

For Immediate Release

IONIC BRANDS CORP. ANNOUNCES RECORD FIRST QUARTER OF 2021 PROFORMA FINANCIAL RESULTS AND PROVIDES BUSINESS UPDATE

TACOMA, WA / ACCESSWIRE / JUNE 28, 2021 / IONIC BRANDS CORP. (CSE:IONC) (OTC PINK:IONKF) (FRA:IB3A) ("IONIC BRANDS" or the "Company") is a regional manufacturer of innovative cannabis consumables and concentrate extract products. The Company is pleased today to be reporting its proforma, unaudited financial results for the three months ended March 31, 2021. All currency references used in this press release are in U.S. dollars unless otherwise noted. The Company intends to file the condensed consolidated interim financial statements and the management discussion and analysis for the three-month period ended March 31, 2021 no later than July 5, 2021.

Financial Highlights for the quarter ended March 31, 2021 (proforma, unaudited, expressed in US Dollars)¹:

	Q1 2021** \$	Q4 2020 \$	Q1 2021 to Q4 2020 Change \$	Q1 2021 to Q4 2020 Change %
Revenue	4,182,815	1,656,683	2,526,132	152.5%
Gross Profit	722,845	301,637	421,208	139.6%
Gross Margin %	17.3%	18.2%	-	(0.9)%
Adjusted EBITDA***	(231,391)	(4,026,843)	3,656,490	90.8%

* See "Non-IFRS Financial Measures" below for more information regarding Ionic Brands 's use of Non-IFRS financial measures and other reconciliations.

** Q1 2021 including results from Cowlitz County Cannabis asset acquisition, effective March 8, 2021.

*** Adjusted EBITDA from operations, excludes corporate financing and M&A fees associated with the Cowlitz asset acquisition.

Revenue increased to \$4.182 million in the first quarter of 2021, as compared to \$1.657 million in the fourth quarter of 2020, representing a 153% increase. This strong quarter over quarter sales growth was driven primarily by the closing of the Cowlitz County Cannabis ("Cowlitz") asset acquisition in March of this year. The Company acquired an additional 6 brands, increasing our total portfolio size to 10 brands in the Washington and Oregon markets.

Gross margin was 17.3% in the first quarter of 2021 compared to 18.2% in the fourth quarter of 2020. The 0.9 basis point reduction quarter over quarter is due to the mix of revenue earned in the quarter. New, lower

margin streams of revenue came online during Q1 from the Cowlitz asset acquisition and brokerage sales. The Company anticipates gross margin will increase in Q2 and beyond as higher margin sales from retail locations via Ionic Brands' dedicated wholesale partners are expected, while realizing lower input costs from the use of contract raw material partners. Furthermore, quarter-on-quarter margin improvement is expected as biomass yields increase at the Company's manufacturing partners.

John Gorst, CEO of Ionic Brands commented, "After Ionic Brands' strong growth this quarter with total revenue of over \$4 million, the Company is on track to have our first half of 2021 revenues exceed the full fiscal year 2020 revenue of \$9.0 million. We are rapidly growing sales due to the substantial investments we recently made in infrastructure. Working capital and inventory have started to deliver operating leverage, while our team continues to meet the evolving needs of our customers, retail partners and communities."

Mr. Gorst continued, "Demand for Ionic Brands' products in the Washington and Oregon markets is robust as cannabis continues to behave like a consumer staple. We have established a 46,000 square foot manufacturing facility in Washington, allowing our manufacturing partners to increase their annual production capacity by 6x. This new facility, solely dedicated to our brands, also contains multiple indoor grow rooms that enables us to fully integrate the supply chain in the Washington market and expands our partners existing growing capacity in our southern Washington facility, located at the Cowlitz manufacturing site.

Furthermore, we recently closed the "OPS" acquisition of a fully licensed and equipped manufacturing facility in Estacada, Oregon, which now gives Ionic Brands full operating control over the manufacturing and distribution of our products in the Oregon market. The acquisition of the Oregon facility will allow us to produce up to an average of 1.4 million units per year, which is expected to result in annual increased revenues of \$15 million and a projected positive increase of 8% to 10% on gross margin due to operating efficiencies.

Moreover, Ionic Brands now has over 60,000 square feet of combined manufacturing space, versus just 9,000 sq feet in Q4-2020, which should be a strong initial production platform to serve a national market when federal legalization happens. This is all made possible by the hard-working and dedicated team members we have at all levels of the organization."

