



IONICBRANDS

LUXURY & PREMIUM CANNABIS CONCENTRATES

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**In this presentation Ionic Brands refers to certain non-IFRS financial measures such as "Pro Forma Revenue", product sales, equipment rental income and royalty and service income "Managed Revenue", "Gross Profit on Sales" and "Adjusted EBITDA". These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. Ionic Brands defines "Managed Revenue" as total revenue plus revenue from entities for which the Company has a management contract but does not consolidate the financial results based on IFRS 10 – Consolidated Financial Statements. Ionic Brands defines "Pro Forma Revenue" as "Managed Revenue". The Company defines "Gross Profit on product Sales" as retail and wholesale revenues less the cost of goods sold. "Adjusted EBITDA" is defined by Ionic Brands as earnings before interest, taxes, depreciation and amortization less share-based compensation expense and one-time charges related to business development, acquisition, financing, and reorganization costs. Ionic Brands considers these measures to be an important indicator of the financial strength and performance of our business. We believe the adjusted results presented provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. Since these measures are not calculated in accordance with IFRS, they should not be considered in isolation of, or as a substitute for, our reported results as indicators of our performance, and they may not be comparable to similarly named measures from other companies.**

# IONIC BRANDS

A Washington-based Multi-State Operator that extracts, manufactures, brands and distributes premium cannabis concentrate products.

Our flagship brand is IONIC Premium Vaporizer pens.





# IONIC BRANDS AT A GLANCE

IONIC BRANDS is a wholesale producer of branded cannabis products in the Pacific Northwest region of the U.S. Building upon our history as one of the first licensed manufacturers of premium THC vapes in the U.S., we now have a highly diversified range of processed cannabis products.

Our two pending acquisitions should make IONIC a Top-4 cannabis producer by revenue in Washington State and provide us with dedicated production in Oregon.

## BRAND PORTFOLIO



## EXTRACTION EXPERTISE

 Purchase cannabis wholesale in the open market for extraction and manufacturing purposes

 CO<sup>2</sup> Extraction for the Cleanest, Purest, Highest-Quality Oil since 2012

 Distribution of our own product to 290 stores in WA and 56 stores in OR

 DABULOUS is our vape value brand that has grown 600% over the last 9 months

## BY THE NUMBERS

**5** Cannabis Licenses owned in Washington and Oregon post closing of Oregon and Washington acquisitions

**346** Active Stores that carry our Brands in Washington & Oregon

\*While Management is confident in our forecast, we note a potential negative impact on our sales forecast from the possible continuance of COVID-19 impacts to the supply chain into Quarters 4 and into 2021. While revenues remain strong market wide through the COVID pandemic with the essential designation, personnel retention and increased wage cost related to hazard pay remain a concern. Washington license operations are indirectly owned through irrevocable purchase agreements.

# MARKET POSITION

## *Building a Leading Market Position in the Large & Fast-growing Pacific Northwest*

Washington State (#5) and Oregon (#7) are Top-10 U.S. cannabis markets. Most MSOs do not have a footprint yet in Washington and Oregon. 4front and IONIC are the only public cannabis companies with operations in Washington.

