

YOURWAY CANNABIS BRANDS TO ACQUIRE IONIC BRANDS

VANCOUVER, BC, April 20, 2022 /CNW/ - [YourWay Cannabis Brands Inc.](#) (CSE: YOUR) (OTC: YOURF) (FSE: HOB) ("**YourWay**") and [Ionic Brands Corp.](#) (CSE: IONC) (OTC: IONKF) (FSE: IB3) ("**Ionic Brands**") are pleased to announce that they have entered into a definitive arrangement agreement (the "**Arrangement Agreement**") on April 20, 2022 pursuant to which YourWay will acquire all of Ionic Brands' issued and outstanding common shares (the "**Ionic Brands Shares**"), including all Ionic Brands' Shares issuable on conversion of Ionic Brands' issued and outstanding preferred shares in accordance with the terms thereof (the "**Transaction**").

Pursuant to the terms of the Arrangement Agreement, Ionic Brands shareholders will receive 0.0525 of a YourWay common share in exchange for each Ionic Brands Share held. The Transaction provides Ionic Brands shareholders with a premium per Ionic Share of approximately 21% based on the closing price of the YourWay common shares on the Canadian Securities Exchange (the "**CSE**") as of April 19, 2022 and the 10-day volume weighted average price of the Ionic Brands Shares on the CSE for the period between April 6, 2022 and April 19, 2022.

The arm's length Transaction is expected to provide several benefits to both YourWay and Ionic Brands shareholders. Notably, following completion of the Transaction, YourWay will possess a strengthened brand portfolio including one of Washington's leading brands, which is expected to enable broader market penetration.

Key Transaction Highlights

- **Anticipated Growth Opportunities:** The Transaction enables potential expansion of YourWay's 'House of Brands' into two additional leading cannabis markets: Washington and Oregon, while also exposing YourWay to an additional 16 million consumers.
- **Increased Retail Footprint:** The combined company's products are expected to be carried by more than 450 retailers, with significant market penetration in Arizona and Washington. In 2021, Ionic Brands distributed over 6,970,889 million packaged products.
- **Robust Brand Portfolio:** Following the Transaction, the combined company will have 12 owned brands in four key states, with expanded consumer offerings and exposure to high growth categories, including edibles, beverages, and packaged flower. Ionic Brands' flagship brand, IONIC, is a top three premium brand in Washington State with a series of vape and prerolls SKUs. Ionic Brands' portfolio also includes; ZOOTS, a popular consumables brand with a variety of form factors, the value concentrate brands DABULOUS, WICKED, a premium infused preroll and Cowlitz County Cannabis which includes seven packaged flower and preroll brands.
- **Product Innovation:** The combined company will have nearly a decade of data, formulation, and product development experience, enabling the development of products that closely align with consumer preferences.
- **Bolsters Leadership Team:** The management team of the combined company will have more than 70 years of combined cannabis industry experience to support the company's ongoing growth.
- **Ongoing Upside Potential for Ionic Brands Shareholders:** Ionic Brands shareholders will receive YourWay common shares pursuant to the Transaction and will have the opportunity to participate in the future growth of YourWay.
- **Immediate Attractive Premium for Ionic Brands Shareholders:** The Transaction provides Ionic Brands shareholders with a premium per Ionic Share of approximately 21% based on the closing price of the YourWay common shares on the CSE as of April 19, 2022 and the 10-day volume weighted average price of the Ionic Brands Shares on the CSE for the period between April 6, 2022 and April 19, 2022.
- **Opportunity to Achieve Potential Cost Synergies:** YourWay and Ionic Brands anticipate post-Transaction cost synergy opportunities as the combined company optimizes and integrates operations and shared services.
- **Improved Financial Position:** Considering the challenging economic environment and volatile financial market conditions, particularly for cannabis companies, the Transaction provides Ionic Brands

shareholders with access to YourWay's stronger financial position, which is expected to enable the combined company to pursue key growth projects.

