

IONIC BRANDS

IONIC BRANDS CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN UNITED STATES DOLLAR)**

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GENERAL

The following Management's Discussion and Analysis ("MD&A") has been prepared by management and is provided to enable readers to assess the results of operations and financial condition of Ionic Brands Corp. ("Ionic" or the "Company") for the year ended December 31, 2020. This MD&A should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2020 and the annual audited financial statements and MD&A at December 31, 2019 and are based on known risks and uncertainties. The terms "Ionic", the "Company", "we", "us", and "our" in the following MD&A refer to IONIC BRANDS Corp. All amounts, unless noted otherwise, are in United States dollars and are based on financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements, along with additional information on the Company, are available on SEDAR at www.sedar.com, or on the Company's website at www.ionicbrands.com. The Board of Directors of the Company under the recommendation of its Audit Committee has approved the contents of this MD&A, and this report covers other relevant information available up to November 29, 2021.

Caution Regarding Forward-Looking Information

This MD&A contains forward-looking statements or forward-looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995, and applicable Canadian securities laws. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimated," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Forward-looking statements are statements concerning the Company's current beliefs, plans and expectations about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that: (i) any of the assumptions in the resource estimates turn out to be incorrect, incomplete, or flawed in any respect; (ii) the methodologies and models used to prepare the resource estimates either underestimate or overestimate the resources due to hidden or unknown conditions, (iii) operations are disrupted or suspended due to acts of god, unforeseen government actions or other events; (iv) the Company experiences the loss of key personnel; (v) the Company's operations are adversely affected by other political or military, or terrorist activities; (vi) the Company becomes involved in any material disputes with any of its key business partners, lenders, suppliers or customers; or (vii) the Company is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Company. Other factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Other risks are more fully described under the heading "RISKS AND UNCERTAINTIES" below. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company assumes no obligation to update such forward-looking statements in the future, except as required by law. For the reasons set forth above, investors should not place undue reliance on the Company's forward-looking statements.

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NON-IFRS FINANCIAL MEASURES

The Company's financial statements are prepared using International Financial Reporting Standards ("IFRS"); whereas, this MD&A refers to certain non-IFRS measures such as Adjusted EBITDA and EBITDA (defined under the "Non-IFRS Financial Measures Definitions" section of this report). Non-IFRS measures are used externally to provide a supplemental measure of the Company's operating performance, facilitate comparisons, and enable analysis of the Company's ability to meet future capital and working capital requirements. Management uses them internally to prepare operating budgets and assess performance. These measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

COMPANY OVERVIEW

Ionic Brands Corp. ("Ionic", or the "Company") was incorporated on October 9, 2012 in the province of Ontario. On July 3, 2013, the Company received its Certificate of Continuation to be governed under the British Columbia Business Corporation Act. The Company is a public company whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "IONC". The Registered and Records Office of the Company is 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia. The head office of the Company is located at 1142 Broadway, Suite 310, Tacoma, Washington, USA.

On March 22, 2019, the Company completed the acquisition of Blacklist Holdings Inc. ("Blacklist"), a private Washington-based company that was incorporated on February 26, 2014. Blacklist's business is the sale of cannabis related hard goods (such as cartridges, applicators, pens, jars, etc.), the providing of services, the licensing of its intellectual property ("Licensed IP") and the leasing of equipment to processors. The Company acquired all of the issued and outstanding shares of Blacklist under a share purchase agreement (the "Reverse Takeover Transaction", the "Transaction", or the "RTO"). In connection with the Transaction, the Company changed its name from Zara Resources Inc. to Ionic Brands Corp. and is operating the primary business as Blacklist.

On the closing of the RTO, Blacklist became a wholly owned subsidiary of the Company. As Blacklist is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on February 26, 2014 are included in the consolidated financial statements at their historical carrying value. The Company's results of operations are included from the closing date of March 22, 2019 onward.

DESCRIPTION OF THE BUSINESS OF THE COMPANY

The Company 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 edibles. The cornerstone brand of the portfolio, IONIC, is one of the top 5 vaporizer brands in Washington State 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.

The Company's primary business is the provision of services and products ancillary to the cannabis production and processing industry in the States of Washington and Oregon. The Company solely relies upon the holders of the cannabis operating licenses in the state of Washington for the direct handling of all its cannabis specific materials and assets. The Company has an irrevocable purchase option agreement to acquire cannabis operating licenses when the state of Washington legislation changes to permit cannabis operating licenses to be owned by non-residents. The Company intends to exercise its irrevocable purchase option agreements when and if the residency restriction is lifted.

The Company, through Blacklist, delivers comprehensive solutions to licensed cannabis processors and producers which includes the following:

- processing and transportation equipment leasing;
- operating and marketing support;
- licensing of intellectual property; and
- sourcing of devices, packaging and labeling.

The Company expects to generate returns from any or all of the following revenue sources: (i) administrative services such as accounting and human resources, operating support, consulting, intellectual property licensing and advisory

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fees from service contracts with certain license holders; (ii) the selling of ancillary products to cannabis entities; (iii) leasing facilities and equipment to certain licensed cannabis entities; and (iv) sale of cannabis products through Cowlitz.

The Company's extraction, formulations, and post extraction processes are proprietary and held as closely guarded trade secrets. The specific plant-based terpene profiles are never provided to any licensed partner whether they are a direct licensed processor or co-packing partner. These processes are contractually licensed to producers and co-packagers. The Company has quality control managers in place at each partner processor or co-packager location to guarantee the highest quality standards in the industry to support our brand promises and standards. In addition, the Company procures and supplies branded packaging and devise including vape pens, both refillable and disposable, cartridges, applicators, jars and brand, packaging and labeling for the licensee. The Company's management believes the products are well received in the marketplace and will capture a significant portion of the vape pen and concentrate oil business. The Company's brands, IONIC™, Dabulous™ and Zoots™ and processes were developed for the oil-infused products category in the cannabis industry, which is the fastest growing sector of the industry.

Overview of the Business

The Company's primary business is the provision of services and products ancillary to the cannabis production and processing industry in the states of Washington and Oregon. The Company delivers comprehensive solutions to licensed cannabis processors and producers.

(a) Principal Products or Services

Cannabis Oil and Concentrates

The Company's cannabis flavor profiles have been created through a scientific process involving the extraction and subsequent addition of different natural terpenes at a molecular level. The Company uses hybrid forms and blends that exclude any inert gasses, ethanol extraction, and CO₂ supercritical extraction. Waxes and fats are removed to allow for the absolute viscosity when delivered with the Company's proprietary terpene blend. This process is highly complex but can be measured, which enables the licensee to produce a consistent high-quality and scalable product. The Company's finely tuned treatment process and the quality of raw materials ultimately are what separate the IONIC™ brand from their competitors.¹

The Company provisions proprietary processes to produce cannabis oils and concentrates in a clean and efficient manner and uses only the highest quality ingredients and methods to craft its signature and proprietary blend, which is three times filtered for extra purity.

The Company intends on creating seasonal and new blends. The Company is involved in creating these formulations and then licensing these formulations to directly owned, indirectly owned and/or third-party companies that license the Company's intellectual property formulations, devices, packaging and equipment to manufacture and sell end products (filled with cannabis oil/concentrates in market) in a recreational or medically licensed market.

Vaporizers

The Company offers two types of vaporizers:

1. Disposable Cartridges

- The ultra-premium brand of cannabis oil comes in an elegant, easy to use unit. Each vaporizer comes fully charged and pre-filled.
- Crafted blend that is three-times filtered for extra purity.
- Easy to take anywhere and ready to use. No chargers, no filling, just breathe.

¹ Marijuana Business Daily, *Marijuana Business Factbook 2016*. Blacklist, Inc. commissioned white paper Zach Bell PHD 2017

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2. Refillable Cartridges

- The ultra-premium brand of cannabis oil in an elegant, easy to use unit. Each vaporizer comes pre-filled ready for the consumer to attach the battery of their choice.
- Luxurious blend handcrafted and three times filtered for extra purity.
- Easy to take anywhere and ready to use, just attach the battery of choice and go.

The Company provides to its licensees glass tank-based disposable marijuana vaporizers with a porous ceramic heating element. With such a device, users can avoid the cotton polyfill vaporizer devices that its competitors use.

Quality Control and Competitive Advantage

Vape pens and cartridges have historically been problematic, with customers complaining of leakage, battery failure, undesirable chemical taste, and harshness. Even the largest brands continue to struggle with quality control issues for both their devices and quality of the oil.

The Company believes its dedication to superior product quality and quality control measures are what separates the Company from its competitors. The Company sources the highest quality devices, which are uniquely packaged in a reusable base that ensures optimal performance during the life of the products. Additionally, the Company leases specialized equipment to highly experienced processors and co-packagers, who collectively produce the Company's proprietary premium formulations. The Company also intends to implement measures to receive constant feedback from retailers and consumers concerning any issues with the quality of its products.