**\$1.1B** In Washington Retail Sales 2020e<sup>1</sup>

**\$1.8B** In Washington Retail Sales 2025e<sup>1</sup>

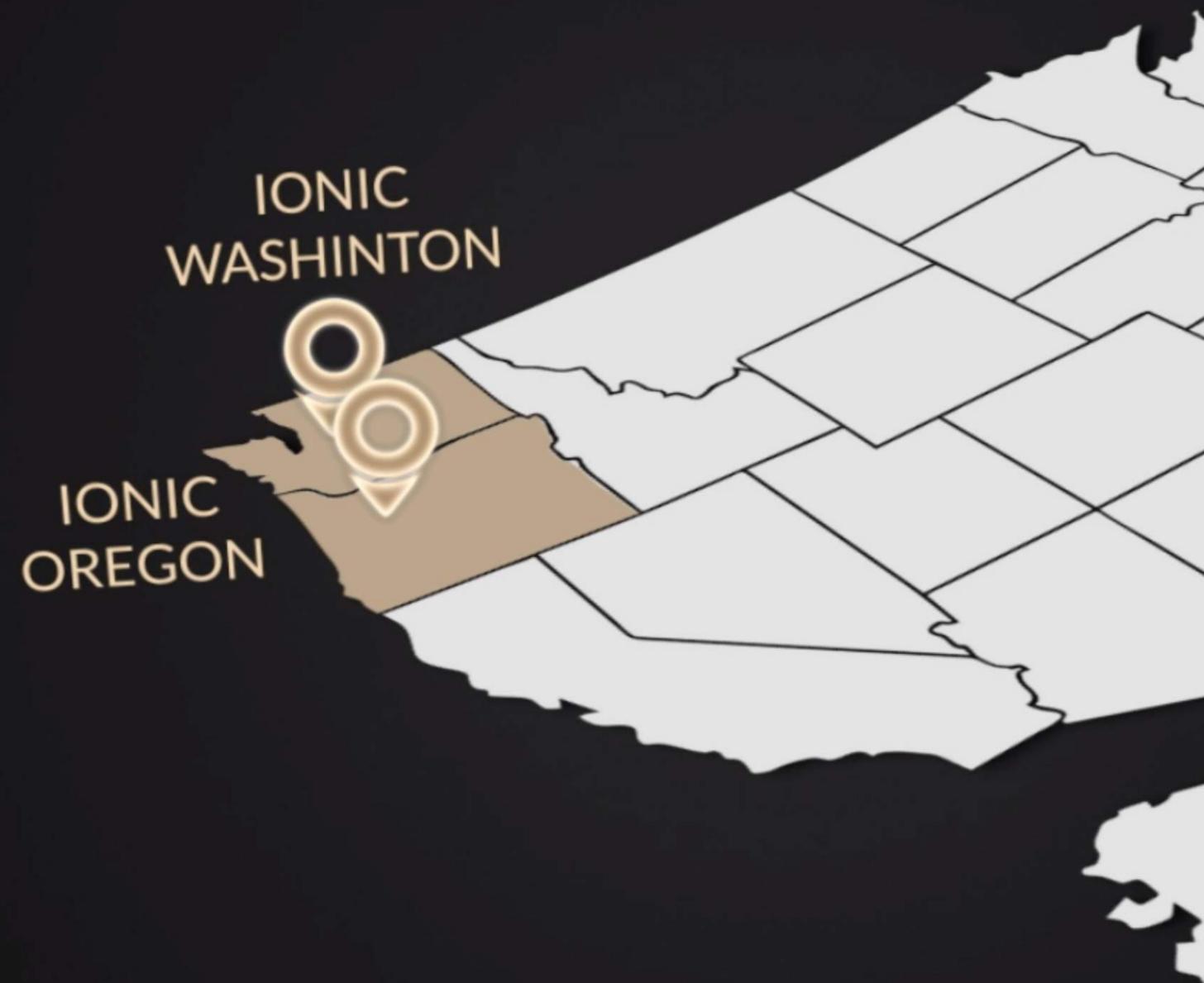
**\$1.0B** In Oregon Retail Sales 2020e<sup>1</sup>

**\$1.4B** In Oregon Retail Sales 2025e<sup>1</sup>

 Pacific Northwest (WA/OR) cannabis retail sales expected to grow from \$2.1B/yr. in 2020 to \$3.2B/yr. in 2025<sup>1</sup>