Mr. Gorst concluded, "Overall, we continue to execute on our growth strategy in 2021. We are excited to build on our momentum and are already seeing great performance evidenced by continued expansion of our retail distribution network and production and manufacturing footprint."

Q1-2021 Operational Updates and Highlights

1. Ionic Brands extended its brand portfolio to the Massachusetts market through its partners M2 and local licensed operator The Pass. We expect our products to be available on retail shelves in Massachusetts in July 2021 and continue to pursue similar licensing agreements in other limited-license states.

2. Ionic Brands reached an agreement with its secured bondholders to convert \$15.1 million of debt into preferred shares with additional debt settlements of over \$1.2 million in debt for cash and stock, substantially improving our balance sheet and liquidity.
3. Ionic Brands completed the acquisition of assets of Cowlitz, the 5th largest wholesale operator in the state of Washington with over \$18 million in revenue in 2020 (unaudited). This acquisition expanded our brand portfolio to include a full suite of flower brands to complement Ionic Brands' strong roster of edibles, flower, liquids, and inhalable concentrates. Based on government agency data, when viewed collectively, Ionic Brands manufacturing partners' amount to the fifth-largest wholesale operator in Washington by revenue for the period of 2020. The acquisition of Cowlitz does not include the I-502 license as the state of Washington has limited ownership restrictions. Ionic Brands does own an irrevocable option to purchase the license when state ownership rules are relaxed or changed.
4. Ionic Brands completed a capital raise of CAD \$14.7 million, which netted approximately USD \$7.8 million in working capital after transaction and professional fees and funded the \$1.75 million cash payment on the Cowlitz asset acquisition. The Company's cash balance at the end of March 31, 2021 is approximately \$4.9 million.
5. Ionic Brands entered the wholesale-brokerage arena, including a licensing agreement with Dutchman's Trading Services to build and provide an electronic commodities exchange platform for supply chain materials in the Pacific Northwest. The Company is quickly expanding this service into multiple markets in 2021 to secure supply chains and introduce our brands into those markets through manufacturing and licensing arrangements. Unaudited revenues generated from these services during Q1-2021 were \$838,244 representing over 4 million units sold.
6. Ionic Brands combined entities sold 804,607 units into its retail distribution network in the Pacific Northwest markets in Q1-2021, an increase of 530,016 units or 293% from 274,228 units sold in Q4-2020.

Fiscal 2021 Outlook ¹

While the Company is not providing full-year revenue guidance, management anticipates that top-line revenues in Q2-2021 from its operations will increase 50-60% compared to 2020 reported financial results, primarily due to the acquisition of the assets of Cowlitz. In addition, management expects gross margin improvements to continue throughout 2021, including a significant increase in Q2-2021 gross margin versus Q1-2021 due to improved output/scale from its manufacturing facilities, and improved input costs from volume-based purchasing capability. Furthermore, Management anticipates the Company will achieve positive cash flows in Q3-2021.

Notes:

1. These preliminary and unaudited financial results are subject to customary financial statement procedures by the Company. Actual results could be affected by subsequent events or determinations. While the Company believes there is a reasonable basis for these preliminary financial results, the results involve known and unknown risks and uncertainties that may cause

actual results to differ materially. These preliminary fiscal results represent forward-looking information. See "Cautionary Note Regarding Forward-Looking Information and Statements" and "Financial Outlook".

IONIC BRANDS

About Ionic Brands Corp.

The Company is dedicated to building a regionally based multi-state consumer packaged goods company with a highly respected cannabis concentrate brand portfolio with strong roots in the premium and luxury segments of vape, concentrates, flower and consumables. The cornerstone Brand of the portfolio, IONIC, is a top concentrates brand in Washington State along with its economy brand Dabulous and has aggressively expanded throughout the Pacific Northwest of the United States. The brand is currently operating in Washington and Oregon. IONIC BRANDS' strategy is to be the leader of the highest-value segments of the cannabis market.

On behalf of IONIC BRANDS CORP.

John Gorst
Chairman & Chief Executive Officer

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To stay better informed on the current events of the company, you can join our investor community at <https://www.ionicbrands.com/investor-community>

Explanatory Note Regarding the Company's Operations

References in this news release to the Company and its operations and assets are inclusive of the operations and assets of certain licensed cannabis operators that operate under the Ionic Brands brand pursuant to contractual arrangements with the Company. For additional information, please refer to the Company's disclosure documents available on the Company's profile at www.sedar.com.