Licensing

The Company licenses to processors and co-packagers its proprietary process for the manufacture of cannabis oil for the recreational and medical concentrates market. The Company has numerous product lines that includes ultra-premium CO2 oil and wax in the Company's Black Line and Pure Line, and distillate oil and wax. All of these products can be delivered to consumers in discreet, easy-to-use vape pens, cartridges, applicators or jars. The Company employs quality control managers in place at each partner processor or co-packager location to ensure the highest quality standards in the industry to support its brand promises and standards. In all markets that the Company offers the licensed IONICTM brand, the Company supports its marketing operations with deployed market managers and brand ambassadors to secure accounts as well as to assist the retailer with in-store sales.

Segmentation

The Company's current revenue is generated predominately from product sales and royalty and service income. The Company also earns income from equipment rental. Revenue for the years ended December 31, 2020 and 2019 in US dollars, by category, is as follows:

REVENUE	2020	2019
Product sales	2,183,154	5,135,007
Equipment rental income	821,004	840,588
Royalty and service income	5,863,265	4,311,852
Total	8,967,423	10,287,447

(b) Specialized Skill and Knowledge

A number of aspects of the Company's business functions require specialized skills and knowledge. The Company has specialized skills and knowledge in the areas of adult-use cannabis, processing (extraction) of cannabis oil, development and production of cannabis-based products, and sales and marketing. In particular, the Company's management team believes that they have staff and expertise which provide a unique skill set for the extraction of cannabis oil in accordance with regulatory requirements, developed over years of practical experience. The Company has an experienced team and quality assurance personnel focused on generating high quality products that meet and exceed regulatory

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requirements. Management of the Company has specialized skill and knowledge in the production of cannabis-based products and has produced a variety of products for distribution in compliance with applicable regulatory requirements.

(c) Competitive Conditions

The Company faces intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and longer history of the production and marketing of cannabis than the Company.

Competitors are primarily branded and private label cannabis companies who are operating in multiple states. These competitors offer vape pens and cartridge products that are widely used in states where the consumption of cannabis is legal, however, they do not exploit the technology deployed by the Company. The Company considers itself in direct competition with Slang Worldwide, Curaleaf Select, Bhang and JUJU Joint, all of which have been in business for several years, achieved sizable market share and expanded into multiple states. Each has benefited from first and early to-market brand recognition. Other potential competition includes W Vape, Dixie Elixir, and other established brands. The Company is confident that its vape products will be highly competitive, if not superior to its competitors. The Company intends to seek a competitive advantage by offering quality products with a focus on oil formulation, product design, branding, and a premier user experience.

Given the early stage of the industry in which the Company operates, the Company also expects to face additional competition from new entrants. If the number of users of medical and recreational cannabis in Washington, Oregon and other states (as applicable) increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies.

(d) Intangible Properties

Patents

The Company's subsidiary Blacklist owns U.S. Patent No.9565865 entitled "Method for Making Coffee Products Containing Cannabis Ingredients" issued on February 14, 2017, along with all related patents and applications worldwide, presently including U.S. Application No. 15397895 filed on January 4, 2017 and U.S. Application No. 15837623 filed on December 11, 2017. The Company's terpene formulations and distillation processes are closely held and guarded secrets of the Company.

Trademarks

The Company owns the following trademarks:

- IONIC™ is registered with the United States Patent and Trademark Office under trademark no. 86138972;
- Zoots™ is registered with the United States Patent and Trademark Office under trademark no. 86221985; and
- Dabulous™ is registered with the United States Patent and Trademark Office under trademark no. 88523749.

(e) Cycles

While the Company's business is typically not cyclical or seasonal, the Company does see reduced sales volumes in the months of May and December as retailers reduce their purchasing patterns to: (i) avoid overstocking resulting from annual cannabis-oriented celebrations that take place on April 20 and (ii) reduce year end inventories for 280E tax purposes.

(f) Employees

As at the date of this MD&A, the Company has a total of 55 full-time and 12 part-time employees.

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(g) Foreign Operations

The Company operates primarily in the states of Washington and Oregon, in the United States.

Acquisition of Cowlitz County Cannabis Cultivation Inc.

On March 5, 2021, the Company entered into an agreement for the Company entered into an agreement for the acquisition of the cannabis assets relating to Washington-based Cowlitz County Cannabis Cultivation Inc. ("Cowlitz") held by Lobe Sciences Ltd.'s subsidiary vendor.

The acquisition constitutes a business combination as the acquired assets meet the definition of a business, as defined in IFRS 3, Business Combinations. The allocation of the fair value of the consideration transferred is summarized as follows:

Cash	\$	1,381,434
Series E Preferred Shares		17,608,118
Warrants		525,898
Promissory Note		50,000
Fair value of consideration	\$	19,565,450
Assets acquired:		
Inventory	\$	606,192
Property and equipment		203,345
Brands		3,611,048
Goodwill		15,144,862
Right-of-use asset facility lease		193,200
Total assets acquired		19,758,650
Liabilities assumed:		
Facility lease liability		(193,200)
Total liabilities assumed		(193,200)
Fair value of purchase consideration	\$	19,565,449

Certain fair values have been estimated at the acquisition date, pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods, not to exceed one year from the acquisition date.

The fair value of total consideration for the transaction was \$19,565,449 and is comprised of the following: \$1,381,435 cash; issuance of 100,406,701 Series E non-voting preferred shares ("Preferred Share"), 4,000,000 warrants of the company, and a \$50,000 secured promissory note.

The amount of income attributable to the acquisition, from the date of acquisition to September 30, 2021 is product revenue of \$9,684,397. The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

ACQUISITION OF OREGON PROCESSING SOLUTIONS

On June 16, 2021, the Company entered into a series of agreements to acquire the cannabis assets of Oregon Processing Solutions ("OPS"). The transaction is valued at approximately \$1,500,000, of which \$50,000 was paid in cash upon execution of documents and \$450,000 is due at closing upon the approval of license transfer. The balance of \$1,000,000 is to be paid according to a thirty-month payment schedule at an annual interest rate of 4%. The deposit of \$50,000 is included in prepaid expenses and deposits at September 30, 2021. Management expects this acquisition will close in early 2022 when the cannabis licenses are fully transferred by the OLCC.

COVID-19 PANDEMIC ("COVID-19")

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably

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estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities.

OVERALL PERFORMANCE

Due to the capital market valuation reduction in the cannabis sector, in late fiscal 2019, the Company commenced a reorganization process and comprehensive expense reduction exercise which resulted in a scale back of operations and withdrawal from the California and Nevada cannabis markets. As a result, in Fiscal 2020, the Company focused on the states of Washington and Oregon and their customer base shifted from a primarily arm's length customer focus to related party customers.

In January, 2021, the Company introduced a new revenue stream of brokerage sales, and also completed the acquisition of Cowlitz County Cannabis Cultivation Inc., with both events contributing to an increase in revenue during the current quarter. Total revenue for the three-month period ended September 30, 2021 was \$7,217,416, an increase of \$4,295,766 or 247.0% when compared to revenue of \$2,921,650 for the three-month period ended September 30, 2020. Gross profit for the three-month period ended September 30, 2021 was \$1,215,503 or 16.8% of total revenue, compared to \$785,425 or 26.9% of revenue in the comparative period ended September 30, 2020.

Total revenue for the nine-month period ended September 30, 2021 was \$19,729,240, an increase of \$12,418,500 or 269.9% when compared to revenue of \$7,310,740 for the nine-month period ended September 30, 2020. Gross profit for the nine-month period ended September 30, 2021 was \$3,285,036 or 16.7% of total revenue, compared to \$1,519,165 or 20.8% of revenue in the comparative period ended September 30, 2020.

The decreases in gross profit for both the three and nine-month periods ended September 30, 2021 is due to the fact that the increase in sales growth is largely due to revenue derived from Brokerage sales which has corresponding lower gross margins.

Net loss for the three-month period ended September 30, 2021, before income taxes is \$1,383,389, compared to a net loss of \$536,659 for the comparative period in 2020. Net loss for the nine-month period ended September 30, 2021, before income taxes is \$8,046,927, an increase of \$5,939,938 compared to a net loss of \$2,106,989 for the comparative period in 2020.

Basic and diluted loss per share for the three-month period ended September 30, 2021 was a loss of \$0.01 per share, compared to a loss of \$0.02 per share during the three-month period ended September 30, 2021. Basic and diluted loss per share for the nine-month period ended September 30, 2021 was a loss of \$0.08 per share compared to a loss of \$0.07 per share in the comparative nine-month period ended September 30, 2020.

SELECTED ANNUAL INFORMATION

The following sets out selected financial information from the Company's most recently completed financial periods, being the years ended December 31, 2020, 2019, and 2018, and are derived from, and should be read together with, the Company's annual financial statements.

