD) marketplace.
- II. Extensive intellectual property assets created through years of development around formulations, technology, packaging and production.
- III. Commercial product manufacturing expertise allowing for efficient and consistent production in both small and large-scale markets.
- IV. Deep understanding of the complex regulatory structure of the industry enabling quicker expansion and product deployment.
- V. Established distribution channels with proven sales and field marketing programs to drive consumer adoption.
- VI. Fully funded business plan with strong balance sheet supporting significant revenue growth and profitability.
- VII. Industry leading team with 60+ years of experience
- VIII. First publicly-listed infused-products CPG brand



WHAT MAKES DIXIE UNIQUE?

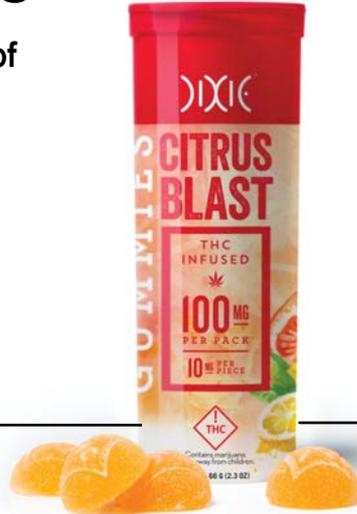
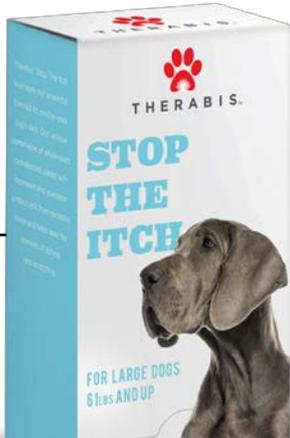
9 YEARS IN BUSINESS

Extensive IP

3 ESTABLISHED COMPANIES

Diversified Portfolio of Brands

#1 CPG COMPANY IN THE INDUSTRY



CLEAR STRATEGY FOR INDUSTRY LEADERSHIP

To control manufacturing and distribution in all of the markets we participate in, simultaneously building a **global house of brands** known for its quality and efficacy.

THE ROADMAP TO DIXIE: THE LARGEST PRODUCT MANUFACTURER IN THE INDUSTRY

1

Expand into new markets.

2019 Goal: 4-6 new
U.S. states & Canada

2

Bring our product portfolio to each market

3

Continue to expand product portfolio to meet evolving consumer tastes and utilize innovation to meet customer needs

4

M&A to acquire revenue, expertise, product lines and local operations

5

Fully-funded 2019 business plan to extend brand reach and global distribution



PRODUCT PORTFOLIO



PRODUCT PORTFOLIO

DIXIE

THC Products

Highly regulated. Designed for both medical & adult use.

CURRENTLY >100 PRODUCTS IN THE MARKET

ELIXIRS / BEVERAGES

TINCTURES / DROPS

CHOCOLATE BARS

MINTS

GUMMIES & CHEWS

FRUIT TARTS

PRESSED PILLS

VAPORIZER CARTRIDGES

IN DEVELOPMENT

HARD CANDIES

DRINK ADDITIVES

MEDICAL CANDIES

FACIAL & SKINS SCRUBS

FUNCTIONAL BEVERAGES

FULL CONCENTRATE LINE



PRODUCT PORTFOLIO

ACESO

CBD-focused human wellness line

Hemp-derived supplements legal in all U.S. states.

CURRENTLY 9 PRODUCTS IN THE MARKET

SUBLINGUAL SPRAYS
EFFERVESCENT DISSOLVABLE
DRINK MIX

IN DEVELOPMENT

DISSOLVABLE TABLETS
TOPICALS
TRANSDERMALS
TINCTURES

Addressing stress, anxiety, muscle soreness, inflammation, headaches, immune system, insomnia, and general wellness.



PRODUCT PORTFOLIO

THERABIS

CBD for pets

Hemp-derived products legal in all U.S. states.

