

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

April 21, 2022

Item 3. News Release

News Release dated April 21, 2022 were disseminated via GlobeNewswire and subsequently filed on SEDAR.

Item 4. Summary of Material Change

The Company announced that further to its news release on January 25, 2022, the Company has acquired all of the common stock (the “**Leef Shares**”) of LEEF Holdings, Inc. (“**LEEF**”), a California based extractions company pursuant to the terms of a merger agreement (the “**Merger Agreement**”) among the Company, its wholly-owned subsidiary, Icanic Merger Sub, Inc. (“**Subco**”) and LEEF, dated January 21, 2022 (the “**Merger**”).

Terms of the Merger

In consideration for the acquisition of the LEEF Shares, Icanic issued an aggregate of 758,274,035 common shares of the Company (the “**Icanic Shares**”), resulting in former LEEF shareholders being entitled to receive approximately 12.54755 Icanic Shares for each Leef Share held.

Pursuant to the terms of the Merger Agreement, former LEEF shareholders will also be entitled to receive the following contingent earn-out payments (the “**Earn-Out Payments**”):

1. On July 20, 2023, an amount equal to 10% of (A) the product equal to two times the trailing 12-months (“**TTM**”) revenue calculated for the 12-month period immediately following the date hereof minus (B) US\$120 million (the “**First Earn-Out Payment**”);
2. On July 20, 2024, 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 date that is one year from the date hereof minus (B) the US\$120 million and minus (C) any amounts paid pursuant to the First Earn-Out Payment (the “**Second Earn-Out Payment**”); and
3. On July 20, 2025, 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 date that is two years from the date hereof minus (B) US\$120 million, 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 “**Third Earn-Out Payment**”).

Upon closing of the Merger, the Company entered into an employment agreement with Micah Anderson whereby Mr. Anderson has been appointed Chief Executive Officer of LEEF. Upon closing of the Merger and pursuant to Mr. Anderson's employment agreement, the Company granted Mr. Anderson 7,508,259 stock options of the Company (each, an "**Option**"), whereby each Option entitles the holder thereof to acquire one Icanic Share at \$0.185 per Icanic Share for a period of five years from the date of issuance, vesting in 36 equal monthly installments over three years.

In connection with the Merger, the Company has issued 22,748,223 Icanic Shares at \$0.19978 per Icanic Share to Mark Smith pursuant to his employment agreement as bonus payment.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Please see attached news release for a full description of the material change.

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

April 27, 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.

Icanic Brands Announces the Closing of its Acquisition of 100% of LEEF Holdings, California's Premier Extraction Company

VANCOUVER, BRITISH COLUMBIA – April 21, 2022– Icanic Brands Company, Inc. (CSE: ICAN, OTCQB: ICNAF) (“**Icanic Brands**” or the “**Company**”), a multi-state brand operator of premium cannabis brands in California, is pleased to announce that, further to its news release on January 25, 2022, the Company has acquired all of the common stock (the “**Leef Shares**”) of LEEF Holdings, Inc. (“**LEEF**”), a California based extractions company pursuant to the terms of a merger agreement (the “**Merger Agreement**”) among the Company, its wholly-owned subsidiary, Icanic Merger Sub, Inc. (“**Subco**”) and LEEF, dated January 21, 2022 (the “**Merger**”).

LEEF is one of the largest cannabis extraction companies in the state of California and is a leading provider of bulk concentrates to many of the largest brands in the state. It is led by an expert group of legacy operators with decades of experience in organic soil-based farming and sophisticated extraction practices. LEEF’s manufacturing capabilities include a 12,000 square foot extraction and manufacturing facility with significant throughput and distillate extraction capability. Headquartered in Willits, California, LEEF’s core manufacturing competencies include ethanol extraction (Type 6 manufacturing license), hydrocarbon extraction (Type 7 manufacturing license), and solventless extraction. LEEF has also recently received a 186.7 acre cultivation land use permit, which will make it the owner of one of the largest cannabis cultivation sites in California. The site sits on over 1,900 acres of prime California real estate. Since inception, LEEF has experienced significant year over year growth with strong and consistent gross margins and positive cash flow. From 2019 to the end of 2021, LEEF experienced revenue growth exceeding 100%. With the build out of the cultivation site, LEEF will be able to provide consistency, quality and quantity to its customers and its’ margins are expected to improve as it gains vertical efficiencies with its in-house supply chain.