Summary of components of consolidated statements of operations and comprehensive loss	Year Ended December 31, 2020 (\$)	Year Ended December 31, 2019 (\$)	Year Ended December 31, 2018 (\$)
Revenue			
Product and service sales	2,183,154	5,135,007	1,404,320
Equipment rental income	921,004	840,588	157,132
Royalty income	5,863,265	4,311,852	261,230
	8,967,423	10,287,447	1,822,682
Cost of goods sold	(7,146,621)	(8,679,142)	(2,287,825)
Gross profit	1,820,802	1,608,305	(465,143)
Total operating expenses	(7,217,639)	(25,702,261)	(5,478,050)
Income (loss) from operations	(5,396,837)	(24,093,956)	(5,943,193)
Other items	2,110,889	(18,408,678)	(8,352,137)
Income tax recovery	-	227,719	
Net loss	(3,285,948)	(42,274,915)	(14,295,330)

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	December 31, 2020	December 31, 2019	December 31, 2018
	(\$)	(\$)	(\$)
Current assets	3,742,837	4,774,114	6,363,896
Property and equipment	782,086	634,437	381,111
Patents and trademarks	2,102,251	1,480,348	-
Right-of-use assets	752,382	958,428	-
Total assets	7,379,556	7,847,327	6,745,007
Current liabilities	5,975,992	4,624,234	20,027,584
Long-term liabilities	14,386,683	12,341,147	87,773
Shareholders' equity	(12,983,119)	(9,118,054)	(13,370,350)
Total liabilities and equity	7,379,556	7,847,327	6,745,007

Summary of Quarterly Results

The following table sets forth selected financial information for the Company for the eight most recently completed quarters. Such information is derived from unaudited financial statements and audited annual financial statements prepared by management in accordance with IFRS.

	F2021-Q3	F2021-Q2	F2021-Q1	F2020-Q4
	September 30,	June 30,	March 31,	December 31,
	2021	2021	2021	2020
	(\$)	(\$)	(\$)	(\$)
Total Revenue	7,217,416	8,313,146	4,198,678	1,656,683
Net Loss	(1,383,389)	(857,984)	(5,805,554)	(1,178,959)
Loss per Share ¹	(0.01)	(0.01)	(0.08)	(0.06)
Total Assets	34,202,864	35,289,147	31,748,422	7,379,556
Working Capital	2,971,677	4,546,018	3,578,406	(2,233,155)

	F2020-Q3	F2020-Q2	F2020-Q1	F2019-Q4
	September 30,	June 30, 2020	March 31,	December 31,
	2020	2020	2020	2019
	(\$)	(\$)	(\$)	(\$)
Total Revenue	2,921,650	2,096,983	2,292,107	1,591,802
Net Income (Loss)	(536,659)	(857,372)	(712,958)	(24,129,924)
Loss per Share ¹	(0.02)	(0.03)	(0.03)	(0.90)
Total Assets	7,918,412	7,289,079	7,181,636	7,847,327
Working Capital	(1,788,507)	(1,904,873)	(443,638)	149,880

¹ On February 8, 2021, the Company consolidated its common shares ("share consolidation") at a ratio of one post-consolidated common share for every six pre-consolidated common shares. As a result of the share consolidation, the weighted average number of shares outstanding, basic and diluted, for the three and nine-month periods ended September 30, 2020 would reduce from 194,171,151 common shares to 32,361,859 common shares outstanding and from 180,979,745 to 30,163,291 respectively. The loss per share, basic and diluted would increase from \$0.00 and \$0.01 loss per share for the three and nine-month periods ended September 30, 2020 respectively to \$0.02 loss per share for the three-month period ended September 30, 2020 and \$0.07 loss per share for the nine-month period ended September 30, 2020.

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During fiscal 2019 the Company reported increased revenues but also incurred significant operating expenses resulting from a series of attempted but unsuccessful acquisitions. The Company started to feel the impact of COVID-19 towards the end of the first quarter of fiscal 2020, as revenues decreased compared to the same periods in prior year as businesses closed and consumers stayed home in efforts to stop the transmission of COVID-19. Consistent with Management's expectations, revenue declined in both fourth quarters of Fiscal 2020 and 2019 as customers adjust their purchasing patterns to reduce inventory levels at year end. The increase in revenue during the first and second quarters of Fiscal 2021 is due to the brokerage revenue stream as well as the Cowlitz acquisition. Management expects to see further increases in revenue in subsequent quarters as the full quarter impact of the Cowlitz acquisition is realized.

Results of Operations for the Three-Month Period Ended September 30, 2021

Revenue

Revenue for the three-month period ended September 30, 2021 was \$7,217,416, an increase of \$4,295,766 or 146% when compared to revenue of \$2,921,650 for the three-month period ended September 30, 2020. Although equipment rental income and royalty and service income categories decreased by \$230,251 and \$1,956,660 respectively when compared to the three-month period ended September 30, 2020, product sales increased by \$5,378,987 and the newly launched brokerage sales accounted for an additional \$1,103,690 in revenue during the current three-month period ended September 30, 2021. The Company does not expect to recognize equipment rental income and royalty and service income in subsequent periods.

Gross Profit

Gross profit for the three-month period ended September 30, 2021 was \$1,215,503 or 16.8% of total revenue, compared to \$785,425 or 26.9% of revenue in the comparative period ended September 30, 2020. The decrease in gross profit for the three-month period ended September 30, 2021 is due to the fact that brokerage sales are high volume but with lower gross margins, causing a decrease in the overall gross margin for the three month period ended September 30, 2021.

Total Operating Expenses

Total operating expenses for the three-month ended September 30, 2021 were \$2,735,383, an increase of \$1,422,656 from expenses incurred during the same period in the prior year. Significant expense increases during the current three-month period compared to the prior period are as follows:

- Depreciation and amortization increased \$610,057 from \$290,951 in the prior period to \$901,008 in the current three month period ended September 30, 2021 and is due to the recognition of amortization from the brands acquired from the Cowlitz acquisition, as well as increased depreciation resulting from equipment additions;
- Office and administration expenses increased \$215,056 from \$129,907 in the comparative period to \$344,963. Increase in office and administration expenses are primarily due to increased head count to support the significant growth in sales, as well as increased consulting fees for systems development; and
- Salaries and wages increased \$643,631 compared to the three-month period ended September 30, 2020 which saw the Company reducing head count and key members of the management team taking voluntary salary reductions to help with the Company's cash flow challenges that resulted from COVID-19.

Results of Operations for the Nine-Month Period Ended September 30, 2021

Revenue

Total revenue for the nine-month period ended September 30, 2021 was \$19,729,240, an increase of \$12,418,500 or 269.9% when compared to revenue of \$7,310,740 for the nine-month period ended September 30, 2020. Although equipment rental income and royalty and service income categories decreased by \$276,501 and \$2,694,354 respectively when compared to the nine-month period ended September 30, 2020, product sales increased by \$11,768,624 and the newly launched brokerage sales accounted for an additional \$3,620,731 in revenue during the current nine-month period ended September 30, 2021.

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Gross Profit

Gross profit for the nine-month period ended September 30, 2021 was \$3,285,036 or 16.7% of total revenue, compared to \$1,519,165 or 20.8% of revenue in the comparative period ended September 30, 2020.

The decrease in gross profit for the nine month period ended September 30, 2021 is due to the fact that brokerage sales are high volume but with lower gross margins, causing a decrease in the overall gross margin for the nine month period ended September 30, 2021.

Total Operating Expenses

Total operating expenses for the nine-month period ended September 30, 2021 were \$13,294,252, an increase of \$9,228,238 from expenses incurred during the same period in the prior year. Significant expense increases during the current nine-month period compared to the prior period are as follows:

- Bad debt expense increased \$338,000 compared to the prior period ended September 30, 2020 due to timely monitoring and recognition of bad debt expense
- Depreciation and amortization increased \$1,506,108 from \$720,245 in the prior period to \$2,226,353 in the current nine month period ended September 30, 2021 and is due to the recognition of amortization from the brands acquired from the Cowlitz acquisition, as well as increased depreciation resulting from equipment additions;
- Interest and finance charges increased \$647,845 compared to the prior period; the increase is attributed to increased conversions on the convertible debenture as well as a full three quarter impact of equipment leases and finance charges associated with the recognition of lease liabilities;
- Office and administration expenses increased \$215,056 from \$129,907 in the comparative period to \$344,963. Increase in office and administration expenses are primarily due to increased head count to support the significant growth in sales, as well as increased consulting fees for systems development
- Professional fees increased \$753,150 compared to the prior period as the Company incurred additional legal and advisory fees to support corporate activity including the Company's share consolidation, private placement and M&A activity that culminated in the closing of the Cowlitz and OPS acquisition;
- Salaries and wages increased \$1,129,191 compared to the nine-month period ended September 30, 2020 which saw the Company reducing head count and key members of the management team taking voluntary salary reductions to help with the Company's cash flow challenges that resulted from COVID-19; and
- Share based payments increased \$4,657,103 compared to the prior period. Share based payments were made to consultants who provided advisory services to the Company for the private placement and the Cowlitz transaction. In addition the Company made stock option and warrant grants to employees as well as consultants who provided advisory services to the Company during the current period.