CURRENTLY 30 PRODUCTS FOR DOGS

FOOD TOPPERS

SOFT CHEWS

(VARIATIONS FOR SIZE)

IN DEVELOPMENT

FELINE

EQUINE

Addresses anxiety, joint-mobility, skin irritations & allergies



THE MOST RECOGNIZABLE CANNABIS BRAND

Established presence as early entrants to the market

- Dixie: 9 years
- **Aceso and Therabis:** 2 years with national retail distribution
- Active at trade shows, well-known to resellers
- Active in professional organizations and consumer education

Cohesive branding strategy

- Consistent packaging, marketing and sales materials across all product families
- Strategic and consistent integrated marketing plans

Recognized through industry awards, earned media coverage



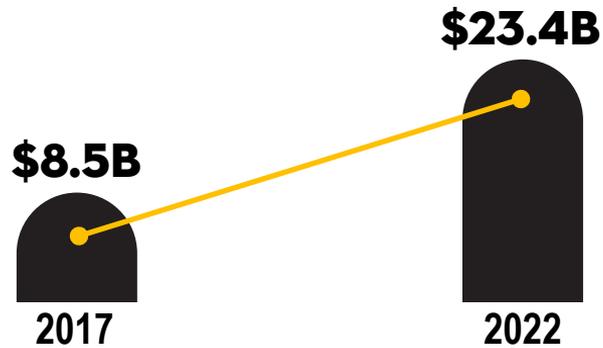
MARKET OPPORTUNITY



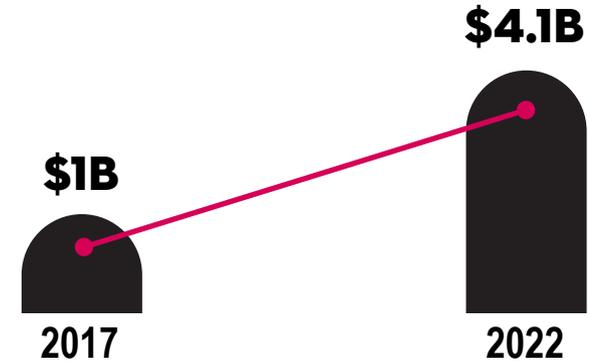
MARKET OPPORTUNITY: THC

MARIJUANA MARKET (U.S.)

Total for 30 states where medical or recreational use is legal



CANNABIS-INFUSED FOOD & DRINK (NORTH AMERICA)

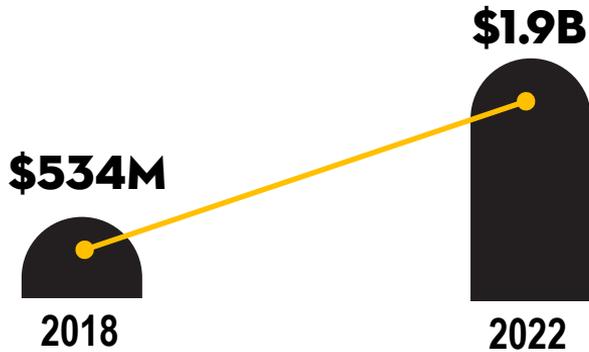


Appeals to those looking to add to wellness platform or supplement social regimen



MARKET OPPORTUNITY: CBD

CBD MARKET FOR HUMAN USE (U.S.)



CBD FOR PETS (U.S.)

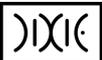
Total market size

\$1.64B

Growing at 5.26% CAGR

<https://www.packagedfacts.com/>

50 million American adults suffer from chronic or severe pain



Source: Hemp Business Journal

STRATEGY & FINANCIALS



INTELLECTUAL PROPERTY: THE FOUNDATION OF OUR VALUE

DIXIE HAS DEVELOPED UNIQUE EXPERTISE THROUGH NEARLY A DECADE OF DEVELOPING AND BRINGING PRODUCTS TO MARKET.

- R&D investment – complex formulations, multiple delivery methods, and proprietary encapsulation technology. (2 patents pending)
- Manufacturing experience & procedures
- Packaging and regulatory compliance
- Marketing: building customer relationships and channels
- Deep rooted industry relationships – retail, vendors, producers, and suppliers

OUR TRACK RECORD OF SUCCESSFUL EXECUTION DE-RISKS THE INVESTMENT IN OUR GROWTH.