Management Commentary

"The Transaction is expected to accelerate YourWay's 'House of Brands' strategy and represents an opportunity for entry into key markets with limited competition from national multi-state operators. Ionic Brands brings complementary strength to our existing business, providing the ability to bring more innovative products to consumers and bolstering our footprint in two new US markets."

- Jakob Ripshtein, Executive Chairman of the Board, YourWay Cannabis Brands Inc.

"We believe the Transaction is highly strategic for Ionic Brands, its brands, team members and shareholders, and will allow Ionic Brands shareholders to participate in the shared vision of the combined company. The Transaction was entered into with a view to the long-term growth and success of the Ionic brand and the potential to increase shareholder value."

- John Gorst, CEO, Ionic Brands Corp.

Transaction Details

The Transaction will be effected by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) and will require the approval of: (i) 66⅔% of the votes cast by the holders of Ionic Brands Shares and the Series D preferred shares of Ionic Brands, voting together as a single class, on the Transaction, (ii) a simple majority of the votes cast by the holders of Ionic Brands Shares and the Series D preferred shares of Ionic Brands, voting as a single class after excluding any votes of "related parties" and "interested parties" and other persons required to be excluded under Canadian Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, on the Transaction, (iii) 66⅔% of the votes cast by the holders of the Series D preferred shares of Ionic Brands on an amendment to the articles of Ionic in order to remove the dividend entitlement for the holders of the Series D preferred shares (the "**Series D Amendment**"), and (iv) 66⅔% of the votes cast by the holders of the Series E preferred shares of Ionic Brands on an amendment to the articles of Ionic in order to remove the dividend entitlement for the holders of the Series E preferred shares (the "**Series E Amendment**"), all at a special meeting to consider the Transaction expected to take place in June 2022.

YourWay has entered into voting support agreements with certain of Ionic Brands' directors, officers and significant shareholders, together holding (i) at least 21.66% of the outstanding Ionic Brands Shares and Series D preferred shares of Ionic Brands, (ii) approximately 70.57% of the outstanding Series D preferred shares of Ionic Brands, and (iii) 100% of the outstanding Series E preferred shares of Ionic Brands, pursuant to which they have agreed, among other things, to vote their shares in favour of the Transaction, the Series D Amendment and the Series E Amendment, as applicable.

In addition to shareholder and court approvals, the Transaction is subject to applicable regulatory approvals including, but not limited to, CSE approval and the satisfaction of certain other closing conditions, including the Series D Amendment, the Series E Amendment and various amendments to the terms of Ionic Brands outstanding convertible debentures. The Arrangement Agreement includes customary provisions, including non-solicitation, "fiduciary out" and "right to match" provisions as well as a termination fee payable by Ionic Brands to YourWay in certain specified circumstances.

Assuming timely receipt of all necessary court, shareholder, regulatory and other third-party approvals and the satisfaction of all other conditions, closing of the Transaction is expected to occur in the third quarter of 2022.

A full description of the Transaction will be set forth in the management information circular of Ionic Brands, which will be mailed to Ionic Brands shareholders and filed with the Canadian securities regulators on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Approvals and Recommendation

The Transaction was approved by the Board of Directors of each of YourWay and Ionic Brands, and the Ionic Brands Board of Directors unanimously recommends that Ionic Brands shareholders vote in favour of the Transaction.

LUI, Inc. provided the Ionic Brands Board of Directors with an opinion, dated April 19, 2022, to the effect that, as of the date of such opinion, the consideration payable pursuant to the Transaction is fair, from a financial point of view, to the Ionic Brands shareholders, in each case, based upon and subject to the respective assumptions, limitations, qualifications and other matters set forth in such opinions.

None of the securities to be issued pursuant to the Transaction have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and any securities issuable in the Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

About YourWay Cannabis Brands

YourWay is a publicly traded, multi-state and consumer-centric House of Brands committed to redefining the way consumers and cannabis brands interact, with sales and operations in Arizona and California. Through building their own brands, partnering with others, and supporting retail partners house brand strategy, they are dedicated to expanding their reach; remolding the cannabis industry and ultimately, redefining the way consumers and cannabis brands interact.

