



Dixie Brands ends 2019 with significant sales growth in Michigan

A combination of strong brand equity and Dixie Brands' demonstrated ability to quickly adapt to the evolving marketplace drove 108% growth in sales from October to December 2019.

DENVER, CO, Jan. 9, 2020 /CNW/ - Dixie Brands Inc. ("Dixie" or "the Company") ([CSE: DIXI.U](#)), (OTCQX: DXBRF), (Frankfurt: 0QV), one of the cannabis industry's leading consumer packaged goods ("CPG") companies, today announced it ended 2019 in the Michigan market on a high, accelerating year round positive commercial momentum to deliver 108% sales growth and increasing dispensary penetration by 33% in the 4th quarter.

Dixie announced its entry into the Michigan cannabis market via a packaging and supply agreement with Choice Labs in February of 2019. Demonstrating real agility and speed to market capability, Dixie launched its award-winning portfolio of branded products the following month, quadrupling the number of available SKU's by the end of April in response to positive reaction from both retailers and consumers. Since launching in February of 2019, Dixie has established itself as a powerhouse brand in the state with over 70% dispensary penetration and demand consistently outstripping supply.

Michigan is the second largest medical cannabis market in the country with over 300,000 registered medical cannabis patients driving \$30 million in annual retail sales (source: Detroit Free Press, August 19, 2019). With the state's roll-out of adult-use regulations in December 2019, the Michigan legal cannabis market is expected to grow to an estimated \$1.5 billion by the end of 2021 (source: MLive, Michigan's Recreational Marijuana Industry Poised to Grow Exponentially in 2020, Dec 26, 2019), making it one of the largest and fastest growing cannabis markets in the U.S.

"Expanding into the great state of Michigan was a priority for Dixie in 2019 and the incredible results we have managed to achieve so quickly are a testament to the strength of our brands and the expertise of both our production and commercial teams," said Chuck Smith, President and CEO, Dixie Brands. "And this is only the beginning! With the approval of recreational use, we expect the market to grow exponentially and Dixie's portfolio is well positioned to expand on its market leading position into 2020 and beyond."

With only 21 recreational retail licenses issued to date and approximately 80% of Michigan municipalities not yet embracing adult-use sales, recreational retail sales of over \$6.5M in December (source: MLive, December 26, 2019) demonstrate the potential scale of a recreational cannabis market in the state. Dixie's relationship with Choice Labs, one of only four processors granted a recreational license, combined with Dixie's strong brand equity, unparalleled production heritage and demonstrated commercial momentum is expected to deliver a promising and exciting future.

ABOUT DIXIE BRANDS, INC

Dixie Brands Inc. is leading the CPG cannabis industry by championing freedom of choice for consumers around the world. Through its licensed partners, Dixie has been perfecting the art and science of creating award-winning THC and CBD-infused products for nearly a decade. A true multi-state operator currently in California, Colorado, Maryland, Michigan and Nevada, Dixie is set to expand internationally, including Canada and Latin America. Dixie's relentless commitment to product

innovation from fun to functional has earned the brand a place as one of the industry's most recognized consumer brands. Dixie's portfolio features over 100 products across more than 15 different product categories representing the industry's finest edibles, beverages, tinctures, topicals and connoisseur grade extractions, as well as world-class CBD-infused wellness products and pet supplements. To find out more about Dixie's innovative products, visit www.dixiebrands.com.

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