OUTLOOK

During the period ending September 30, 2021, the Company successfully completed its re-calibration efforts by remaining focused on markets that it understands well, which has reduced its operating expenses that are now aligned with revenues. The Company plans to continue to reinvest into its premium and luxury branded products and introduce economy-specific brands that are more attractive to a broader consumer demographic while focusing its attention on building a regionalized multistate operation of cannabis brands in the Pacific Northwest markets, which includes the states of Washington and Oregon. Once the Company has reached a more significant sustainable profitability level, it will resume a more aggressive expansion plan accompanied by strong financial results.

Now that the Company has accomplished a large portion of its primary objectives, it will then move forward in 2022 with further regional development on the west coast directly or indirectly through more substantial licensing agreements that preserve healthy gross margin revenue by acquiring specific licenses or existing operations. The Company will continue to develop additional product offerings and introduce its products in other recreational markets in 2022 and beyond.

The Company anticipates this strategy will increase the IONIC BRANDS brand recognition for all products that will lead to greater and more robust sales growth quarter over quarter, controlled by greater financial discipline in managing growth and expansion.

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The Company currently anticipates that the optimization of our Enterprise Resource Planning (ERP) platform, fully implemented during Q2 2021, will generate leaner manufacturing capabilities throughout the business, which will lead to the realization of healthier financial results in Fiscal 2021, including higher gross margins.

Furthermore, the company was able to successfully close on an acquisition of certain brands and assets from Cowlitz County Cannabis the number five operator by revenue in the state of Washington refocusing its energy on the sales of flower, a segment of sales previously not target. This acquisition of brands further increased the size of our brand portfolio by 7 brands with the ability to offer a total of 11 brands covering the concentrates, vape, edible and now flower segments of cannabis.

Factors expected to contribute to improve top-line and bottom-line performance includes the following:

- Increase sales from the Company's recent and ongoing expansion into new markets through partnerships, new product categories and new brand introductions.
- Reduced operating expense run-rate because of the recent streamlining of operating activities;
- Recently enhanced manufacturing infrastructure supported higher gross margins and product output and also invested in working capital including increasing inventory levels and reducing accounts payable;
- Through planned consolidation in 2022 of our facilities in Washington state we expect improved economies of scale in operations through the further reduction of headcounts and the elimination of certain facilities. The company plans to continue its efforts in developing further automation related to all facets of our operations including but not limited to administrative, sales and plant automation.
- Starting with Q2 Fiscal 2021, financial results now reflect a full quarter impact of the Cowlitz acquisition and the resulting increase in revenue and contribution to margin; and
- During the three-month period ended June 30, 2021, the Company successfully restructured its secured convertible debt, converting CND\$15,093,840 into 59,829,261 Series D voting Preferred Shares which resulted a dramatic improvement to the Company's balance sheet and financial liquidity.

With the additional working capital resulting from the March 2021 financing, the Company anticipates continued expansion of shelf space in retail stores enabling greater sell-through of our products. Full-year 2019, the Company sold 577,956 units compared to 1,421,067 units sold in Fiscal 2020, an increase of 843,111 units or 146%.

From January to September, 2021, the Company has sold a total of 5,101,455 units, exceeding Fiscal 2020 units sold by 3,680,388 units or 359%. Management will continue to focus on acquiring more retail space in our stores served. Furthermore, the Company continues to invest in its delivery systems and electronic platforms to increase efficiency in deliveries per store every month, resulting in fully stocked shelves impacting top line sales performance and enhanced gross margin revenue.

Licensing revenues from new and to be signed strategic CBD manufacturing partners will commence in Q1 2022 as that partner introduces the Zoots products into national retail markets in the USA.

Management continues to focus on prudent credit and cash flow management. The prioritization of near-term cash generation is significant to short and long-term success.

CAPITAL STRUCTURE

As of the date of this MD&A, the Company has 159,213,974 common shares issued and outstanding. In addition, there are outstanding share purchase warrants and stock options for a further 98,447,435 and 8,144,666 common shares, respectively.

Further, in connection with the Cowlitz acquisition (note 5), 100,406,701 series E preferred shares ("Preferred Shares") were issued as consideration. The Preferred Shares are exchangeable into one common share on a one-for-one basis (subject to adjustment, and provided that the holder's share ownership of the Company remains below 10% at the time of conversion) and carries an annual dividend equal to 13% for a period of two years from the date of issuance, with the Preferred Shares automatically converting to Common Shares four years from the issuance date. Under the terms of the Cowlitz Agreement, the Company will not issue any additional Preferred Shares without obtaining written consent from the seller. A total of 10,030,629 series E preferred shares have been converted to Common Shares during the period from issuance to September 30, 2021. Accordingly, 90,376,072 series E preferred shares remain outstanding at September 30, 2021.

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On April 30, 2021, and pursuant to the Second Supplemental Indenture dated April 20, 2021, the Company converted 91.5% or CDN\$15,093,840 of the outstanding principal of secured convertible debentures, including accrued and unpaid interest, into 59,829,261 Series D Voting Preferred Shares ("Series D Preferred"). The Series D Preferred were issued at an initial amount of CDN\$0.30, or CDN\$17.9 million in aggregate. During the nine month period ended September 30, 2021, a total of 859,212 common shares were issued from the conversion of 859,212 Series D Preferred, representing the conversion of \$217,575 of original convertible debenture principle plus accrued interest in the amount of \$15,267. At September 30, 2021, 59,104,012 Series D Preferred shares are outstanding.

CAPITAL RESOURCES

The Company considers its capital structure to include debt financing, contributed capital, accumulated deficit, non-controlling interests and any other component of Shareholder's equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management approach remains unchanged from the year ended December 31, 2020.

LIQUIDITY

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements. The Company has historically financed its operations primarily through the sale of share capital by way of private placements and issuances of debt.

At September 30, 2021, the Company has positive working capital of \$2,971,677 and may require further financing to operate and further develop its business. The Company's ability to realize its assets and discharge its liabilities is dependent upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These condensed consolidated interim financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

On March 2, 2021, the Company issued 77,695,502 units at a price of CAD \$0.19 per unit for total gross proceeds of CAD \$14,762,145. Each unit consist of one common share of the Company and one share purchase warrant, exercisable at CAD \$0.30 per share for five years from the issuance date. The Company paid finders' fees of CAD \$1,094,912 and issued finders fees of 7,285,014 finder's warrants exercisable at CAD \$0.19 per share for a period of two years from the issuance date. Net proceeds from the issuance was \$11,016,935.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three and nine-month periods ended September 30, 2021 and 2020 are as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Salaries and wages	\$ 191,900	\$ 65,052	\$ 591,297	\$ 312,756
Professional fees	94,661	77,500	234,661	206,725
	\$ 286,561	\$ 142,552	\$ 825,958	\$ 519,481

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Accounts Payable and Accrued Liabilities

As at September 30, 2021, the following amounts in accounts payable were due to related parties:

- \$44,377 (December 31, 2020 - \$56,975) owing to an officer for services rendered
- \$nil (December 31, 2020 - \$20,000) owing to a director for services rendered;
- \$142,225 (December 31, 2020 - \$174,225) owing to officers for deferred compensation.

Accounts Receivable

As at September 30, 2021, \$1,675,909 (December 31, 2020 - \$2,128,976) in accounts receivable were due from a company jointly owned by the Company's CEO and former CFO. The ability of this company to repay the full amount owing is uncertain, and accordingly, the Company has recorded a provision for doubtful accounts in the amount of \$338,000, (December 31, 2020 - \$1,272,591) resulting in a net accounts receivable from a related party of \$1,337,909 (December 31, 2020 - \$856,385).

Due from Related Parties

On May 31, 2019, the Company loaned an officer \$25,000. The loan carries an annual interest rate of 3% and is due and payable upon the officer's authorization to sell his shares in the Company.

During the year ended December 31, 2020, the Company loaned \$619,688 to a company owned by the Company's CEO. The loan carries interest at 3% per annum and is due on or before January 1, 2023. As at September 30, 2021, the balance outstanding was \$1,764,688.

During the year ended December 31, 2019, the Company loaned \$2,485,283 to a company owned by the Company's CEO. The loan carries interest at 3% per annum and is due on or before January 1, 2022. As at December 31, 2019, the balance outstanding was \$316,564 as the loan was impaired due to the uncertainty of the companies' ability to repay the entire balance. During the year ended December 31, 2020, the loan in the amount of \$316,564 was fully repaid.

Transactions with Related Parties

During the three and nine-month periods ended September 30, 2021, the Company had product and service sales to a company jointly owned by the Company's CEO and former CFO of \$nil and \$4,714,545 (three and nine-month periods ended September 30, 2020 - \$2,379,696 and \$6,498,728) respectively.

During the three and nine-month periods ended September 30, 2021, the Company recognized equipment rental income of \$nil and \$383,752 earned from a company controlled by the Company's CEO and former CFO (three and nine-month periods ended September 30, 2020 - \$230,251 and \$690,753) respectively.