TARGETED DISTRIBUTION STRATEGY

THC PRODUCTS

U.S. STRATEGY

Control field marketing and sales – become a valued resource for retailers

Currently selling in >500 stores
Targeting 1000+ stores by Q4 2019
CO, NV, MD: 80-95%
CA: recently relaunched,
expecting >50% within 12 months

INTERNATIONAL

Licensing agreements in select countries

Canada: awaiting infused product regulations

CBD PRODUCTS

Selling into majority of states [and internationally through licensing agreements]

DUAL APPROACH

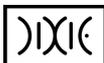
ONLINE

– Direct to consumers through our e-commerce channel

BRICK AND MORTAR

– Direct to retailers (targeting 2,000+ stores by Q4 2019)
– Indirect via distribution and manufacturers rep groups

Establishing synergies as we build out our national presence



BUILDING A GLOBAL HOUSE OF BRANDS

CONSUMER PACKAGED GOODS PLATFORM



Diversified
product
portfolio

Innovation

Regulatory
expertise

Distribution
infrastructure

National
footprint

**ESTABLISHING
ALL OF THE KEY
ELEMENTS OF A
CPG PLATFORM**

Faster product rollout

New Market entry

M&A growth



FOCUS ON HIGH-VALUE, HIGH-RETURN SEGMENTS OF THE VALUE CHAIN

	Cultivation	Capital-intensive, prone to commoditization
	Extraction	Mature markets: purchase from suppliers Newer markets: Dixie to extract
DIXIE'S FOCUS	Product Development	Years of R&D, proven formulations
	Manufacturing	Requires consistency, SOPs, quality control, local presence
	Branding	Reputation, marketing campaigns, in-depth market knowledge
	Distribution	People on the ground, relationships with retailers, broad product portfolio
	Retail	Costly to build out a meaningful presence across all urban markets

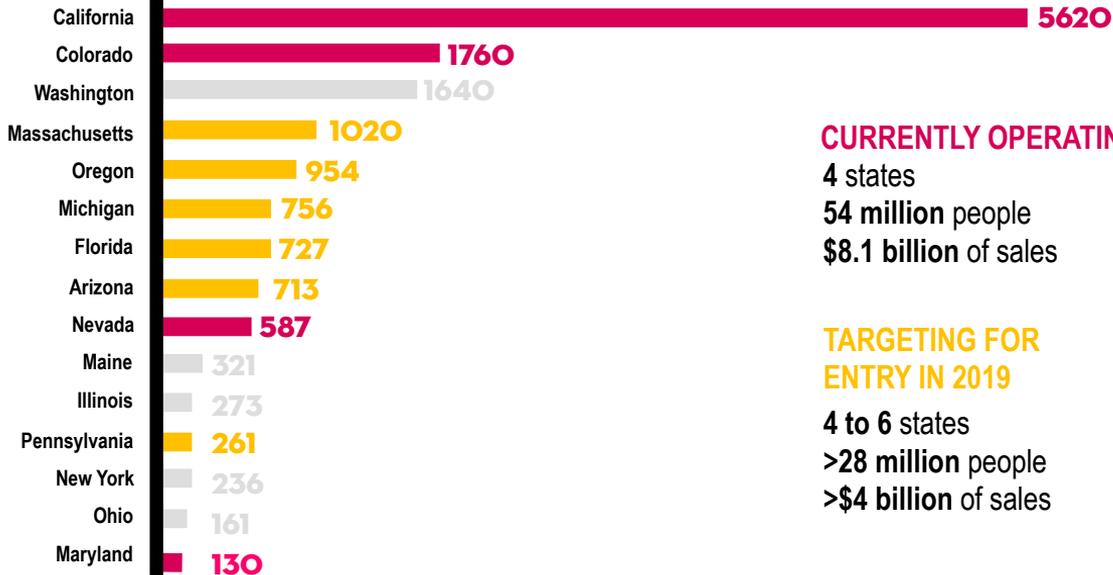


RESULT:
Defensible market position, high return on invested capital



TARGETING U.S. STATES WITH SIGNIFICANT MARKET OPPORTUNITY

ESTIMATED RETAIL THC SALES, 2020 (\$Millions)



