

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Company**

Ayurcann Holdings Corp. (the “**Company**”)  
Unit 6, 1080 Brock Road  
Pickering, Ontario L1W 3H3

**Item 2: Date of Material Change**

January 5, 2024.

**Item 3: News Release**

A news release was disseminated on January 5, 2024 via Newsfile Corp. and filed on the Company’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

**Item 4: Summary of Material Change**

*Debt Settlements*

On January 5, 2024, the Company completed debt settlements (each, a “**Debt Settlement**”) in the amount of \$756,000 with each of 2388765 Ontario Inc. a company controlled by Igal Sudman (“**238 Ontario**”) and 1000677847 Ontario Inc. a company controlled by Roman Buzaker (“**100 Ontario**”) through the issuance of 30,240,000 common shares in the capital of the Company (“**Common Shares**”) at a deemed price of \$0.05 per Common Share.

The Common Shares are subject to a four month and one day hold period pursuant to the policies of the Canadian Securities Exchange (the “**CSE**”) and applicable securities laws. Pursuant to the policies of the CSE, completion of the Debt Settlements was subject to prior approval from the disinterested shareholders of the Company (“**Shareholders**”). At the Company’s annual general and special meeting of Shareholders held on December 20, 2023 (the “**Meeting**”), the Company received the requisite disinterested Shareholder approval.

*Option and RSU Grants*

On January 5, 2024, pursuant to the Company’s equity incentive plan, the Company granted an aggregate of 700,000 stock options (each, an “**Option**”) and 550,000 restricted share units (each, an “**RSU**”) to certain employees and consultants of the Company. Each Option is exercisable at a price of \$0.05 per Common Share, expires three years from the date of grant and vested immediately. Each Option is exercisable to purchase one Common Share. Each RSU granted vested and settled immediately into one Common Share.

All of the Options and RSUs (and any Common Shares issuable upon their exercise and settlement) are subject to a four-month and one day hold period pursuant to the policies of the CSE and applicable securities laws.

**Item 5.1: Full Description of Material Change**

*Corporate Update*

With the growth of the cannabis market and new products offerings into the market, the Company is expanding its core stock keeping units (“**SKUs**”) listings in the vape, pre-roll, milled flower and concentrate categories, with 20 new SKUs anticipated in Ontario and Newfoundland over the next 6 months.

The Company focused on exploring new opportunities in Nova Scotia and Quebec, as well as enhancing the growth

and market share of our current listings across Canada. With a focus on the fastest growing category of infused pre-roll, the Company has launched 6 new SKUs for its flavour forward vapes.

### **Debt Settlements**

Each Debt Settlement constituted a “related party transaction”, as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”) due to the involvement of each of Messrs. Sudman and Buzaker (together, the “**Officers**”), who are each directors and officers of the Company and direct and control, 238 Ontario and 100 Ontario, respectively, and would have required the Company to receive minority shareholder approval for, and obtain a formal valuation for the subject matter of, the transaction in accordance with MI 61-101, prior to the completion of such transaction. However, in completing the Debt Settlements, the Company relied on exemptions from: (x) the formal valuation requirements of MI 61-101, on the basis that the Company is not listed on Specified Markets (as defined in MI 61-101), as determined in accordance with MI 61-101; and (y) the minority shareholder approval requirements of MI 61-101, on the basis that the fair market value of each Officer’s participation in their respective Debt Settlement did not exceed \$2,500,000, as determined in accordance with MI 61-101.

While the Company filed a material change report in respect of the Debt Settlements and the Officers’ participation in their respective Debt Settlement on January 2, 2024, the Company did not file the material change report more than 21 days before the closing date of the Debt Settlements. In the Company’s view, the shorter period was necessary to permit the Company to close the Debt Settlements in a timeframe consistent with usual market practice for a transaction of this nature and was reasonable and necessary to improve the Company’s financial position in a timely manner in the circumstances. Further, the Officers indicated a desire to complete the Debt Settlements on an expedited basis.

