

DionyMed Brands Inc. Provides 1st Quarter 2019 Business Update

TORONTO--(BUSINESS WIRE)--May 1, 2019--DionyMed Brands Inc. (“DionyMed”, “DYME” or “Company”) (CSE: DYME) (OTC: DYMEF), a multi-state cannabis brands, distribution and direct-to-consumer delivery platform, announced today the following financial and operational update for its first fiscal quarter of 2019.

First Quarter 2019 Financial Highlights

- Record setting preliminary gross revenue of US\$14.2 million, representing 155% growth over the fourth quarter of 2018, from distribution and direct-to-consumer sales of house and third-party brands.
- Gross margins expanded to 45%, or approximately US\$6.4 million, from 36%, or approximately US\$2.0 million, representing 25% growth from gross margins realized in the fourth quarter of 2018, due to an increase in the share of house brand products sold and direct-to-consumer delivery.
- The Company continues to improve its gross margins and platform efficiency to reduce costs and improve its EBITDA.
- An additional US\$5.0 million wholesale value of product was delivered through the Company’s wholesale logistics business for third-party brands. The wholesale logistics business recognizes net revenue rather than the full wholesale value of product distributed by the Company. Total combined gross sales of product from the Company were US\$19.2 million.

First Quarter 2019 Operational Highlights

Expansion of DYME’s Award Winning Cannabis Brands Portfolio

- DYME house brand “Winberry Farms” exceeded US\$1.0 million of wholesale revenue during the month of March.
- DYME house brand “Gardener’s” was launched in Oregon, expanding house brand sales outside of California.
- Launched twelve CBD-focused products under DYME’s award-winning brand, Winberry Farms.
- DYME house brands represented more than 50% of wholesale distribution revenue in March accelerating product sales margin expansion.

Expansion of “Chill”, DYME’s Direct-To-Consumer Delivery Platform

- DYME expanded the “Chill” Bay Area delivery territory to include San Francisco, Hayward, Fremont and Cupertino in response to favorable changes in California’s direct-to-consumer regulations.
- Enhanced the Chill product offering adding more than 150 SKUs, including products from award winning brands, like Winberry Farms, Gardener’s, Dosist, Kiva, CannDESCENT, Plus Products and PAX.
- Relaunched the Chill online user experience driving new user adoption, revenue growth and margin expansion.

Expansion into New Markets

- Announced a strategic product manufacturing and distribution partnership with Acres Cannabis, which, was recently acquired by Curaleaf. As a result, DYME brands are now available in select cannabis retail dispensaries in Las Vegas, Nevada.
 - Signed a binding term sheet to acquire a 1.83 acre Los Angeles cannabis campus with 80,000 sq ft that includes 80,000 sq ft of retail dispensary storefront, distribution, manufacturing space and direct-to-consumer fulfillment. The transaction is scheduled to close on May 31, 2018 with a combination of equity and real estate financing, as previously disclosed.
 - Signed a definitive agreement to acquire Pioneer Valley Extracts, LLC, a licensed product manufacturer in Massachusetts. The transaction was done with equity and nominal cash, as previously disclosed.
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Edward Fields, CEO of DionyMed, stated, “We are pleased to report our progress in the first quarter of 2019, demonstrating the success of our wholesale distribution and direct-to-consumer platform strategy. DYME’s award winning house brands have become one of the industry’s fastest growing cannabis product portfolios driving increased sales and accelerating margin expansion. Chill, DYME’s direct-to-consumer delivery offering, is experiencing explosive growth following the relaunch of the online ecommerce website with a record setting performance during 4/20 and thousands of new customers.”

Fields concluded, “Moving forward in 2019, we will continue to scale our business through focused execution, accretive inorganic growth and the infrastructure buildout required by our market leading scale. As favorable direct-to-consumer regulations in California and across the U.S. expand, we look forward to bringing our award-winning brands, market leading ecommerce technology and logistics to consumers throughout California and beyond.”

Effective December 5, 2018, when the Company announced the exercise of its option to acquire all the shares of Hometown Heart (the “**Hometown Shares**”) and the subsequent completion of the acquisition on December 13, 2018, the Company transferred all of the Hometown Shares to a single individual who was a former owner of shares of Hometown in consideration for the grant of an irrevocable option (the “**Option**”) to re-acquire the Hometown Shares for a nominal amount following the receipt of all required regulatory approvals. In connection with the foregoing, the Company’s subsidiary Herban Industries, Inc. (“**Herban**”) and Hometown Heart entered into a Master Services Agreement pursuant to which Herban exercises control over Hometown Heart and provides Hometown Heart with management, labor administration, marketing, branding, professional, banking, record-keeping, intellectual property, governance, and other support services. The Company has consolidated the accounts of Hometown Heart in its consolidated financial accounts since December 13, 2018 as a result of the Master Services Agreement and the Option.

All financial disclosures in this press release are preliminary and subject to change upon the financial statements for the quarter ended March 31, 2019 being finalized and filed. Annual revenue run-rates assume that revenues being annualized are representative and will be achieved in future periods.

To be added to the DionyMed e-mail distribution list, please e-mail DionyMed@kcsa.com with DionyMed in the subject line.

About DionyMed

Founded in 2017, DionyMed is a multi-state cannabis brands platform, supporting cultivators, manufacturers and award-winning brands in the medical and adult-use cannabis markets. DionyMed sells branded products in every category from flower to vape cartridges, concentrates and edibles. DionyMed serves cannabis consumers through retail dispensary distribution and direct-to-consumer fulfillment with its growing portfolio of award-winning brands. Learn more at dionymed.com and follow @DYME_Inc on Twitter and LinkedIn.

Forward-Looking Information and Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved" and include, without limitation, statements with respect to growth of the Chill platform, the expansion of the Company's US operational footprint and product portfolio, annualized revenues, the expansion of the Company's opportunities in new markets and statements that imply that pending acquisitions will be completed and provide benefits to the Company and its business and statements with respect to future growth of the Company.

In connection with the forward-looking information and forward-looking statements contained in this press release, the Company has made certain assumptions, including but not limited to: the growth rate of the Chill delivery platform staying the same or increasing, the market for cannabis continuing to grow and expand geographically, future revenues being at least as high as current revenues, and the Company continuing to identify and successfully acquire brands, assets and businesses that will advance its business objectives .

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements, including but not limited to: the Company not having the requisite borrowing base or not being able to satisfy the conditions for future draws under, or not being able to make future draws under, the credit facility, there not being future commitments from existing or future lenders for the full amount of the credit facility, material changes in the Company's business plan, there being material fluctuations in the Company's share price and certain other risk factors set out in the Listing Statement of the Company available on the Company's profile on SEDAR at www.sedar.com.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

CONTACT:

Edward Fields, CEO
Edward.Fields@DYME.com
669-232-5270

Peter Kampian, CFO
pkampian@dionymed.com
647-948-8387

Investor Contacts:

Phil Carlson / Erika Kay
KCSA Strategic Communications
Phone: (212) 896-1233
Email: pcarlson@kcsa.com / ekay@kcsa.com

Media Contacts:

Kate Tumino / Tony Forde
KCSA Strategic Communications
212-896-1252 / 347-487-6218
ktumino@kcsa.com / tforde@kcsa.com