CURRENTLY OPERATING

4 states
54 million people
\$8.1 billion of sales

TARGETING FOR ENTRY IN 2019

4 to 6 states
>28 million people
>\$4 billion of sales

COMBINED ADDRESSABLE MARKET

65-75%

of total U.S. market by 2020

Top 15 States:

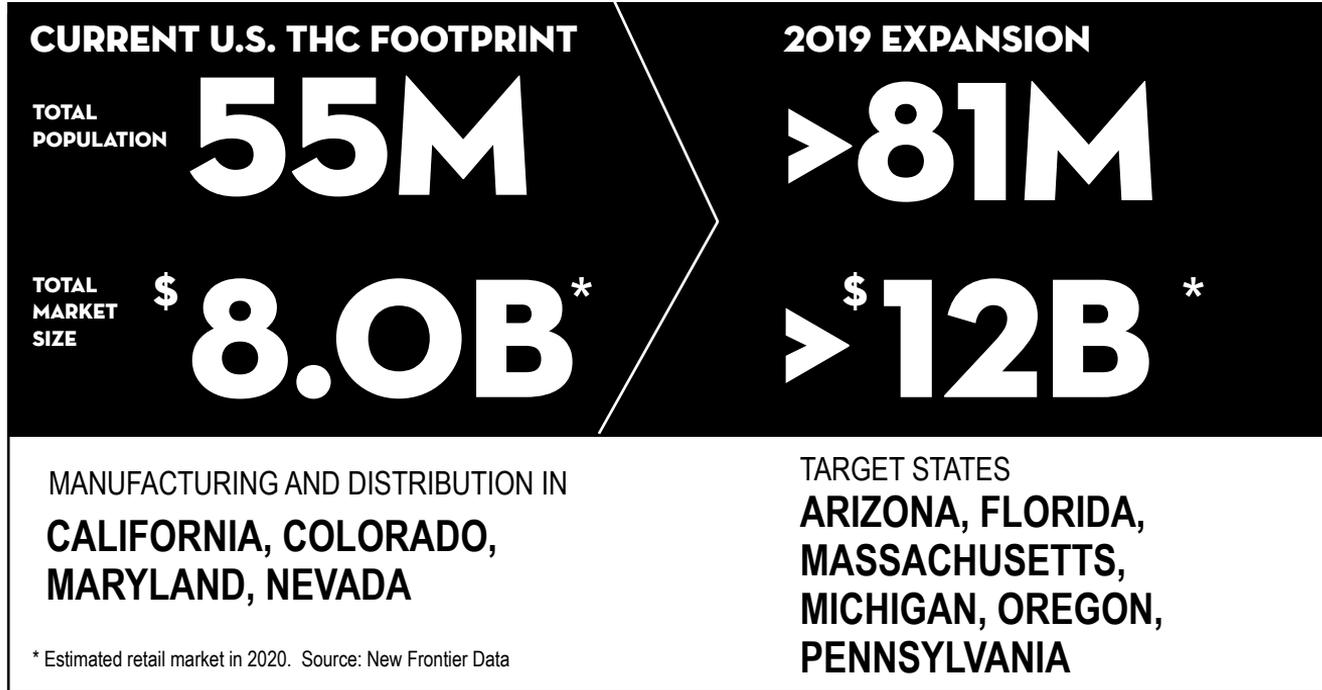
\$15.2B

Total U.S. market (29 legal states):

\$16.0B



DIXIE'S CURRENT FOOTPRINT AND EXPANSION ROADMAP



GOAL:

Enter **4-6** new states
in 12-18 months

Typical capital requirement:
\$1-2 million per state: equipment, facility
build-out, raw materials, packaging,
personnel, working capital



