

# IONIC BRANDS

CSE: IONC | FRA: IB3 | OTC: IONKF

*For Immediate Release*

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## **IONIC BRANDS ANNOUNCES FISCAL 2019 SECOND QUARTER FINANCIAL RESULTS**

- **IONIC BRANDS ACHIEVES US\$3.9M IN SECOND QUARTER REVENUES, EXPERIENCING 377% INCREASE IN QUARTER ON QUARTER AND 6 MONTHS REVENUE OF \$5.9M.**

TACOMA, WASHINGTON, USA, AUGUST 29, 2019, IONIC BRANDS CORP. (CSE: IONC) (OTC: IONKF) (FRA: 1B3) (“**IONIC BRANDS**” or the “**Company**”) is pleased to announce its second quarter 2019 financial results as it achieves a milestone of \$5.9M of revenue for the first half of year.

Highlights for the quarter ended June 30, 2019

- Completed a number of strategic synergistic acquisitions
  - Cannabis-infused coffee patents
  - Zoots Premium Cannabis-Infused Edibles
  - Vegas Valley Growers (subject to regulatory approval)
- Completed a concurrent brokered and non-brokered debenture unit offering raising gross proceeds of approximately C\$20 million.

John Gorst, Chairman & CEO of IONIC BRANDS, stated, “We are very pleased with our second quarter financial results, achieving our focus of increasing sales growth while closing a successful financing for various strategic business acquisitions all in a span of three months.”

### **OVERALL PERFORMANCE**

During the three months ended June 30, 2019, the Company’s main focus was on increasing its sales both by acquisition and expansion. For the three months ended June 30, 2019, revenue from product and services sales was \$3,053,372, representing an increase of 450%, compared to product sales revenue of \$554,690 during the same period in the prior year. The increase in product sales is primarily due to the Company’s effort in developing its business and also the result of two acquisitions.

In addition, business development expenses increased compared to the prior year is due to increased marketing expenditures connected with new product introductions and expansion initiatives into the states of Oregon and California and also the result of two acquisitions.

## Summary of Quarterly Results

The following table sets forth selected financial information for the Company for the three months ended June 30, 2019 and 2018. Such information is derived from the financial statements of the Company and should be read in conjunction with such financial statements.

	<b>3 months ended June 30, 2019</b>		<b>3 months ended June 30, 2018</b>	
Revenues	\$	3,864,041	\$	809,510
Cost of Goods Sold		2,899,265		418,288
Gross Income		964,776		391,222
Total Operating Expenses		5,759,600		567,469
Loss from Operations		(4,794,824)		(176,247)
Other Items		(5,407)		-
Net Loss	\$	(4,800,231)	\$	(176,247)

  

	<b>As at June 30, 2019</b>		<b>As At December 31, 2018</b>	
Current Assets	\$	15,569,312	\$	6,363,896
Property Plant & Equipment		2,168,058		381,111
Patents and trademarks		1,026,496		-
Goodwill		15,221,985		-
Total Assets	\$	33,985,851	\$	6,745,007
Current Liabilities	\$	12,093,898	\$	20,027,584
Long Term Liabilities		9,172,432		87,773
Shareholders' Equity		12,719,521		(13,370,350)
Total Liabilities and Equity	\$	33,985,851	\$	6,745,007

Results of Operations for the Three Months ended June 30, 2019

### Revenue

Revenue for the three months ended June 30, 2019, increased by \$3,054,531 (377%) from 2018 mainly due to an increase in revenue from the increased sales of services, packaging and ancillary products and also an increase in licensing and equipment rental revenue. This was a result of growth in the underlying sales of our customers and also the result of two acquisitions.

### Gross Profit

For the three months ended June 30, 2019, gross profit increased by \$573,554 (147%) compared to the Q2 2018 quarter as a result of the improved overall sales volume. Gross margins decreased to 25% from Q2 2018's 48% and were primarily attributable to an increase in cost of goods sold.