<b>Effect of the Debt Settlements</b>					
<b>Name</b>	<b>Insider</b>	<b># of Common Shares Acquired</b>	<b>Value</b>	<b># of Common Shares Held</b>	<b>% of Common Shares Held</b>
238 Ontario	Control Person	15,120,000	\$756,000	29,305,424 <sup>(1)</sup> 44,425,424 <sup>(2)</sup>	18.06% <sup>(5)</sup> 23.08% <sup>(6)</sup>
100 Ontario	Control Person	15,120,000	\$756,000	29,013,142 <sup>(3)</sup> 44,133,142 <sup>(4)</sup>	17.88% <sup>(5)</sup> 22.93% <sup>(6)</sup>

**Notes:**

1. Prior to completion of the Debt Settlements, 238 Ontario, together with its joint actor, Igal Sudman, beneficially owned an aggregate of 29,305,424 Common Shares (of which 15,373,322 Common Shares were owned by 238 Ontario directly and 13,932,102 Common Shares were owned by Igal Sudman).
2. Immediately upon completion of the Debt Settlements, 238 Ontario, together with its joint actor, Igal Sudman, had ownership and control over an aggregate of 44,425,424 Common Shares (of which 30,493,322 Common Shares were owned by 238 Ontario directly and 13,932,102 Common Shares were owned by Igal Sudman).
3. Prior to completion of the Debt Settlements, 100 Ontario, together with its joint actors, Roman Buzaker and IIPAC Inc., a company controlled by Roman Buzaker (“**IIPAC**”), beneficially owned an aggregate of 29,013,142 Common Shares (of which Nil Common Shares were owned by 100 Ontario directly, 15,373,322 Common Shares were owned by IIPAC, and 13,639,820 Common Shares were owned by Roman Buzaker).
4. Immediately upon completion of the Debt Settlements, 100 Ontario, together with its joint actors, Roman Buzaker and IIPAC, had ownership and control over an aggregate of 44,133,142 Common Shares (of which 15,120,000 Common Shares were owned by 100 Ontario directly, 15,373,322 Common Shares were owned by IIPAC, and 13,639,820 Common Shares were owned by Roman Buzaker).
5. Calculated based on 162,238,863 Common Shares issued and outstanding prior to the completion of the Debt Settlements on a non-diluted and partially diluted basis.
6. Calculated based on 192,478,863 Common Shares issued and outstanding immediately upon completion of the Debt Settlements on a non-diluted and partially diluted basis.

On October 30, 2023, the board of directors of the Company (the “**Board**”), on recommendation from the compensation committee of the Board (the “**Compensation Committee**”), authorized and approved bonuses (together, the “**Management Bonuses**”) in the amount of \$756,000 to each of 238 Ontario and 100 Ontario pursuant to the terms and conditions of certain executive agreements entered into between the Company and each of 238 Ontario and 100 Ontario, respectively (together, the “**Executive Agreements**”). Pursuant to the terms and conditions of the respective Executive Agreement, the Company engaged: (x) Igal Sudman, through 238 to perform Chief Executive Officer services for the Company and (y) Roman Buzaker through 100 Ontario to perform Chief Financial Officer services for the Company. The Company and officers determined that to preserve the Company’s cash, they would complete the Debt Settlements. Pursuant to the policies of the CSE, completion of the Debt Settlements was

subject to prior approval from the disinterested Shareholders and at the Meeting the Company received the requisite disinterested Shareholder approval.

Completion of the Debt Settlements was unanimously approved in writing by each of the directors of the Company entitled to vote on such matters. Aside from the Compensation Committee, no special committee approved or was established in connection with the Debt Settlements, and no materially contrary view or abstention was expressed or made by any director. In addition, pursuant to the policies of the CSE, completion of the Debt Settlements was subject to prior approval from the disinterested Shareholders and at the Meeting the Company received the requisite disinterested Shareholder approval. The Company will send a copy of this material change report to any Shareholder who requests a copy of it.

Aside from debt conversion agreements entered into with the Company and each of 238 Ontario and 100 Ontario pursuant to the Debt Settlements, the Company will not be entering into any agreement with an interest party or a joint actor with an interested party in connection with the Debt Settlements. To the Company's knowledge, no related party to the Company entered into any agreement with an interest party or a joint actor with an interested party, in connection with the Debt Settlements.

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 (Confidentiality)**

Not applicable.

**Item 7: Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8: Executive Officer**

For additional information with respect to this material change, the following person may be contacted:

Ayurcann Holdings Corp.  
Igal Sudman  
Chief Executive Officer  
(905) 492-3322  
[info@ayurcann.com](mailto:info@ayurcann.com)

**Item 9: Date of Report**

January 12, 2024.