FINANCIAL POSITION: FULLY-FUNDED BUSINESS PLAN

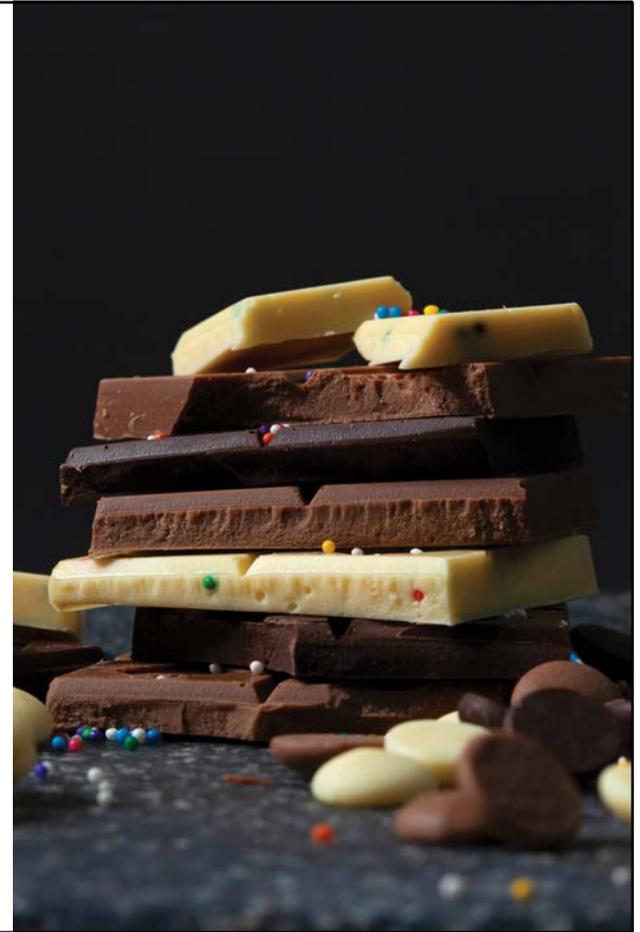
RAISED \$25 MILLION IN OVERSUBSCRIBED SERIES C FINANCING CLOSED OCTOBER 1, 2018

- Use of proceeds: \$18 million to fund expansion strategy
- Debt-free
- Public listing to fund opportunistic corporate development activities

FULL YEAR 2018:

- On track for \$8 - \$10 million of revenue
- Expecting significant ramp-up in 2019

All figures in U.S. dollars



STRONG REVENUE AND EBITDA GROWTH PROSPECTS

REVENUE OUTLOOK*

2018E:	\$8-10 million
2019E:	\$65-75 million
2020E:	\$140-160 million

EBITDA OUTLOOK*

2018E:	Small EBITDA loss
2019E:	~10-15% of revenue
2020E:	~20-25% of revenue

GROWTH DRIVERS:

- Continued retail penetration within our four existing states
 - Recently re-launched in California (one-third of total U.S. market), state-wide roll-out underway
- Increasing consumer demand for both THC-infused and CBD products
- International licensing and partnership agreements (Canada, Mexico, Australia)

KEY ASSUMPTIONS BUILT INTO OUTLOOK:

- Begin operating in 4 to 6 new U.S. states by end of 2019, including at least two in first half of the year
- Significant new product innovation in 2019 to expand current portfolio



CAPITAL STRUCTURE

CSE-LISTED ON NOVEMBER 29, 2018 SYMBOL DIXI.U

- Completed reverse takeover of Academy Explorations Inc. on November 27, 2018

SUBORDINATE VOTING SHARES

- 124.8 million shares issued and outstanding
- Fully diluted: 170.9 million shares
- Opening trading range: US\$0.76 to \$1.18

NON-PARTICIPATING VOTING SHARES

- 500,000 NPV shares, 100 votes each, held by a company controlled by senior management



LEADERSHIP TEAM

MANAGEMENT

Charles Smith, President & CEO

Co-founder of Dixie Brands (2009).

Previously President, Bella Terra Realty Holdings

CFO, mid-sized retail apparel chain.

Founding Director of the Cannabis Trade Federation (CTF).

James Feehan, Chief Financial Officer (Interim)

30 years experience: Coopers & Lybrand; CFO at several private companies

C.J. Chapman, General Counsel & Secretary

Partner, Brownstein Hyatt Farber & Schreck, LLP

Trip McDermott, Vice President of Corporate Development

KLR Group, Rodman & Renshaw

BOARD OF DIRECTORS

Hugo Alves, President, Auxly Cannabis Group Inc.