On January 1, 2017, Blacklist entered into an agreement with a company jointly controlled by the Company's CEO and former CFO (the "Licensee"). Under the agreement, Blacklist granted the Licensee a non-exclusive, non-transferable, non-assignable license to reproduce, distribute, publicly display and publicly use the IONIC trademark. At granted commencement, the Licensee was to pay licensing fees of 5% of its gross revenue for 3 years. On January 1, 2018, the license fee was increased to 10% of gross revenue. Of the total royalty and service income recognized during the three and nine-month periods ended September 30, 2021, \$nil and \$2,138,827 respectively was earned from a related party (three and nine-month periods ended September 30, 2020 - \$1,956,586 and \$4,790,318) respectively.

During the three and nine-month periods ended September 30, 2021, the Company incurred total expenses of \$6,232 and \$21,024 on behalf of an entity controlled by the Company's President (three and six-month periods ended June 30, 2020 - \$nil and \$nil) respectively. The ability of this company to repay the amount owing is uncertain and therefore has been fully impaired at September 30, 2021 and 2020.

On May 3rd, 2021, Ionic Washington LLC, one of our licensed manufactures in the state of Washington, which is owned by our Chairman and CEO, Mr. John Gorst, was given notice that the Liquor and Cannabis Control Board (LCB) requested to inspect all financial records related to the financing of the Company going back five years. Ionic WA. and Mr. Gorst fully cooperated with all requests made by the LCB. After the LCB audit, it was discovered that while Mr. Gorst was an approved financier, there were additional disclosures and approvals required by the LCB, more specifically, that when he borrowed money, the source of those funds be approved by the state of Washington. After the LCB audit, the LCB has taken action to suspend the Ionic WA. cannabis license. Mr. Gorst has requested mediation in this matter

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which the LCB has agreed to. The Company expects a final decision to be made during the fourth quarter of fiscal 2021. This action in no way impacts the Company's ability to carry on business in the state of Washington as the Company has irrevocable purchase options to acquire multiple cannabis operating licenses when and if the state of Washington allows for foreign ownership.

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access as at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash approximates their carrying value due to the short-term maturity. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Prior to the COVID-19 outbreak, the Company applies IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are passed on the payment profiles of sales over a period of 12 months before the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on economic factors affecting the ability of the customers to settle the receivables.

However due to the impact of COVID-19 on the economy and on the Company's customers, management decided to apply a direct customer analysis approach to measure expected credit losses rather than the simplified approach as COVID-19 may impact each of its customers differently.

The Company does not have a long list of trade receivables; every month management assesses each account to determine whether the Company can reasonably expect to collect the outstanding amounts based on quantitative and qualitative information available to management from direct interface with customers. Where there is doubt of collection, a provision is provided and if there is no expectation of collection, the amounts are written off to bad debts. Please refer to Notes 7 and 21 in the accompanying financial statements for the three and nine-month periods ended September 30, 2021.

Financial Risk Factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Market risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

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Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and accounts receivable. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable.

Accounts Receivable

Accounts receivable primarily consist of trade receivables and sales tax receivable. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses since the COVID-19 outbreak. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

The Company's aging of trade receivables was as follows:

	September 30, 2021	December 31, 2020
	(\$)	(\$)
0 – 30 days	924,013	611,139
31 – 60 days	660,906	284,395
61 - 90 days	480,983	269,300
91 + days	1,029,611	120,100
	3,095,513	1,284,934

For the three months and nine months ended September 30, 2021 and 2020, the following revenue was recorded from customers that comprise 10% or more of revenue:

Percentage of revenue from major customers	Three Months ended		Nine Months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Customer A (related party)	-	100%	13%	98%

Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities, when feasible.

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The table below summarizes the maturity profile of the Company's financial liabilities at September 30, 2021:

	On demand (\$)	Less than 1 year (\$)	1 to 2 years (\$)	2 to 3 years (\$)	Total (\$)
Trade payables	3,987,668	-	-	-	3,987,668
Lease liabilities	-	928,693	1,323,334	1,500,000	3,752,027
Vehicle loans	-	26,068	57,739	41,305	125,112
Loans payable and accrued interest	-	1,180,175	420,490	37,448	1,638,113
Convertible debt	-	-	1,065,805	-	1,065,805
Total liabilities	3,987,668	2,134,936	2,867,368	1,578,753	10,568,725

Asset forfeiture risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants that conduct business with affiliates in the cannabis industry, which either are used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property is never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk

Notwithstanding that many states have legalized recreational cannabis, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate ordinary businesses.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Subsequent Events

Subsequent to September 30, 2021, the Company entered into an Inventory Floor Plan Agreement ("Agreement") in the amount of \$250,000. Under the terms of the Agreement, the Company will pay a 14% acquisition fee and will make blended monthly payments of \$35,625 for eight months. The Agreement is secured by inventory acquired under the Agreement.

On November 25, 2021, the Company filed a revised Form 9 – Notice of Proposed Issuance of Listed Securities with the Canadian Securities Exchange. The Company intends to raise up to CDN\$500,000 through the issuance of common shares. Proceeds of the raise will be used for general working capital purposes and to assist with the procurement of raw materials for manufacturing purposes.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and liabilities at the reporting date and reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results may differ from these estimates under different assumptions or conditions. The following

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discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

Areas of Judgment

Estimated Useful Lives and Depreciation of Property and Equipment

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment

The carrying value of long-lived assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in the statement of operations. The assessment of fair values requires the use of estimates and assumptions for recoverable production discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of long-lived assets could impact the impairment analysis.

Allowance for Doubtful Accounts, and the Recoverability of Receivables

Significant estimates are involved in the determination of recoverability of receivable and no assurance can be given that actual proceeds will not differ significantly from current estimations. Management has made significant assumptions about the recoverability of receivables. During the nine-month period ended September 30, 2021, the Company recorded a bad debt expense of \$338,000 (September 30, 2020 - \$nil) for receivables where collection is doubtful.

Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the annual consolidated financial statements.

Income Taxes

The assessment of income taxes involved the probability of realizing deferred tax assets, in relation to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position will be sustained upon examination by applicable tax authorities. In making its assessment, management give additional weight to positive and negative evidence that can be objectively verified.

Significant Judgments

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed consolidated interim financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The fair value and classification of financial instruments; and
- The classification of leases as either operating or finance type leases.

RISKS AND UNCERTAINTIES

Overview

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out certain of the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

Issuers with US Cannabis-Related Assets

On February 8, 2018, the Canadian Securities Administrators revised their previously released Staff Notice 51-352 Issuers with US Marijuana-Related Activities (the "Staff Notice") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular State's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclosed certain prescribed information in required disclosure documents, such as MD&A's, in order to fairly present all material facts, risks and uncertainties about issuers with US cannabis-related activities.

Such disclosures includes, but is not limited to: (i) a description of the nature of a reporting issuer's involvement in the US cannabis industry; (ii) an explanation that cannabis is illegal under US federal law and that the US enforcement approach is subject to change; (iii) a statement about whether and how the reporting issuer's US cannabis-related activities are conducted in a manner consistent with US federal enforcement priorities; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to supporting continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the US cannabis industry, or deemed to have "ancillary industry involvement", all as further described in the Staff Notice.

As a result of the Company's existing operations in the United States, Ionic is subject to the Staff Notice and according provides the following disclosure.

U.S. REGULATORY OVERVIEW

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352"), below is a general discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company has or may have direct, indirect or ancillary involvement through its subsidiaries and investments.

At this time, the Company has indirect and material ancillary exposure to the cannabis industry in the United States. In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation.

In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Management's Discussion and Analysis that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	MD&A Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures	See " <i>Regulatory Overview – U.S. Cannabis Regulations</i> "

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Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	MD&A Cross Reference
	indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	See " <i>Regulatory Overview – U.S. Cannabis Regulations</i> "
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	See " <i>Regulatory Overview – U.S. Cannabis Regulations</i> "
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	See " <i>Risks and Uncertainties</i> "
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	See " <i>Ability to Access Public and Private Capital</i> "
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	All operations of the Company are in the United States.
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	The Company retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of operations with all applicable regulations.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	N/A

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Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	MD&A Cross Reference
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.	N/A
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	See " <i>Regulatory Overview – U.S. Cannabis Regulations</i> "
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's license, business activities or operations.	See " <i>Regulatory Overview – U.S. Cannabis Regulations</i> "
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	See " <i>Regulatory Overview – U.S. Cannabis Regulations</i> "

U.S. Cannabis Regulation

(i) Federal Regulations

Although a number of states of the United States have legalized medical cannabis, adult-use cannabis, or both, it remains illegal under United States federal law. Cannabis currently remains a Schedule I drug under the CSA. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The FDA has not approved cannabis as a safe and effective drug for any indication (although in June 2018, the FDA approved a cannabis-derived cannabidiol drug for treatment of two rare forms of childhood epilepsy). The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of cannabis or the public perception

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thereof, and numerous studies show cannabis is unlikely to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Additionally, while studies show cannabis is less harmful than alcohol,² alcohol is not classified under the CSA.