1. Statista Cannabis Sales Forecasts

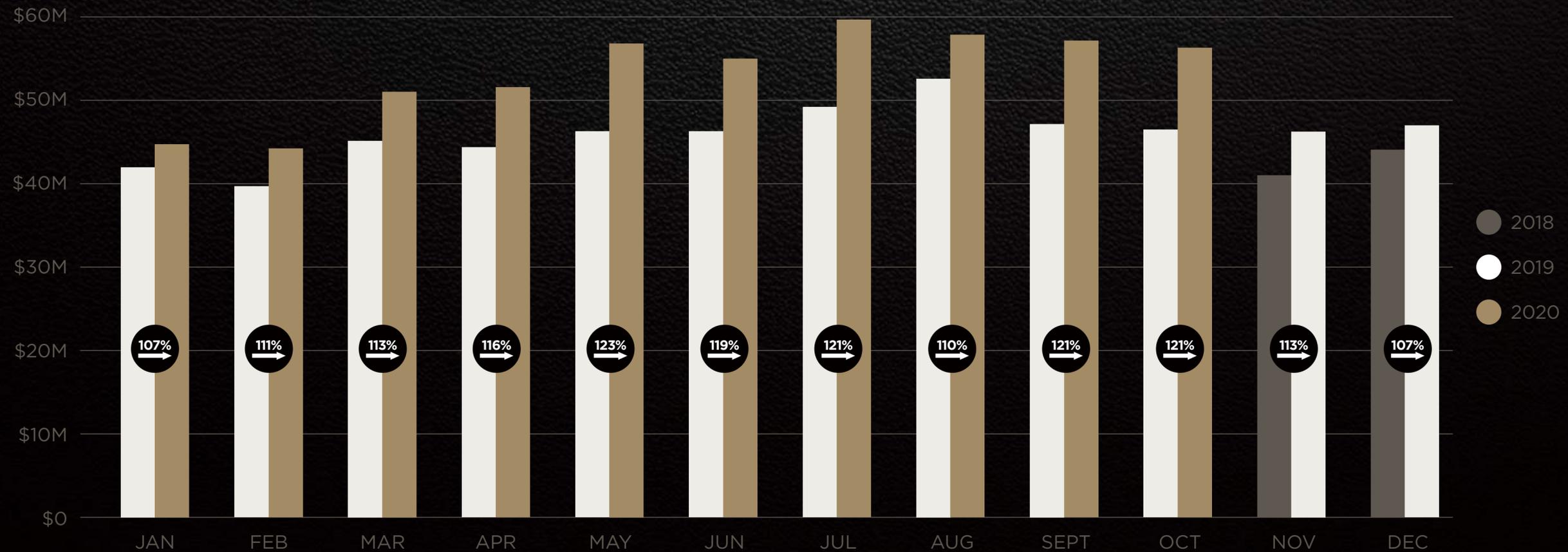
 IONIC<sup>®</sup>  
BY STATE



# STRONG CANNABIS SALES IN WASHINGTON

*Adult-use Cannabis Sales in Washington Showed Strength During Covid-19 Pandemic*

Year over Year Monthly Growth: Adult-use Sales



\*Data source provided by Headset data 11/04/2020





# PRODUCTS

## *Ionic Black*

### A CURATED EXPERIENCE

This premium twice-refined cannabis oil highlights our signature flavor and aroma.

A full-spectrum oil using premium cannabis derived terpenes reinstated to deliver the ionic experience. No glycols used in this or any ionic product.

Available in:

Single-use Vaporizer Pen | Cartridge: 1g & 0.5g

# PRODUCTS

## *Ionic White*

### FOR THE CONNOISSEUR

This boutique extracted, triple-distilled cannabis distillate offers the most potent cannabis experience with a clean, crisp finish.

Using high terpene extracts (HTE) and a short path process in small batches to deliver extreme clean and consistency. For the consumer seeking an elevated, prolonged experience.

Available in:

Single-use Vaporizer Pen | Cartridge: 1g & 0.5g





# PRODUCTS

## *The ZOOTS Line-up*

The ZOOTS mission is to create artisan crafted small batch consumables made with premium infused cannabis that deliver consistent and predictable experiences.

The ZOOTS line-up of consumables can be found in 61% of Washington retail outlets, with an Oregon launch date of January 2021

# PRODUCTS

## *The DABULOUS Line-up*

Uncomplicated, with a focus on potency and flavor. DABULOUS fills out the IONIC BRANDS portfolio with economy-focused cannabis concentrates and flower products.



# NEW PRODUCT LAUNCHES Q4 2020/Q1 2021



## ZOOT'S NRg+ CBD SHOT

\*Zoots NRg shots will be launched as a 10,000-unit proof of concept. Revenues from this product are not included in our forecast and represent additional upside for years 2021 and 2022.



