

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Icanic Brands Company Inc. (the “**Company**” or “**Icanic**”)
789 West Pender Street, Suite 810
Vancouver, BC V6C 1H2

Item 2. Date of Material Change

January 21, 2022

Item 3. News Release

News Release dated January 25, 2022 were disseminated via GlobeNewswire and subsequently filed on SEDAR.

Item 4. Summary of Material Change

The Company announced a definitive agreement to acquire 100% of LEEF Holdings, Inc. (“**LEEF**”)

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has entered into a definitive agreement (the “**Agreement**”) with LEEF, a California based extractions company (the “**Acquisition**”).

Under the terms of the Agreement, the Company will acquire all the issued and outstanding shares of common stock of LEEF whereby LEEF will complete a statutory triangular merger under the *Nevada Revised Statutes* with a wholly-owned subsidiary of the Company. The purchase price (the “**Purchase Price**”) will be comprised of (i) the Closing Purchase Price (as defined below) and (ii) earn-out payments, tied to achieving certain revenue targets following the completion of the Acquisition (the “**Earn-Out Payments**”).

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 revenue of LEEF (the “**TTM Revenue**”) for the period ended September 30, 2021. The Closing Purchase Price will be satisfied in full through the issuance of common shares of the Company (the “**Icanic Shares**”), at an issue price per share equal to the 30-day volume-weighted average trading price of the Icanic Shares on the Canadian Securities Exchange for the period ending on the business day prior to the closing of the Acquisition (the “**Closing**”).

The Earn-Out Payments are comprised of the following:

- a. 15 months following Closing, an amount equal to 10% of (A) the product equal to two times the TTM Revenue calculated for the 12-month period immediately following Closing minus (B) the Closing Purchase Price (the “**First Earn-Out Payment**”);
- b. 27 months following Closing, an amount equal to 10% of (A) the product equal to two times the

TTM Revenue calculated for the 12-month period immediately following the first anniversary of the Closing minus (B) the Closing Purchase Price minus (C) any amounts paid pursuant to the First Earn-Out Payment (the “**Second Earn-Out Payment**”); and

- c. 39 months following Closing, an amount equal to 10% of (A) the product equal to two times the TTM Revenue calculated for the 12-month period immediately following the second anniversary of the Closing minus (B) the Closing Purchase Price minus (C) any amounts paid pursuant to the First Earn-Out Payment minus (D) any amounts paid pursuant to the Second Earn-Out Payment.

The Acquisition is anticipated to be completed during Q1 2022 and is subject to customary closing conditions, regulatory approvals and the approval of LEEF shareholders.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

Brandon Kou
Chief Executive Officer
Tel: 604-687-2038

Item 9. Date of Report

January 31, 2022

Forward Looking Information

This material change report 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 material change report includes, without limitation, statements relating to the completion of the Acquisition on the terms described herein, or at all, the receipt of all requisite approvals to complete the Acquisition, the closing date of the Acquisition and the payment of the Earn-Out Payments. 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 obtain all necessary approvals related to the Acquisition, the ability of the Company to complete the Acquisition in a timely manner or at all; 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 filings that are available at www.sedar.com.