Although federally illegal, the U.S. federal government's approach to enforcement of such laws has of least until recently trended toward non-enforcement. The DOJ issued a memorandum known as the "**Cole Memorandum**" in August 2013³ and February 2014⁴ to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly regulated medical or adult-use cannabis programs. While not legally binding, and merely prosecutorial guidance, the Cole Memorandum laid a framework for managing the tension between state and federal laws concerning state regulated cannabis businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions, a long-time opponent of state-regulated medical and adult-use cannabis. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation removed the DOJ's guidance to U.S. Attorneys that state regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority.

In addition to his revocation of the Cole Memorandum, Attorney General Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**". The Sessions Memorandum confirmed the rescission of the Cole Memorandum and explained the rationale of the DOJ in doing so: the Cole Memorandum, according to the Sessions Memorandum, was "unnecessary" due to existing general enforcement guidance adopted in the 1980s, as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum emphasizes that cannabis is a Schedule I controlled substance, and reiterates the statutory view that cannabis is a "dangerous drug and that cannabis activity is a serious crime," it does not otherwise indicate that the prosecution of cannabis-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute cannabis-related offenses. The Company's outside U.S. counsel continuously monitors all U.S. Attorney comments related to regulated medical and adult-use cannabis laws to assess various risks and enforcement priorities within each jurisdiction. Dozens of U.S. Attorneys across the country have affirmed that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence.

On January 15, 2019, U.S. Attorney General nominee William P. Barr intimated a markedly different approach to cannabis regulation than his predecessor during his confirmation hearing before the Senate Judiciary Committee. Mr. Barr stated that his approach to cannabis regulation would be not to upset settled expectations that have arisen as a result of the Cole Memorandum, that it would be inappropriate to upset the current situation as there has been reliance on the Cole Memorandum and that he would not be targeting companies that have relied on the Cole Memorandum and are complying with state laws with respect to the distribution and production of cannabis. While he did not offer support for cannabis legalization, Mr. Barr did emphasize the need for the U.S. Congress to clarify federal laws to address the untenable current situation which has resulted in a backdoor nullification of federal law. Furthermore, recent news

² See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. <https://doi.org/10.1016/j.ntt.2009.07.006>; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from <https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-headneck-cancer-idUSTRE57O5DC20090825>; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review*, 57, 547-552. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/10839332>; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from <http://www.ukcia.org/research/AggressiveBehavior.pdf>; and Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/14656545>.

³U.S. Dept. of Justice. (2013). Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement. Washington, DC: US Government Printing Office. Retrieved from <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

⁴ James M. Cole, Deputy Attorney General, U.S. Department of Justice, Memorandum for All United States Attorneys: Guidance Regarding Marijuana Related Financial Crimes (February 14, 2014).

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concerning Mr. Barr's personal opposition to cannabis may result in further resources being allocated to full-review merger investigations of transactions involving cannabis companies. Such reviews could cause substantial delays on the completion date of any mergers and could lead to deals collapsing due to regulatory delays.

Additionally, due to the CSA categorization of cannabis as a Schedule I drug, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from cannabis sales as deposits. Banks and other financial institutions could risk prosecution and conviction of money laundering offenses for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could also be found in violation of federal law. While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and adult-use cannabis by U.S. states, in February 2014, Deputy Attorney General Cole issued guidance directing prosecutors to consider the Cole Memorandum enforcement priorities with respect to federal money laundering, unlicensed money transmitter, and Bank Secrecy Act ("**BSA**") offenses predicated on cannabis-related violations of the CSA. Despite these laws, in February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the Treasury Department issued a memorandum (the "**FCEN Memorandum**")⁵ clarifying how financial institutions can provide services to cannabis-related businesses consistent with their BSA obligations, and aligning the information provided by financial institutions in BSA reports with federal and state law enforcement priorities. The customer due diligence steps include, but are not limited to:

1. verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its cannabis-related business;
3. requesting from state licensing and enforcement authorities available information about the business and related parties;
4. developing an understanding of the normal and expected activity for the business, including the types of Products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. ongoing monitoring for suspicious activity; and
7. refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Due to the risk aversion of financial institutions, cannabis businesses are often forced into becoming "cash-only" businesses. As banks and other financial institutions in the U.S. are generally unwilling to be exposed to potential violations of federal law without guaranteed immunity from prosecution, many refuse to provide any kind of services to cannabis businesses. Despite the attempt by FCEN to expand access to banking for cannabis-related businesses, practically the guidance has not improved access to banking services by cannabis businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each cannabis business they take on as a customer. Recently, some banks that have been servicing cannabis businesses have been closing accounts operated by cannabis businesses and are now refusing to open accounts for new cannabis businesses for the reasons enumerated above.

The few credit unions who have agreed to work with cannabis businesses are limiting those accounts to no more than 5% of their total deposits to avoid creating a liquidity risk. Since the federal government can change enforcement priorities at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the

⁵ Department of the Treasury Financial Crimes Enforcement Network. (2014). Guidance re: BSA Expectations Regarding Marijuana-Related Businesses (FIN-2014- G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>.

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full value of all deposits from cannabis businesses in a single day, while also servicing the needs of their other customers.

The U.S. Secretary of the Treasury, Stephen Mnuchin, has publicly stated that he did not participate in the Attorney General's decision to rescind the Cole Memorandum and does not have a desire to rescind the FCEN Memorandum for financial institutions without a replacement.⁶ Multiple legislators believe that Sessions' rescission of the Cole Memorandum invites an opportunity for Congress to pass more definitive protections for cannabis businesses in states with legal cannabis programs during this Congress.⁷

Both Congress and cannabis-related businesses recognize that guidance is not law and thus have worked to continually renew the Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) since 2014. This amendment prevents the DOJ from using appropriated funds to impede the implementation of medical cannabis laws enacted at the state level. In 2017, Senator Patrick Leahy (Vermont) introduced a similar amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018, preventing federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level (the "**Leahy Amendment**"). The Leahy Amendment was set to expire with the 2018 fiscal year on September 30, 2018, but was effectively extended to December 21, 2018 when Congress passed the *Continuing Appropriations Act, 2019* in September 2018, which expired on September 30, 2019. On December 20, 2019, the Leahy Amendment was continued with the passage of the fiscal year 2020 budget and is effective until September 30, 2020. On October 1, 2020, the Leahy Amendment was renewed through the signing of a stopgap spending bill, effective through December 11, 2020. However, it should be noted that there is no assurance that such amendments will be passed into law.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the "**STATES Act**") was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to cannabis, "shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marihuana." Even though cannabis will remain within Schedule I under the STATES Act, it makes the CSA unenforceable to the extent it is in conflict with state law. In essence, the bill extends the limitations afforded by the protection within the federal budget – which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical cannabis commercial activity – to both medical and adult-use cannabis activity in all states where it has been legalized. By allowing continued prohibition to be a choice by the individual states, the STATES Act does not fully legalize cannabis on a national level. In that respect, the bill emphasizes states' rights under the Tenth Amendment, which provides that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Under the STATES Act, companies operating legal cannabis operations would no longer be considered "trafficking" under the CSA, and this would likely assist financial institutions in transacting with individuals and businesses in the cannabis industry without the threat of money laundering prosecution, civil forfeiture, and other criminal violations that could lead to a charter revocation. The STATES Act is currently draft legislation and there is no guarantee that it will become law in its current form.

Since 2014, Congress has made immense strides in cannabis policy. The bipartisan Congressional Cannabis Caucus launched in 2017 is "dedicated to developing policy reforms that bridge the gap between federal laws banning cannabis and the laws in an ever-growing number of states that have legalized it for medical or adult-use purposes."⁸ Additionally, each year more Representatives and Senators sign on and co-sponsor cannabis legalization bills including the CARERS Act, REFER Act and others. While there are different perspectives on the most effective route to end U.S. federal cannabis prohibition, Congressman Blumenauer and Senator Wyden introduced the three-bill package, Path to Marijuana Reform which would amend Section 280E of the U.S. Tax Code (as defined below), eliminate civil asset

⁶ Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks. Retrieved from <https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53>; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7). Retrieved from <http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/>.

⁷ Jackson, Cherece. (2018 January 30). State-by-State Analysis of Sessions Move to Rescind Cole Memo. Retrieved from <http://guardianlv.com/2018/01/state-stateanalysis-sessions-move-rescind-cole-memo/>; see also Velasquez, Josefa. (2018 January 23). NY Lawmaker Asks US Attorneys to Keep Hands Off State's Med Marijuana Programs. Retrieved from <https://www.law.com/newyorklawjournal/sites/newyorklawjournal/2018/01/22/ny-lawmaker-asks-us-attorneys-to-keep-handsoff-states-med-marijuana-programs/?slreturn=20180205182803>; see also "This is Outrageous": Politicians react to news that A.G. Sessions is rescinding Cole Memo. (January 4 2018). Retrieved from <https://www.thecannabist.co/2018/01/04/sessions-marijuana-cole-memo-politicians/95890/>.

