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Icanic Brands Announces Binding LOI to Acquire 100% of LEEF Holdings, California's Premier Extraction Company

Highlights

- *Icanic Brands will acquire 100% of LEEF Holdings in an all-stock transaction*
- *Closing Purchase Price implies an approximate 2.0x LEEF estimated 2022 revenue multiple and 6.5x LEEF estimated 2022 EBITDA multiple.*
- *LEEF Holdings manufacturing capabilities include a 12,000 sq. ft. state-of-the-art extraction and manufacturing facility with up to 45 tons of biomass throughput per month and up to 3,000 liters of distillate extraction capability per month*
- *LEEF's Willits, California headquarters include Type 6, Type 7, Type 11 Distribution and Dispensary licenses*
- *LEEF's pending 196-acre cultivation license would make it the largest farm in California and sits on over 1,900 acres of prime California real estate*

VANCOUVER, BRITISH COLUMBIA – August 31st, 2021 – Icanic Brands Company, Inc. (CSE: ICAN, OTCQB: ICNAF) ("**Icanic Brands**" or the "**Company**"), a multi-state brand operator of premium cannabis brands in California and Nevada, is pleased to announce that the Company has signed a binding letter of intent (the "**LOI**") to acquire LEEF Holdings, Inc. ("**LEEF**"), a California based cannabis company (the "**Proposed Acquisition**").

LEEF is the premier extraction company in California and is led by an expert group of legacy operators. The team has decades of experience in organic cannabis farming and sophisticated extraction practices.

LEEF Corporate Highlights include:

- Core manufacturing competencies include ethanol extraction line (type 6), hydrocarbon extraction line (type 7), solventless extraction line and edibles production line
- Supply distillate to 6 of the top 10 brands in California
- Supply concentrates to 5 of the top 10 brands in California
- 2020A Revenue of USD $33.9m, expenses of USD $32.0m, and EBITDA of USD $2.0m
- 2021E Revenue of USD $42.7m, expenses of USD $34.8m and EBITDA of USD $7.9m
- 2022E Revenue of USD $60.0m, expenses of USD $41.5m and EBITDA of USD $18.5m

- Cannabis campus centrally located in Northern California including a state-of-the-art manufacturing facility with 4 existing licenses sitting on 14 acres with room to expand on an additional 9 acres
- Pending 196-acre cultivation which would make it the largest cannabis farm in California, sitting on over 1,900 acres of prime costal real estate which would produce approximately 225,000 pounds in 2022 and growing to approximately 390,000 pounds in 2024 resulting in substantial cost reductions through 2024. Estimated land value with licenses prior to buildout can range from USD $100k to USD $200k per acre of licensed cultivation.
- Pending Central California processing facility on a 5-acre Cannabis zoned property and 3 additional cannabis licenses including processing, distribution, and delivery
- 49% equity holding in Aya Biosciences which focuses on the intersection of psychedelic research and which recently completed their Series A funding of USD $5m at a USD $20m post money valuation

For more information on LEEF please visit: www.leefca.com.

"Building a profitable and scalable cannabis business is challenging and I commend the LEEF team for building the premier extraction company in the California. We are thrilled to be acquiring LEEF as this acquisition is truly transformational for our Company. After evaluating the landscape of the California market, we believe that adding LEEF to our growing portfolio will not only provide a tremendous addition but will also unlock the types of synergies between our two businesses that ultimately create substantial value for our shareholders. After the transaction is completed, the combined business is anticipated to exit 2021 with an annualized revenue run rate in excess of USD $80m while still maintaining our focus on superior gross margins across our entire business," said Mr. Mark Smith, Executive Chairman of Icanic. "California represents a nearly USD $2B concentrates market and via this acquisition we get turn-key access to a business platform that has a proven track-record of scalability and profitability."