YourWay aims to connect with the cannabis consumer on a deeper level, utilizing decades of brand-building expertise and an integral understanding of the customer experience to create an intuitive suite of branded products that closely aligns with consumer need states. The YourWay portfolio is an all-encompassing house of brands designed to create a sense of belonging for every cannabis consumer regardless of their relationship with the plant. Please visit www.yourwaycannabis.com for the latest news and information about YourWay and its brands.

Website: www.yourwaycannabis.com

About Ionic Brands Corp.

Ionic Brands is dedicated to building a regionally based multi-state consumer-focused cannabis concentrate brand portfolio with strong roots in the premium and luxury segments of vape concentrates and consummables. The cornerstone brand of the portfolio, IONIC, is a top vaporizer 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.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

This news release includes certain "forward-looking information" as defined under applicable Canadian securities legislation, including statements regarding the plans, intentions, beliefs, and current expectations of YourWay and Ionic Brands with respect to future business activities and operating performance. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes information regarding: the

timing and outcome of the Transaction, the anticipated benefits of the Transaction, the potential synergies as a result of the Transaction, the anticipated timing of the Ionic Brands special meeting of shareholders and the closing of the Transaction, the satisfaction or waiver of the closing conditions set out in the Arrangement Agreement, including approval of the Series D Amendment and the Series E Amendment and the receipt of all regulatory approvals, and expectations for other economic, business, and/or competitive factors. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including: assumptions as to the time required to prepare and mail meeting materials to Ionic Brands shareholders; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholder approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Transaction; the prompt and effective integration of YourWay and Ionic Brands' businesses and the ability to achieve the anticipated synergies contemplated by the Transaction; inherent uncertainty associated with financial or other projections; risks related to the value of the YourWay common shares to be issued pursuant to the Transaction; the diversion of management time on Transaction-related issues; expectations regarding future investment, growth and expansion of YourWay and Ionic Brands' operations; regulatory and licensing risks; changes in general economic, business and political conditions, including changes in the financial and stock markets; legal and regulatory risks inherent in the cannabis industry, including the global regulatory landscape and enforcement related to cannabis, political risks and risks relating to regulatory change; risks relating to anti-money laundering laws; compliance with extensive government regulation and the interpretation of various laws regulations and policies; public opinion and perception of the cannabis industry; and such other risks contained in the public filings of YourWay and Ionic Brands filed with Canadian securities regulators and available under their respective profiles on SEDAR at www.sedar.com.

Investors are cautioned that forward-looking information is not based on historical fact but instead reflects management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although YourWay and Ionic Brands believe that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance, or achievements of YourWay and Ionic Brands.

YourWay and Ionic Brands, through their respective subsidiaries, are indirectly involved in the manufacture, possession, use, sale, and distribution of cannabis in the recreational and medicinal cannabis marketplace in the United States. Local state laws where YourWay and Ionic Brands operate permit such activities however, investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. 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 United States federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward nonenforcement against individuals and businesses that comply with recreational and medicinal cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve YourWay and Ionic Brands of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against YourWay or Ionic Brands. The enforcement of federal laws in the United States is a significant risk to the business of YourWay and Ionic Brands and any proceedings brought against YourWay or Ionic Brands thereunder may adversely affect YourWay and Ionic Brands operations and financial performance, respectively.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected. Although YourWay and Ionic Brands have attempted to identify important risks, uncertainties and factors that could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information, which speak only as of

the date of this news release. YourWay and Ionic Brands disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.



Zoot Rocks, Zoot Drops, Zoot Blast and Zoot Chews. (CNW Group/YourWay Cannabis Brands)



Dabulous Strains and Dabulous Flavors high potency distillates. (CNW Group/YourWay Cannabis Brands)



WICKED Sugar Wax, WICKED Extract, WICKED Hash Joints. (CNW Group/YourWay Cannabis Brands)




Ionic Single Use Vaporizer, Cartridge and Pre Rolls (CNW Group/YourWay Cannabis Brands)

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