## IONIC PREMIUM FLOWER AND PREMIUM INFUSED PREROLLS

\*Infused prerolls are currently being sold in Washington and Oregon markets with a line expansion planned for Q4. Revenues from infused prerolls are included in proforma forecast.



## 'OPUS' BY IONIC POD SYSTEM

\*The Opus device will be launched in Q1 2021 and we are now in the process of manufacturing. Revenues from this product line are not included in our forecast and represent additional upside for years 2021 and 2022.



# WASHINGTON OPERATIONS

One of the first states in the USA to legalize cannabis for adult-use in 2014, the highly-competitive and mature Washington State market is forecasted to reach \$1.8B in retail sales by 2025



## FACILITY DETAILS

IONIC BRANDS manages operations in Washington out of a 32,000 sq. ft. facility located five minutes from downtown Tacoma, WA. The Company also manages operations in a second 15,000 sq. ft. facility in the southern part of the state where cannabis is grown and exclusively packaged. With over 47,000 sq. ft. of manufacturing space, Ionic Brands is now positioned to manufacture and distribute product nationwide when US legalization is passed.



## LICENSE DETAILS

IONIC BRANDS indirectly\* owns a processor/distribution/grow license in Washington State.



## GROSS MARGIN

Average wholesale price for a half-gram cart in WA is \$8.50/unit. Input material cost is variable, but the Company has used its purchasing power in-state to lock-in gross margins of 24-41% depending on units sold. Sales of \$985K/month with a minimum gross margin of 33% in WA are required to be cash flow neutral.

\*Ionic Brands owns irrevocable purchase options to acquire licenses when Washington State laws permit.

# ACQUISITIONS

## *Acquisition of Cowlitz County Cannabis Brands Will Create a Top-4 Wholesale Operator in Washington*

- ▶ Cowlitz portfolio of branded products is available at about 20% of cannabis retailers throughout Washington. It currently is the 4th-largest cannabis company by revenue in Washington with a 2020 run rate of \$18.8 million
- ▶ Through strong relationships with growers, Cowlitz has secured consistent supplies of quality cannabis to support revenue growth.
- ▶ Cowlitz offers proven operational expertise across many sectors of the cannabis value chain, including processing and distribution, which provides the ability to replicate best practices and processes across other states as well as increase distribution of leading products and brands. Known for sourcing high-quality cannabis sold at affordable prices, its products are sold to a broad and established consumer base
- ▶ Strong brands and new products have supported sales growth since inception
- ▶ Cowlitz is the largest buyer of dried flower in Washington; producing over 200,000 prerolls monthly. This gives the combined company greater purchasing power
- ▶ Automation of manufacturing to be implemented to offset all current manual manufacturing. Product line extension creates expanded product portfolio
- ▶ Price for the Assets shall be a maximum of CAD\$32 million or approx. 46% of the equity of the company and CAD\$1.75 million paid in cash

## CORE PRODUCT LINES



### COWLITZ GOLD

A premium indoor flower cannabis brand. Offered as flower, prerolls and butane hash oil.



### HI GUYS

A value line that offers quality cannabis at an affordable price. Offered as flower, prerolls and butane hash oil.



### DAB DUDES

A brand with a fun spin, specializing in BHO wax. Uses the finest materials with a proprietary gas mix leaving terpenes in the end product for full flavor.



# ACQUISITIONS

## *LOI Signed to Acquire Oregon Processor*

- ▶ LOI announced in January 2021 to acquire The Extraction Artists, an Oregon-based licensed processor of high-quality concentrates. Includes Oregon licenses for THC processing, hemp processing and edibles manufacturing
- ▶ Current footprint of Facility can produce \$4-\$5 million in annual revenue with expansion capacity to \$10-\$13 million in annual revenue.
- ▶ Currently generating \$600,000 - \$1.2 million in annual revenue from white label contract. (COVID impact to sales in 2020). Has contract with the largest retail chain in Oregon to produce white label vape products.
- ▶ Acquisition provides IONIC BRANDS the ability to in-source its manufacturing, improving efficiencies, oversight, and gross margins
- ▶ LOI contemplates \$600,000 cash payment at closing (less than 1x equipment replacement value)
- ▶ Targeted closing date mid-February 2021