"We couldn't be happier to join the Icanic team. Not only will Icanic continue to allow us to execute on our vision of being a leader in the state of California but the additional resources, expertise, and support that the Icanic platform provides gives me the confidence that together we can truly create something special and unmatched in the US cannabis industry," said Mr. Micah Anderson, CEO of LEEF. "We are excited to get to work and begin to integrate on all facets of the business so that we can truly realize the potential of the combined entity going forward. We are grateful for the strong support of our employees and stakeholders and want to thank them for their hard work and commitment over the past years."

Terms of the LOI

Under the terms of the LOI, the Company will acquire all of the issued and outstanding securities of LEEF in exchange for common shares of the Company (the "**Icanic Shares**"). The purchase price (the "**Purchase Price**") will be comprised of (i) the Closing Purchase Price (as defined below) and (ii) the Earn-Out Payments (as defined below).

The initial payment forming part of the Purchase Price (the "**Closing Purchase Price**") will be equal to the higher of (i) US$120,000,000 or (i) two times the trailing 12-months ("**TTM**") revenue of LEEF for the period ended September 30, 2021. The Closing Purchase Price will be satisfied in full through the issuance of Icanic Shares, at an issue price per share equal to the 30-day volume-weighted average trading price ("**VWAP**") of the Icanic Shares on the Canadian Securities Exchange (the "**CSE**") for the period ending on the business day prior to the signing of a definitive agreement (the "**Initial VWAP Calculation**"). Key shareholders and management of both Icanic and LEEF have agreed to a contractual escrow that will last for a minimum of 18 months from closing with 1/6 releases beginning on the 18-month anniversary of closing with subsequent 1/6 releases every quarter thereafter.

The performance earn-out payment forming part of the Purchase Price (the "**Earn-Out Payments**") will be paid as follows:

1. 15 months following Closing, an amount equal to (A) 10% of the TTM revenue calculated for the 12-month period immediately following Closing, multiplied by 2.0, minus (B) the Closing Purchase Price (the "**First Earn-Out Payment**");
2. 27 months following Closing, an amount equal to (A) 10% of the TTM revenue calculated for the 12-month period immediately following the first anniversary of the Closing, multiplied by 2.0, minus (B) the Closing Purchase Price and minus (C) any amounts paid pursuant to the First Earn-Out Payment (the "**Second Earn-Out Payment**"); and
3. 39 months following Closing, an amount equal to (A) 10% of the TTM revenue calculated for the 12-month period immediately following the second anniversary of the Closing, multiplied by 2.0, minus (B) the Closing Purchase Price and minus (C) any amounts paid pursuant to the First Earn-Out Payment and Second Earn-Out Payment (the "**Third Earn-Out Payment**").

Each of the foregoing Earn-Out Payments will be satisfied in full through the issuance of Icanic Shares based on the 30-day VWAP of the Icanic Shares on the CSE for the period ending on the business day prior to the date of issuance. The Closing Purchase Price implies an approximate 2.0x LEEF estimated 2022 revenue multiple and 6.5x LEEF estimated 2022 EBITDA multiple.

The Proposed Acquisition is anticipated to be completed in Q4 2021 and is subject to customary closing conditions and regulatory approvals, including, among other things, the approval of the CSE, as well as the execution of a binding definitive agreement.

Advisors

Bayline Capital Partners is acting as financial advisor to LEEF and Cassels Brock & Blackwell LLP is acting as Canadian legal counsel to LEEF. McMillan LLP is acting as Canadian legal counsel to Icanic Brands.

About Icanic Brands Company, Inc.

Icanic Brands Company, Inc. is a leading cannabis branded products manufacturer based in California & Nevada, the largest and most competitive cannabis markets in the world. The company's mission is to make cannabis safe and approachable - that starts with manufacturing high-quality products delivering consistent experiences.

For more information, please visit the company's website at: [www.icaninc.com.](http://www.icaninc.com)

ICANIC BRANDS COMPANY INC.

Per: "Brandon Kou"
Chief Executive Officer

For further information about Icanic Brands, please contact the Company at:
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The CSE does not accept responsibility for the adequacy or accuracy of this release.