Micah Anderson, CEO of LEEF commented, “This is an extremely exciting milestone for LEEF and our entire team. We have all worked tirelessly to build LEEF into what it is today and I truly look forward to continuing to build shareholder value with our new partners at Icanic. I believe that our combined company is well positioned to dominate the California marketplace with our highly sophisticated manufacturing capabilities combined with our ability to continue to build the brands that we currently have and those that we will seek out. Icanic’s business is highly complementary to the rest of our operations, and we are excited to work alongside their experienced management team to build a stronger company together.”

“Today is a historic day for Icanic as we officially welcome Micah Anderson and the rest of the Leef Holdings team to our family. Micah has created a truly amazing business and we couldn’t

be more excited for this transformational acquisition that now positions the company extremely well to be a market leader in the state of California and beyond” said Brandon Kou, CEO of Icanic Brands. “The significance of this transaction cannot be understated as it finalizes the foundation that we have been building and will now allow the combined entity to take advantage of market opportunities that present themselves over the coming years that should result in some very exciting growth. I want to thank everyone on both teams for their dedication and determination during this process in seeing the transaction to a close.”

Terms of the Merger

Pursuant to the terms of the Merger Agreement, the Company acquired all the issued and outstanding LEEF Shares in accordance with the *Nevada Revised Statutes*. In consideration for the acquisition of the LEEF Shares, Icanic issued an aggregate of 758,274,035 common shares of the Company (the “**Icanic Shares**”), resulting in former LEEF shareholders being entitled to receive approximately 12.54755 Icanic Shares for each Leef Share held. The Icanic Shares received as consideration pursuant to the Merger are subject to a contractual hold period in accordance with the terms of the Merger Agreement, with an initial one-eighth of the Icanic Shares received to be released one-year from today, and the remaining Icanic Shares to be released in equal one-eighth installments every three months thereafter. Additionally, all directors, officers and key shareholders of Icanic and LEEF have entered into lock-up agreements pursuant to which one-sixth of their Icanic Shares shall be released eighteen months from closing with the remaining Icanic Shares to be released in equal one-sixth installments every three months thereafter.

Pursuant to the terms of the Merger Agreement, former LEEF shareholders will also be entitled to receive the following contingent earn-out payments (the “**Earn-Out Payments**”):

1. On July 20, 2023, an amount equal to 10% of (A) the product equal to two times the trailing 12-months (“**TTM**”) revenue calculated for the 12-month period immediately following the date hereof minus (B) US\$120 million (the “**First Earn-Out Payment**”);
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3. On July 20, 2025, 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 date that is two years from the date hereof minus (B) US\$120 million, 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 “**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 volume weighted average trading price of the Icanic Shares on the Canadian Securities Exchange (the “CSE”) for the period ending on the business day prior to the issuance.

Upon closing of the Merger, the Company entered into an employment agreement with Micah Anderson whereby Mr. Anderson has been appointed Chief Executive Officer of LEEF. Upon closing of the Merger and pursuant to Mr. Anderson’s employment agreement, the Company granted Mr. Anderson 7,508,259 stock options of the Company (each, an “**Option**”), whereby each Option entitles the holder thereof to acquire one Icanic Share at \$0.185 per Icanic Share for a period of five years from the date of issuance, vesting in 36 equal monthly installments over three years.

In connection with the Merger, the Company has issued 22,748,223 Icanic Shares at \$0.19978 per Icanic Share to Mark Smith pursuant to his employment agreement as bonus payment.

Information for Former LEEF Shareholders

In order to receive Icanic Shares in exchange for LEEF Shares, each former LEEF shareholder (other than holders of uncertificated Leef Shares) must complete, sign, date and return (together with the certificate representing their LEEF Shares) the letter of transmittal that was mailed to them prior to closing of the Merger.

Advisors and Counsel

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

About Icanic Brands Company Inc.

Icanic Brands Company Inc. is a 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.

ICANIC BRANDS COMPANY INC.

Per: "Brandon Kou"
Co-Chief Executive Officer

For further information about Icanic Brands, please contact the Company at:

Email: ir@icaninc.com

The CSE does not accept responsibility for the adequacy or accuracy of this release.

Disclaimer for Forward Looking Statements

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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.