# FINANCIAL ROADMAP

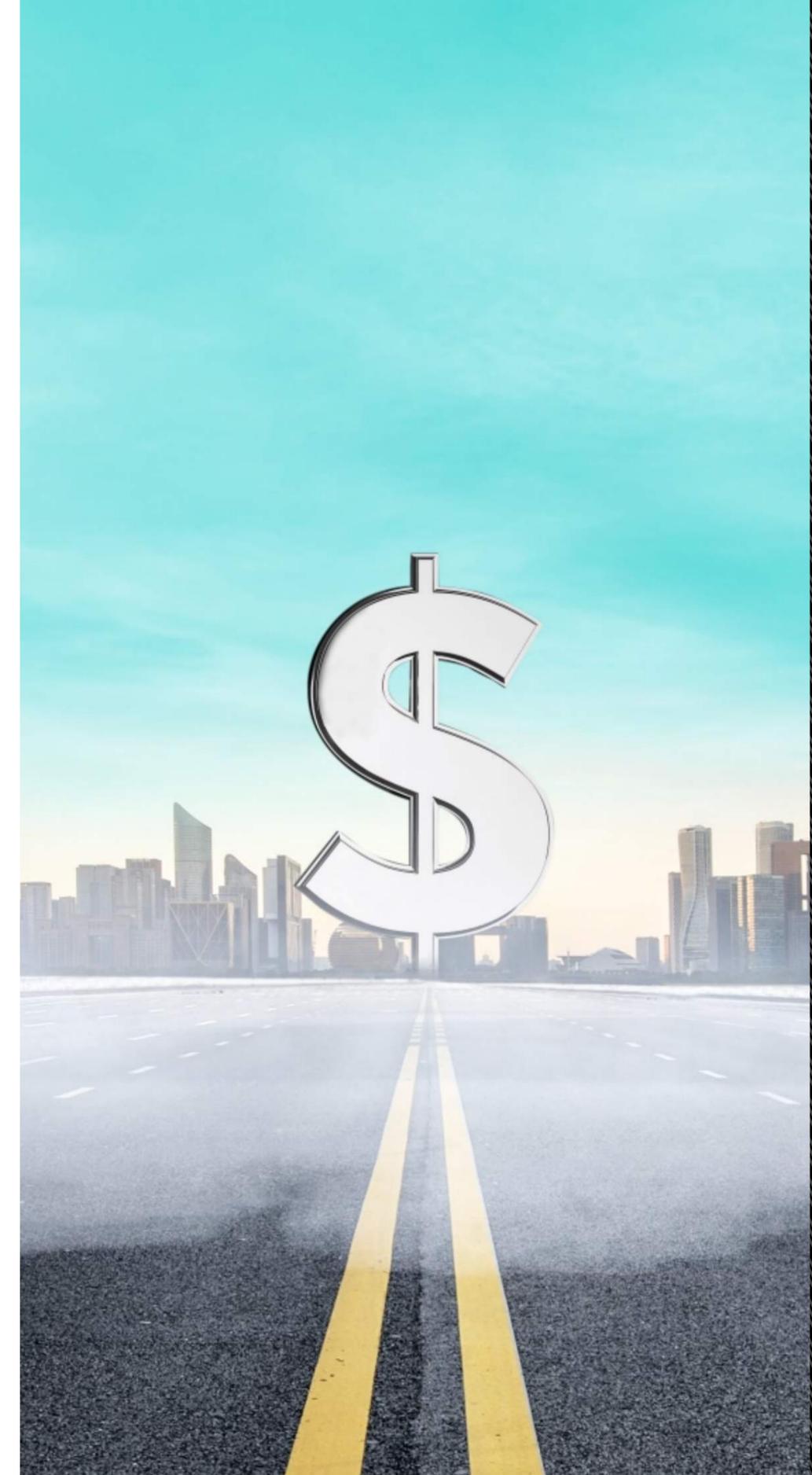
Management is implementing a one-year plan to increase the equity value of the company, convert the outstanding debt, and capitalize the business for long-term growth into a nationally-recognized cannabis brand house