## **Total Expenses**

Expenses for the three months ended June 30, 2019 were \$5,759,600, an increase of \$5,192,131 from \$567,469 incurred during the same period in the prior year. The significant differences in expenses were as follows:

- Marketing and investor relations: \$773,192 for the three months ended June 30, 2019 compared to \$20,500 during the same period in prior year, as the Company has expanded and is looking for more business opportunities and also the costs related to being a public company;
- Interest and finance charges: \$439,218 for the three months ended June 30, 2019 compared to \$23,602 during the same period in prior year, as the Company issued debt to finance its expansion and growth.
- Professional fees: \$849,681 for the three months ended June 30, 2019 compared to \$3,115 during the same period in prior year, as the Company engaged advisors and consultants to assist in the RTO, as well as the growth in the business;
- Share-based payments: \$1,346,806 for the three months ended June 30, 2019 compared to \$nil during the same period in 2018, as the Company issued stock options and performance warrants to directors, management, employees and consultants.
- Salaries and Wages increased to \$1,062,040 from \$223,366 as the Company hired additional people to assist in its growth.

## **OUTLOOK**

The Company plans to expand the licensing of the IONIC™ brand and line of products into other U.S. states where recreational marijuana is legal and becomes legal by contracting with local state license holders in those states to produce and distribute IONIC™ brand products. The Company will be paid an amount equal to sales made by its Customers to third parties less fees charged by them for distribution and production, negotiated on a state-by-state basis, for each unit or a derivative thereof sold. The Company may also enter into financial transactions to support licensees or affiliated manufacturing companies in order to promote, support, and develop sales and distribution of IONIC™ products including through investment in joint ventures in various states. The Company currently provides and will continue to provide consulting services to manufacturers and retailers, in compliance with applicable state law; serve as a real estate, fixtures and equipment holding and management company that will acquire, lease, develop and/or manage real property, industrial fixtures and equipment and lease and/or sublease such infrastructure to manufacturers and retailers; invest in such companies, in compliance with applicable state law; and enter into financial transactions to support such, including, without limitation, loan transactions, in order to promote, support, and develop sales and distribution of products utilizing its portfolio of intellectual property.

The Company will continue to reinvest into its premium and luxury branded products while integrating and completing its planned acquisitions. This will expand the Company's product offerings as well as introduce its products to other markets. The Company anticipates this strategy will increase the recognition of the IONIC BRANDS brand and lead to quicker and more robust sales growth quarter over quarter. The Company's primary objective for the balance of 2019 will be to continue to work towards acquiring its own licenses and owning its manufacturing and distribution in markets where it makes the most sense thereby substantially increasing its gross margins and revenue. This will give the Company more control

over its supply chain, thereby ensuring that our retail partners, as well as the consumer, has an excellent experience with our brands.

### **About IONIC BRANDS Corp.**

The Company is focused on building a multi-state consumer-focused cannabis concentrate brand portfolio focusing on the premium and luxury segments. The cornerstone Brand of the portfolio, IONIC, is one of the top vaporizer brands in Washington State and has aggressively expanded throughout the West Coast of the United States. The brand is currently operating in Washington, Nevada, Oregon and California. IONIC BRANDS' strategy is to be the leader of the highest-value segments of the cannabis market and expand nationally.

On behalf of IONIC BRANDS CORP.  
John Gorst  
Chief Executive Officer & Chairman

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***The CSE does not accept responsibility for the adequacy or accuracy of this release.***

*All statements, other than statements of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The risks are without limitations the price for cannabis and related products will remain consistent and the consumer demand remains strong; availability of financing to the Company to develop the retail locations; retention of key employees and management; changes in State and/or municipal regulations of retail operations and changes in government regulations generally. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time with the Canadian Securities Exchange, the British Columbia Securities Commission, the Ontario Securities Commission and the Alberta Securities Commission.*