⁸ Huddleston, Tom Jr. (2017 February 17). Pro-Pot Lawmakers Launch a Congressional Cannabis Caucus. Retrieved from <http://fortune.com/2017/02/16/congress-cannabis-caucus/>.

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forfeiture and federal criminal penalties for businesses complying with state law, reduce barriers to banking, and would de-schedule, tax and regulate cannabis in 2017.⁹ Notwithstanding the foregoing, there is no guarantee that the current presidential administration will not change the stated policy of the previous administration regarding the low-priority enforcement of U.S. federal laws against state-legal cannabis businesses. This administration could decide to enforce U.S. federal laws vigorously. Senator Cory Booker has also introduced the Marijuana Justice Act, which would deschedule cannabis, and in 2018 Congresswoman Barbara Lee introduced the House companion.

An additional challenge to cannabis-related businesses is Section 280E of the *Internal Revenue Code of 1986*, as amended (the "**U.S. Tax Code**"), which the Internal Revenue Service has applied to businesses operating in the state-legal medical and adult-use cannabis industries. Section 280E generally prohibits businesses from deducting or claiming tax credits with respect to amounts paid or incurred in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by U.S. federal law or the law of any state in which such trade or business is conducted. Section 280E currently applies to businesses operating in the cannabis industry, irrespective of whether such businesses that are licensed and operating in accordance with applicable state laws. The application of Section 280E generally causes cannabis businesses to pay higher effective U.S. federal tax rates than similar businesses in other industries. The impact of Section 280E on the effective tax rate of a cannabis business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry would likely be more profitable absent this provision. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, and recent legislative proposals, if enacted into law, could eliminate or diminish the application of Section 280E to cannabis businesses, there is no guarantee that these courts will issue an interpretation of Section 280E that is favorable to cannabis businesses and the enactment of any such law is uncertain.

On December 20, 2018, Congress passed the *Agriculture Improvement Act of 2018* (the "**2018 Farm Bill**"), which became law in the United States and included the legalization of hemp, which changed how hemp and hemp-derived products like CBD are regulated in the U.S.

Currently, there are 33 states plus the District of Columbia, Puerto Rico and Guam that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Other states are considering similar legislation.

Local, state, and U.S. federal medical cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a material adverse effect on certain aspects of its planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Company's business. No prediction can be made as to the nature of any future laws, regulations, interpretations or applications, nor can it be determined what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business.

Laws and regulations affecting the medical cannabis industry are constantly changing, which could detrimentally affect the proposed operations of the Company.

(ii) **State Regulations**

As of the date hereof, the Company operates in the cannabis industry in the states of Washington and Oregon. The following summarizes the laws and regulations of each material state the Company operates in.

Washington State Regulations

In 1998, Initiative 692 permitted patients with certain terminal or debilitating conditions to use medical marijuana. I-692 also granted affirmative defense to criminal prosecution for qualifying patients and their primary caregivers who possess no more than a 6-day supply. In 2007, an amendment to I-692 defined a 60-day supply. In 2008 WAC 246-75-010 defined the 60-day supply for patients as no more than 24 ounces of usable marijuana and no more than 15 plants. This has since been repealed with subsequent law. An amendment to I-692 increased the types of healthcare professions allowed to authorize marijuana for medical use from just medical doctors and osteopathic physicians to also include physician assistants, advanced registered nurse practitioners and naturopathic physicians. In 2012 voters approved, I-502 allows adults age 21 and older (PDF) which makes "recreational" marijuana legal to possess up to one ounce of

⁹ Wyden, Blumenauer. (2017 March 30). Wyden, Blumenauer announce bipartisan path to marijuana reform. Retrieved from <https://blumenauer.house.gov/media-center/press-releases/wyden-blumenauer-announce-bipartisan-path-marijuana-reform>.

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marijuana obtained from a state-licensed and regulated marijuana store. All products pass through the state's system from private producers, to the processors to the retail stores.

Regulation and Licenses

The Washington liquor and Cannabis board are responsible for regulatory services. The Washington Department of Health helped in creating sections of the regs/laws specific to medical patients. The Department of Health still provides input regarding Medical Marijuana patients and research regarding the medicinal portion of the Marijuana industry.

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.

Licensees are required to be renewed on an annual basis, from the date of previous renewal/initial issuance. Licensees are not vertically integrated, there are three separate types of Marijuana licenses in the state. A Producer license allows the licensee to produce, harvest, trim, dry, cure, and package marijuana into lots for sale at wholesale to marijuana processor licensees and to other marijuana producers. There are three separate tiers of producer licenses, each granting a larger amount of production capability.

A Processor license allows the licensee to process, dry, cure, package, and label usable marijuana, marijuana concentrates, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers. A Retailer license allows the licensee to sell only useable marijuana, marijuana concentrates, marijuana-infused products, marijuana paraphernalia, and lockable boxes to store marijuana at retail in retail outlets to persons twenty-one years of age and older, except as allowed for persons under twenty-one years of age consistent with RCW 69.50.357 and WAC 314.55.080.

Licenses are currently restricted to individuals that have resided in Washington State for at least six (6) months prior to applying for a marijuana license. In addition, licenses may only be awarded to partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies formed in Washington and all members of the business must have been a resident for six (6) months.

Reporting Requirements

On a monthly basis, marijuana retailers must maintain records and report purchases from licensed marijuana processors, sales by product type to consumers, and lost and/or destroyed product in a manner prescribed by the Washington State Liquor and Cannabis Board (WSLCB).

Oregon State Regulations

Oregon has both medical and adult-use marijuana programs. In 1998, Oregon voters passed a limited non-commercial patient/caregiver medical marijuana law with an inclusive set of qualifying conditions that include chronic pain. In 2013, the legislature passed, and governor signed, House Bill 3460 to create a regulatory structure for existing unlicensed medical marijuana businesses. However, the original regulations created by the Oregon Health Authority after the passage of House Bill 3460 were minimal and only regulated storefront dispensaries, leaving cultivators and infused-product manufacturers within the unregulated patient/caregiver system.

On June 30, 2015, Governor Kate Brown signed House Bill 3400 into law, which improved on the existing regulatory structure for medical marijuana businesses and created a licensing process for cultivators and processors. In November of 2014, Oregon voters passed Measure 91, "Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act",

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creating a regulatory system for individuals 21 years of age and older to purchase marijuana for personal use from licensed marijuana businesses.

The Oregon Health Authority licenses and regulates medical marijuana businesses and the OLCC licenses and regulates adult-use marijuana businesses. There are six distinct types of license types available for medical and adult-use businesses: cultivation, manufacturing ("processing"), wholesaling, dispensing, testing and research. Vertical integration between cultivation, processing, and sales is permissible, but not required, for both medical and adult-use.

The law does not impose a limit on the number of licenses and applications are currently being accepted for both medical and adult-use businesses on a rolling basis. Local governments may restrict the number of both medical or adult-use marijuana businesses. Laws passed during the 2016 legislative session removed the two-year residency requirement that existed within House Bill 3400.

On May 18, 2018, Billy J. Williams, U.S. Attorney for the District of Oregon, issued a memorandum outlining his office's enforcement priorities related to marijuana. Williams listed the following primary enforcement priorities in the memorandum: (1) overproduction and interstate trafficking; (2) protecting Oregon's children; (3) violence, firearms, or other public safety threats; (4) organized crime; and (5) protecting federal lands, natural resources, and Oregon's environment. As to overproduction in particular, Williams stated, "there can be no doubt that there is significant overproduction of marijuana in Oregon[, and a]s a result, a thriving black market is exporting marijuana across the country, including to states that have not legalized marijuana under their state laws." He also made clear that he "will not make broad proclamations of blanket immunity from prosecution to those who violate federal law," but added that his "office's resources are finite" and that they "must use appropriate discretion before prosecuting any federal case." He went on to explain that his office will explore the use of civil law enforcement mechanisms, coordinate closely with partners in state, tribal, and local governments around the state, and "focus enforcement efforts on federal violations implicating one or more of the priority elements of this [memorandum]." Williams has told Oregon Governor Kate Brown's senior policy advisor that he would like to see limits on licenses for marijuana producers and retailers.

In June 1999, the White House Office of National Drug Control Policy created the Oregon-Idaho High Intensity Drug Trafficking Area program ("HIDTA") to "facilitate, support and enhance collaborative drug control efforts among law enforcement agencies and community-based organizations; thus significantly reducing the impacts of illegal trafficking and use of drugs throughout Oregon and Idaho." In August 2018, HIDTA released a report entitled "An Initial Assessment of Cannabis in Oregon." In response to this report's findings, U.S. Attorney Williams issued the following statement:

The recent HIDTA Insight Report on marijuana production, distribution, and consumption in Oregon confirms what we already know—it is out of control. The industry's considerable and negative impacts on land use, water, and underage consumption must be addressed immediately. State officials should respond quickly and in a comprehensive manner to address the many concerns raised by this assessment. To date, we've seen insufficient progress from our state officials. We are alarmed by revelations from industry representatives, landowners, and law enforcement partners describing the insufficient and underfunded regulatory and enforcement structure governing both recreational and medical use. A weakly-regulated industry will continue to detract from the livability and health of communities throughout the state.

