

ONIC Brands Corp. Announces Record Sales of \$8.3 Million in Second Quarter 2021

Record Q2-2021 sales revenues of \$8.3M and realized \$1.3M in gross profit representing a 16% gross margin for the second quarter 2021

UNITED STATES, August 31, 2021

/EINPresswire.com/ -- [IONIC BRANDS CORP.](https://www.ionicbrands.com) (CSE:[IONC](https://www.ionicbrands.com))(OTC PINK: [IONKF](https://www.ionicbrands.com))(FRA:IB3A) ("IONIC BRANDS" or the "Company") a regional manufacturer of innovative cannabis consumables and concentrate extract products, is pleased to report financial results for the three and six month periods ended June 30, 2021.



For further information on the financial results of the Company, please review the Company's unaudited condensed consolidated interim financial statements (unaudited) and the accompanying MD&A available under the Company's profile on www.SEDAR.com.

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We made a commitment to our shareholders that we would improve the Company's balance sheet and financial performance, and our recently released June 30, 2021 results reinforce that commitment.”

John Gorst, CEO of Ionic Brands.

John Gorst, CEO of Ionic Brands, commented, "We made a commitment to our shareholders that we would improve the Company's balance sheet and financial performance, and our recently released June 30, 2021 results reinforce that commitment. After Ionic Brands' record revenue growth this quarter and a first half total revenue that exceeds 2020 fiscal year total revenues by 40%, we are achieving what we set out to do for our shareholders. Total

revenues have also exceeded US\$12 million for the first 6 months of 2021"

"Our improved top-line and bottom-line results, both year over year and sequentially, were primarily driven by modifications to operations related to our continued goal to drive down manufacturing costs and increase overall operating efficiency in the Washington and Oregon

markets. While we are pleased with this quarter's progress, we have clearly laid a path to further enhance our financial performance by continuing to reduce operating expenses and remain hyper-focused on increasing gross margin revenues, improve our cash flows and reach profitability."

Financial Highlights:

Revenue for Q2-2021 was \$8.3 million, compared to \$2.9 million in Q2-2020 and \$4.1 million in Q1-2021. The primary driver of the year-over-year growth was the Company entering the flower segment of the cannabis industry with the acquisition of the Cowlitz County Cannabis brand assets, which closed on March 5th, 2021. Furthermore, our growth was driven by the successful launch of new products in both the Washington and Oregon markets.

Adjusted EBITDA was (\$964.4K) in Q2-2021, compared to (\$5.4 million) in Q1-2021, representing a significant improvement of approximately \$4.4 million quarter over quarter. The reduction of the Adjusted EBITDA loss is primarily attributable to an increase in overall gross margin revenue. The Company remains committed to prudently managing its operating expense on its mission to improve efficiency throughout the organization.

Revenue increased to \$8.313 million in the second quarter of 2021, as compared to \$4.199 million in the first quarter of 2021, representing a 98% increase. This strong quarter over quarter growth was driven primarily by the closing of the Cowlitz County Cannabis (CCC) brand asset acquisition on March 8th of 2021, where the Company acquired 6 additional brands, increasing our total portfolio size to 11 brands in the Washington and Oregon markets.

Gross margin revenue was 16.2% in the second quarter of 2021 compared to 17.3% in the first quarter of 2021. The 1.1 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 and continued in Q2 from the CCC acquisition, as well as business to business wholesale brokerage sales. The Company expects gross margin revenue will continue to increase in Q3 and beyond due to a mix of higher-margin product (Concentrates i.e. oil based products) sales from retail sales and the addition of Ionic Brands' dedicated wholesale partners lowering input costs from the use of contract raw material partners are expected. Furthermore, quarter-on-quarter margin improvement is expected in subsequent quarters of 2021, as biomass yields increase from the Company's exclusive licensed partner-operated assets and further consolidation of purchasing services between CCC in Washington combine to lower raw material input cost for their combined operations.

Operational Highlights:

During the first half of the 2021 year, the industry experienced aggressive pricing from various competing brands at local retail stores trying to gain market share. The Company's strategy is to maintain pricing to the retail stores, creating price stability to the end-consumer while capturing more significant gross margin revenue. The Company will maintain this pricing strategy by

focusing on our premium product lines. As competition thins out and cannabis markets mature, that stabilization of wholesale pricing to retail stores will become the norm. Conversely, the Company further understands the delicate balance between margin enhancement and gaining additional market share, which we monitor monthly and adjust our strategy as required

Ionic Brands commenced operations from its newly leased 46,000 square feet facility in June 2021. This manufacturing footprint managed by the Company's exclusive licensed partners will allow the Company to increase its manufacturing output by six times, resulting in increased revenues and margin performance. Due to our recent investments in infrastructure, inventory, and manufacturing equipment, we are beginning to see improved operating leverage throughout the organization. Overall, we continue to execute on our growth strategy in 2021. We are excited to build on our momentum from this quarter's results and are already seeing improved operating performance evidenced by continued expansion of our retail distribution network and production and manufacturing footprint.

Read more here: <https://www.ionicbrands.com/news-events/press-releases/detail/57/ionic-brands-corp-announces-record-sales-of-us8-3-million>

John Todora
FinPub Solutions
john@finpubsolutions.com

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