Non-IFRS Financial Measures

The Company has provided certain non-IFRS financial measures including "Gross Margin" and Adjusted EBITDA. These non-IFRS financial measures do not have a standardized definition under IFRS, nor are they calculated or presented in accordance with IFRS and may not be comparable to similar measures presented by other companies. The Company defines "Gross Margin" as Gross divided by Revenue. The Company calculates Adjusted EBITDA as net income as reported adjusted to exclude the impact of the following items: fair value adjustment of sale of inventory, provision for income taxes, foreign exchange (gain)loss, change in fair value of investments, interest expense, share based compensation, depreciation and amortization, costs associated with public listing, impairment loss, loss on financial instruments and gain on sale of fixed assets.

The Company has provided these non-IFRS financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Company

believes that these supplemental non-IFRS financial measures provide a valuable additional measure to use when analyzing the operating performance of the business. As other companies may calculate these non-IFRS measures differently than the Company, these metrics may not be comparable to similarly titled measures reported by other companies. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented herein.

Caution Regarding Cannabis Operations in the United States

Investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. While legal in certain states, cannabis remains a Schedule I drug under the U.S. Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable U.S. federal money laundering legislation. Investors should carefully read the risk factors and disclosures contained in the Company's Management Discussion and Analysis ("MD&A") for the year ended December 31, 2020 and other disclosure documents available on the Company's profile at www.sedar.com.

Caution Regarding Cannabis Operations in Washington State

Holders of marijuana licenses in Washington are subject to significant regulation. Such regulation creates a number of risks unique to such holders, especially when compared to the holders of marijuana licenses in other U.S. states. In addition, the Washington State Liquor and Cannabis Board ("LCB") has historically taken an aggressive approach to enforcing the applicable regulations. Washington law specifically prohibits out-of-state ownership or control of marijuana licenses and requires that any person or entity who provides financing to the holder of a marijuana license be subject to rigorous scrutiny. These laws significantly limit how out-of-state companies and non-licensed companies may transact with marijuana licensees. What may appear to be a minor violation may result in irreparable harm as the LCB has cancelled marijuana licenses as a punishment for a first offense of a regulatory violation related to ownership and control. While consulting agreements, service arrangements, and intellectual property agreements are generally permissible and appear to be acceptable to the LCB, a licensee who enters into such transactions with an out-of-state or non-licensed company runs the risk of the licensee's business being suddenly terminated if the LCB perceives any concern about ownership and control of the licensee. Investors in the Company must be aware that the Company faces the risk of total business loss if a Washington licensee the Company relies upon has its license cancelled. There is significant risk and uncertainty regarding an investment in the Company.

Cautionary Note Regarding Forward-Looking Information and Statements

This press 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 Ionic Brands 's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Ionic Brands '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". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, statements about the anticipated expansion of the Company's operations and growing capacity in Washington, projected financial results for the second quarter of 2021, potential acquisitions and the Company's prospects and the cannabis market generally in the states of Washington.

By identifying such information and statements in this manner, Ionic Brands 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 to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, Ionic Brands has made certain assumptions. Although Ionic Brands 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. Among others, the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: unexpected costs or delays in the completion of the Company's proposed dispensaries and other operations; negative results experienced by the Company as a result of general economic conditions or the ongoing COVID-19 pandemic; delays in the ability of the Company to obtain certain regulatory approvals; unforeseen delays or costs in the completion of the Company's construction projects; adverse changes to demand for cannabis products; ongoing projects by competitors that may impact the relative size of the Company's operations; adverse changes in applicable laws; adverse changes in the application or enforcement of current laws, including those related to taxation; increasing costs of compliance with extensive government regulation; changes in general economic, business and political conditions, including changes in the financial markets; and the other risks disclosed in the Company's MD&A for the year ended December 31, 2020 and other disclosure documents available on the Company's profile at www.sedar.com.

The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and Ionic Brands 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.

Financial Outlook

This news release contains a financial outlook within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of the Company to provide an outlook for the second quarter of 2021 and may not be appropriate for any other purpose. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed in this press release and assumptions with respect to market conditions, pricing, and demand. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis. However, because this information is highly subjective and subject to numerous risks, including the risks discussed under the heading "Cautionary Note Regarding Forward-Looking Information and Statements", it should not be relied on as necessarily indicative of future results.

Third Party Information

This press release includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its

estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this press release or ascertained the underlying economic assumptions relied upon by such sources.