- ✓ Re-Structure Company: IONIC BRANDS will continue to operate and sell in the Washington & Oregon markets, and cease operations in California and Nevada for the time being.
- ✓ Near-Term Bridge Financing: Secure US\$1-2M to get company through re-structuring and de-risk December 2019 Interest payment on convertible debt.
- ✓ 2020 Forecast: Increase Washington sales to \$9.7M, EBITDA positive Q3. We relaunched in the Oregon market for anticipated \$550k in sales with positive EBITDA contribution to the Company's 2020 forecast.

- ✓ Build Shareholder Value: By focusing efforts on WA & OR markets, IONIC BRANDS can build shareholder value throughout 2020-21.
- ✓ Re-Priced Convertible Debt: Current conversion price is \$0.75/share, and IONIC BRANDS has option to force conversion at \$1.50/share. Management has re-negotiated and repriced to \$0.05/share and \$0.075 with a forced conversion at \$0.16
- ➔ Convert Debt into Equity: By converting the debt, IONIC BRANDS will have essentially gone through an organic recapitalization of the business. Leverage ratios at this point will be very low with negligible debt in the business.

- ➔ Increase working capital position for the business to resume organic growth with more inventory to bolster Washington and Oregon market sales and gross margin revenue.
- ➔ Further invest in infrastructure to scale the companies manufacturing efficiency and capabilities. With the acquisition of Cowlitz, IONIC BRANDS will become the number 4 player in the market by revenue aiming for the number one manufacturer/brand position in Washington State.
- ➔ Acquire licenses and infrastructure in the Oregon market in order to allow us to control our own operations along with delivering improved financial results.



# EXPERIENCED MANAGEMENT TEAM



**JOHN P. GORST**

CEO & CHAIRMAN

Built, led, and sold four different technology companies with market values up to \$600 million. He has raised a total of \$70 million for his past businesses and is the largest early investor in IONIC. John has been at the helm throughout IONIC's founding and expansion into one of Washington State's leading vaporizer companies.



**CHRISTIAN STRUZAN**

CO-FOUNDER & CMO

30 years experience in marketing and branding for the entertainment industry. Successfully built and exited 2 companies. Founded an ad agency which developed and executed marketing campaigns for hundreds of feature films including the Star Wars franchise, Fight Club, Sideways, American Idol and the Academy Awards. Deep expertise in digital, mobil, print media and finished consumer goods advertising.



**BRYEN SALAS**

CO-FOUNDER/PRESIDENT & GM

Mr. Salas first co-founded the company in 2012 with a vision into the future. He took the role of Vice President of Sales from 2012-2017 leading the company to become one of the top selling vaporizer brands sold in the State of Washington. Throughout these years, Mr. Salas was critical in supporting the functions of Ionic's supply chain, product development, marketing, human resources and technology platforms.



**DAN DEVLIN**

COO/INTERIM CFO & ZOOTS FOUNDER

Prior to joining Blacklist, Dan Devlin was a co-founder of Db3 Incorporated, a licensed cannabis company in Washington State and Co-founder of Natural Extractions Inc, the licensing and marketing arm of Zoots. Mr. Devlin brings more than 40 years of experience in business management, finance and market development largely in the consumer products, manufacturing and telecommunications sectors. Dan is a graduate from Harvard Business School.

# CORPORATE STRUCTURE

Irrevocable Purchase Agreement    
  Wholly-owned Sub    
  Acquisition



1. IONIC WA and DB3 are legally-separate companies from Blacklist. Blacklist has an Irrevocable Purchase Agreement with IONIC, and a Stock Purchase Option Agreement with DB3. Both companies will become 100% wholly-owned subsidiaries of IONIC upon Federal Legalization or upon change in Washington State's Foreign Ownership Laws for Cannabis Licenses that currently prohibits non-residents from owning cannabis licenses.



# IONIC BRANDS

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# THANK YOU

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