What is often lost in this discussion is the link between marijuana and serious, interstate criminal activity. Overproduction is rampant and the illegal transport of product out of state—a violation of both state and federal law—continues unchecked. My ask continues to be for transparency, responsible regulation, adequate funding, and a willingness to work together. It's time for the state to wake up, slow down, and address these issues in a responsible and thoughtful manner.

In late August 2018, federal prosecutors made six arrests related to marijuana allegedly being trafficked from Oregon to Florida, Texas, and Virginia. Those arrested were not affiliated with licensed recreational or medical programs in Oregon. In response to these arrests, Williams said, "These cases provide clear evidence of what I have repeatedly raised concerns over: Oregon's marijuana industry is attracting organized criminal networks looking to capitalize on the state's relaxed regulatory environment."

Regulatory Management and Reporting Requirements

The state of Oregon has selected Franwell Inc.'s METRC system as the state's T&T system used to track commercial cannabis activity and movement across the distribution chain. The system allows for third-party system integrations via API. The Company currently utilizes an electronic T&T system independent of METRC that integrates with METRC via API. The Company's T&T system currently captures required data points for cultivation, distribution and retail as

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stipulated in OLCC regulations. Certain processes remain manual, with proper control and oversight, in anticipation of greater integration of processes within METRC.

Storage, Security and Compliance

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, the Company is required to do the following:

1. maintain a fully operational security alarm system;
2. contract for security guard services;
3. maintain a video surveillance system that records continuously 24 hours a day;
4. ensure that the facility's outdoor premises have sufficient lighting;
5. not dispense from its premises outside of permissible hours of operation;
6. store cannabis and cannabis product only in designated areas per the premises diagram submitted to the state of Oregon during the licensing process;
7. store all cannabis and cannabis products in a secured, locked room or a vault;
8. report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and
9. to ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products.

(iii) U.S. Compliance Procedures

The Company has an ancillary involvement in the cannabis industry in the states of Washington and Oregon. The Company currently licenses its intellectual property, leases various equipment and vehicles and sells marketing and packaging supplies to Ionic, Inc. ("**Ionic**"), a Washington corporation holding a processor license from the Washington State Liquor and Cannabis Board. Ionic processes, packages and label marijuana and marijuana-infused products for sale at wholesale to marijuana retailers. On January 10, 2016, The Company (through Blacklist) entered into a purchase agreement with Ionic, whereby Ionic granted the Company a right to acquire all of Ionic's issued and outstanding shares upon meeting certain conditions. The Company intends to acquire Ionic when the laws of the state of Washington allows cannabis licenses to be held by non-Washington state residents. In the state of Oregon, Blacklist contracts with co-packers that are fully licensed and that are in compliance with local and state cannabis regulations to fill, package and distribute IONIC™ branded products in accordance with our strict standard operating procedures.

The Company takes reasonable steps to ensure that the customer's or investee's business that the Company provides products or services to is in compliance with the regulatory framework enacted by the applicable U.S. state.

The Company intends to make commercially reasonable efforts to ensure that all its activities are compliant with applicable U.S. state and local law. To do so, the Company will access legal counsel, where necessary, and will work closely with U.S. counsel to develop and improve its internal compliance program, and will defer to their legal opinions and risk mitigation guidance regarding each state regulatory framework. The internal compliance program, including the use of a compliance platform, will require continued monitoring by managers and executives of the Company to ensure all operations conform with legally compliant standard operating procedures.

(iv) Ability to Access Public and Private Capital

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The Company has historically, and we believe will continue to have, adequate access to equity from prospectus exempt (private placement) markets in Canada. While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it plans to (i) continue to access equity financing through private markets, and (ii) access equity financing through public markets in Canada, on the CSE or another stock exchange. Further, the Company's executive team and board also have extensive relationships with sources of private capital (such as high net worth individuals), that could be investigated at a higher cost of capital. Current proceeds from the Company's financings will be used to finance the continued growth of the Company's business. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards, or through the issuance of shares which will be dilutive to the current shareholders.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

The Company Will Not be Able to Deduct Many Normal Business Expenses. Under Section 280E of the Internal Revenue Code ("**Section 280E**"), many normal business expenses incurred in the sale and distribution of cannabis and its derivatives are not deductible in calculating federal income tax liability. A result of Section 280E is that an otherwise profitable business may in fact operate at a loss, after taking into account its income tax expenses. The application of Section 280E likely will have a material adverse effect on businesses that the Company provides financing, consulting services and brand licensing to and may, in turn, have a material adverse effect on the Company. Although the Company does not presently believe it is subject to the provisions of Section 280E, there is no assurance that the Internal Revenue Service will agree. Therefore, the Company faces the risk of not being able to deduct many normal business expenses in calculating its federal income tax liability. As a result, the Company may be subject to paying income tax at a higher rate than the Company anticipates along with resulting penalties and interest if the IRS does not agree with the Company's interpretation of the Internal Revenue Code.

Risks Related to Product Recalls. Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as malfunctioning hardware, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Recall of products could lead to adverse publicity, decreased demand for the Company's products and could have significant reputational and brand damage. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Risk Related to Contaminates. The Company tests all of its products with state licensed third party laboratories to ensure that its products are free of contaminants. These laboratory's analyses may be inaccurate and thereby result in the Company unknowingly shipping products with certain impurities. The potential for contaminated product reaching the retail market and therefore the consumer exists and could have a negative impact both on sales and the image of the brand.

Risks Related to Vaping Products. The Company tests all of its products with state licensed third party laboratories to ensure that its products are free of contaminants or other harmful products. Recently the Press has reported on numerous people becoming ill after using vape products (both containing and not containing cannabis). Although the

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causes of the illnesses have yet to be discovered, it has let some states to impose a ban on vape products. A ban in conjunction with unfavorable press and the possibility that these illnesses were caused by Vape products could have a negative impact on the Company's sales.

Limited Operating History. As a high growth enterprise, the Company does not have a history of profitability. The Company is therefore subject to many of the risks common to early-stage enterprises, including under- capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Inability to Protect Intellectual Property. The Company may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Company relies upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that is considered important to the development of the business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the Company's. Other companies may also be able to materially duplicate the Company's proprietary products. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs. See also: *Risks Specifically Related to the United States Regulatory System – Limited Trademark Protection.*

Intellectual Property Claims. Companies in the retail and wholesale industries frequently own trademarks and trade secrets and often enter into litigation based on allegations of infringement or other violations of intangible property rights. The Company may be subject to intangible property rights claims in the future and its products may not be able to withstand any third-party claims or rights against their use. Any intangible property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert Management resources and attention. An adverse determination also could prevent the Company from offering its products to others and may require that the Company procure substitute products or services.

With respect to any intangible property rights claim, the Company may have to pay damages or stop using intangible property found to be in violation of a third party's rights. The Company may have to seek a license for the intangible property, which may not be available on reasonable terms and may significantly increase operating expenses. The technology also may not be available for license at all. As a result, the Company may also be required to pursue alternative options, which could require significant effort and expense. If the Company cannot license or obtain an alternative for the infringing aspects of its business, it may be forced to limit product offerings and may be unable to compete effectively. Any of these results could harm the Company's brand and prevent it from generating sufficient revenue or achieving profitability.

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The Market Price of the Common Shares May be Subject to Wide Price Fluctuations. The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares.

Competitive Product Risks. The market is characterized by a growing number of new market entrants competing in the same product categories as the Company. As such there is considerable competition in the marketplace.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the Company's business, financial condition and results of operations.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To succeed in the marketplace the Company needs to differentiate itself which it has done via innovative design and technology

Brand Perception. The Company is a new entrant in the marketplace with no prior history. This is partially mitigated by the targeted acquisitions of companies with market acceptance and by the experience of the founders. The Company believes its industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of its products and perceptions of regulatory compliance. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. In particular, vaporizers, electronic cigarettes and related products have only recently been developed and the long-term effects have yet to be examined. Currently, there is no way of knowing whether these products are safe for their intended use. If the scientific community was to determine conclusively that use of any or all of these products poses long-term health risks, market demand for these products and their use could materially decline.

The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis-related products in general, or the Company's products specifically, or associating the consumption of cannabis-related products with illness or other negative effects or events, could have such a material adverse effect.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

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- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost-effective basis.

Officers and Directors

John Gorst, CEO
Nicole Rusaw, CFO
Bryen Salas, President and Director
Christian Struzan, CMO and Director
Austin Gorst, Director
Christian Vara, Independent Director
Jonathan Yan, Independent Director

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