Devin Binford, Managing Member, Acreage Holdings

Brian Graham, Founder, Rise Investments International

Vincent "Tripp" Keber, III, Co-founder, Dixie Elixirs and Edibles

Michael Lickver, Executive Vice President of Strategy, Auxly Cannabis Group Inc.

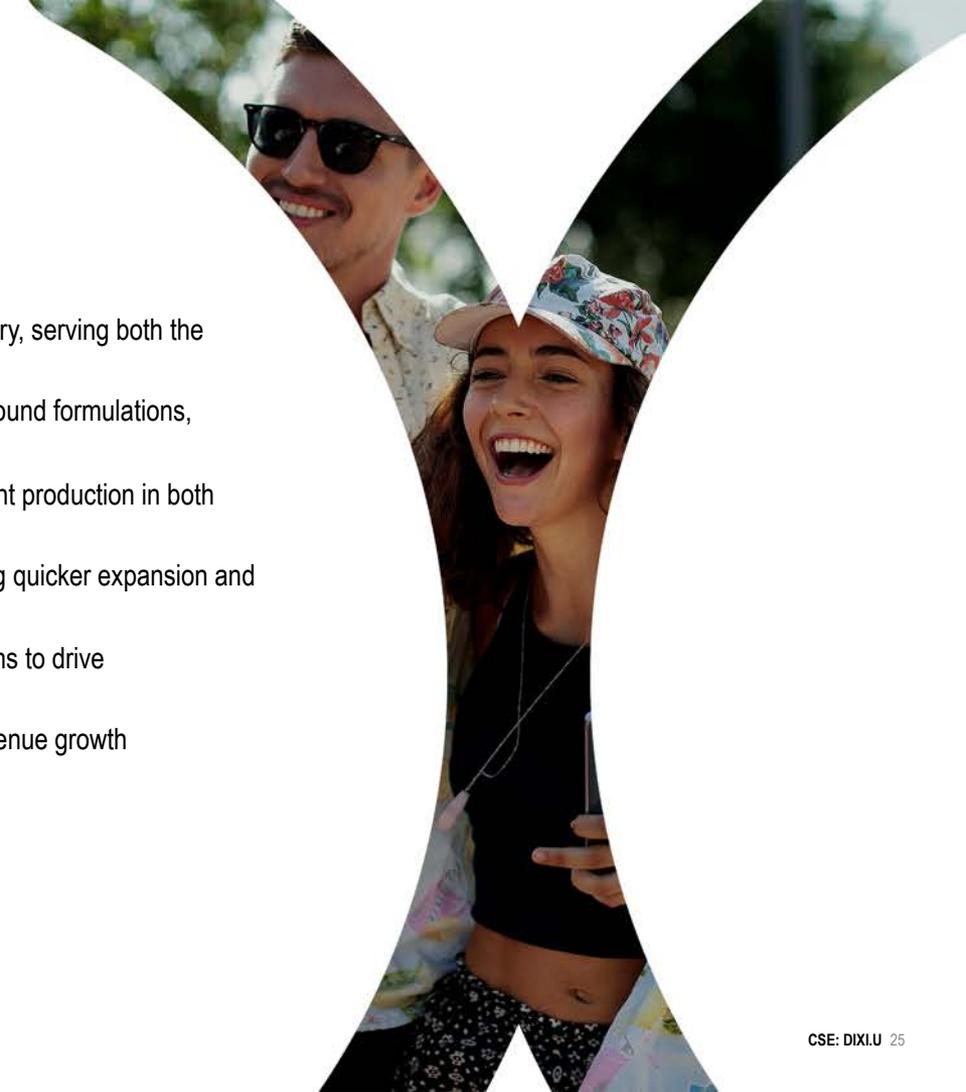
Charles Smith, President & CEO, Dixie Brands Inc.

Melvin Yellin, Co-founder and Executive Vice President, Acreage Holdings



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Contact Information

ir@dixiebrands.com

303-945-3965

4990 Oakland St.

Denver, Colorado 80239

www.dixiebrands.com