The Canadian Securities Exchange has not in any way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Disclaimer for Forward Looking Statements

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities laws (collectively, "forward-looking information"). Forward-looking information are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "likely" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking information in this news release includes, without limitation, statements relating to the completion of the Proposed Acquisition, the entering into of a definitive agreement, the growth of the California consumer segment of the California cannabis market, the total annual

revenue and EBITDA of LEEF, the anticipated consolidated financial results associated with the completion of the Proposed Acquisition, the receipt of all requisite approvals to complete the Proposed Acquisition, the entering into of a definitive agreement based on the LOI, the Company's goals following closing of the Proposed Acquisition and the Company's business and strategic plans. Forward-looking information is based on assumptions that may prove to be incorrect, including but not limited to the ability of the Company to execute its business plan, the continued growth of the medical and/or recreational cannabis markets in the countries in which the Company operates or intends to operate and LEEF maintaining its existing cannabis licenses. The Company considers these assumptions to be reasonable in the circumstances. However, forward-looking information is subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those expressed or implied in the forward-looking information. Such risks include, without limitation: the failure to negotiate and execute a definitive agreement with LEEF satisfactory to the respective parties, the failure to obtain all necessary approvals related to the LOI, the ability of the Company to complete the Proposed Acquisition in a timely manner or at all; the receipt of requisite approvals to complete the Proposed Acquisition; the ability of the Company to integrate the LEEF business into its existing operations and to realize the expected benefits and synergies of the acquisition; unexpected disruptions to the operations and businesses of the Company and/or LEEF as a result of the COVID-19 global pandemic or other disease outbreaks including a resurgence in the cases of COVID-19; engaging in activities considered illegal under United States federal law; the ability of the Company to comply with applicable government regulations in a highly regulated industry; unexpected changes in governmental policies and regulations affecting the production, distribution, manufacture or use of cannabis in the United States, or any other foreign jurisdictions in which the Company intends to operate; unexpected changes in governmental policies and regulations affecting the production, distribution, manufacture or use of adult-use recreational cannabis in the United States or Canada; any change in accounting practices or treatment affecting the consolidation of financial results; any unexpected failure of LEEF to renew its licenses and permits; any unexpected failure of LEEF to maintain any of its commercial facilities; the Company's reliance on management; inconsistent public opinion and perception regarding the use of cannabis; perceived effects of medical cannabis products; adverse market conditions; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; costs of inputs; crop failures; litigation; currency fluctuations; competition; availability of capital and financing on acceptable terms; industry consolidation; loss of key management and/or employees; and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. For more information on the Company and the risks and challenges of their businesses, investors should review their annual filings that are available at www.sedar.com.

Financial Outlook.

The Company and its management believe that the estimated financial information contained in this press release are reasonable as of the date hereof and are based on management's current views, strategies, expectations, assumptions and forecasts, and have been calculated using accounting policies that are generally consistent with the Company's current accounting policies. These estimates are considered future-oriented financial outlooks and financial information (collectively, "FOFI") under applicable securities laws. These estimates and any other FOFI included herein have been approved by management of the Company as of the date hereof. Such FOFI are provided for the purposes of presenting information about management's current expectations and goals relating to the benefits of the Proposed Acquisition, the consolidation of revenue from the acquisition of LEEF, increased sales and market growth in California through the acquisition of LEEF and the future business of the Company. However, because this information is highly subjective and subject to numerous risks, including the risks discussed above under "Disclaimer for Forward Looking Statements", it should not be relied on as necessarily indicative of future results. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the FOFI prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although management of the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company disclaims any intention or obligation to update or revise any FOFI, whether as a result of new information, future events or otherwise, except as required by securities laws.

Non-IFRS Measures

This press release includes reference to "EBITDA" which is a non-International Financial Reporting Standards ("IFRS") financial measures. Non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. LEEF defines EBITDA as earnings before interest, tax, depreciation and amortization. EBITDA has no direct, comparable IFRS financial measure. The Company has used or included EBITDA solely to provide investors with added insight into LEEF's potential financial performance. Readers are cautioned that such non-IFRS measures may not be appropriate for any other purpose. Non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.