

Astron Connect Inc. Reports 2019 First Quarter Results

Strong demand for new products drives significant year-over-year revenue growth

VANCOUVER, British Columbia—([BUSINESS WIRE](#))—Astron Connect Inc. (the “Company” or “Astron”, formerly “Exalt Capital Corp.”) (TSX-V: AST), a leader in bringing Canadian food and beverage products to China and emerging markets, today announced its first quarter results for the three month period ended December 31, 2018. All dollar amounts are in Canadian dollars, unless otherwise indicated.

“We see a great opportunity to deliver Canadian food and beverage products to China’s growing middle- and upper-class, despite the recent tensions between the two countries”

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“The first quarter was a major step forward for the Company, as strong demand for our products in China offered proof of concept for our *Sachiel Connect* platform,” said Randall Smallbone, President and CEO of Astron Connect. “After developing and launching *Dutchman’s Gold Honey* in China in the third quarter, we saw significant traction in honey sales along with a steady improvement in our *Sachiel Water* business. We are excited about our growth prospects as we prepare to launch further authentic Canadian food and beverage brands in China and continue to add talented, experienced people to our team.”

Q1 2019 Highlights

- Grew revenue to \$226,562 from \$5,038 the year before

For further financial information, please refer to the annual audited financial statements.

“We see a great opportunity to deliver Canadian food and beverage products to China’s growing middle- and upper-class, despite the recent tensions between the two countries,” continued Mr. Smallbone. “We don’t expect geopolitical issues to have a material impact on our business and believe that our water and honey have significant room to grow in the Chinese market, along with the new products we hope to develop moving forward.”

Operational Results

Revenue

Revenue increased to \$226,562 for the three months ended December 31, 2018, compared to \$5,038 in the same period the year before. The increase is due to honey sales of \$191,917 and bottled water sales of \$34,645. In the same period last year, the Company was in the process of developing the new honey product which launched in the third quarter of fiscal year 2018.

Cost of sales

Gross profit increased to \$57,196 for the three months ended December 31, 2018, compared to \$1,014 in the same period last year. The increase in gross profit is due largely to the increase in sales generated by the launch of Dutchman’s Gold Honey in China.

Gross margin also increased to 25.24 per cent for the three months ended December 31, 2018, compared to 20.12 per cent in the same period last year. This is due to higher margins being realized by honey versus bottled water.

Operating Expenses

Total operating expenses increased by \$263,708 for the three months ended December 31, 2018, compared to the same period last year, primarily due to the continued growth of operations leading to an increase in headcount throughout the Company and the issuance of stock options.

Distribution Agreements

The Company has signed a memorandum of understanding (MOU) with Junding Industrial Co., an influential beverage supplier in the Northern Zhejiang region of

China. The agreement was reached at the first China International Import Expo (CIIE) in Shanghai and is valued at as much as \$3 million USD, with the opportunity to grow further based on demand.

Board of Directors

The Company appointed Fei Chu as an independent board member of the company's Audit Committee. Ms. Chu is a procurement director in the Fresh Food Department of Beijing Hema Fresh Network Technology Co., a subsidiary of Alibaba Group Holdings. She has over 20 years' experience in food and beverage procurement, and particular expertise working with international suppliers. Previously, Ms. Chu has worked for Beijing Jingdong Century Trading Co. and the purchasing department of Sam's Club, a subsidiary of Walmart.

Financial Statements and MD&A

The Company's Financial Statements and Management's Discussion and Analysis (MD&A) for the three months ended December 31, 2018 will be accessible on SEDAR at www.sedar.com under Astron's profile and on the Company's website at www.astronconnect.com.

The TSXV has neither approved nor disapproved the contents of this news release. Neither the TSXV nor its Regulation Service Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

ABOUT ASTRON CONNECT

Astron Connect (TSX-V:AST) helps Canadian enterprises in the food and beverage industry break through the noise and bring their products to new international markets in the emerging world. Astron Connect brings Canadian food and beverage companies to the world through its extensive connections and export logistics capabilities in China and emerging markets. Sachiel Water (an Astron brand) supplies China and other emerging markets with pure Canadian bottled spring water. For more information, visit www.astronconnect.com.

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