

# **Icanic Obtains Interim Court Order and Announces Meeting Details in Connection with its Recapitalization Transaction**

VANCOUVER, July 12<sup>th</sup>, 2022 /CNW/ - Icanic Brands Company Inc. (“**Icanic**” or the “**Company**”) (CSE: ICAN) announced today that the Supreme Court of British Columbia (the “**Court**”) has issued an interim order (the “**Interim Order**”) authorizing, among other things, the holding of a meeting (the “**Meeting**”) of holders (the “**Secured Debentureholders**”) of 9.00% secured convertible debentures (the “**2019 Debentures**”), to consider and vote upon a plan of arrangement (the “**Plan of Arrangement**”) to implement the previously-announced recapitalization transaction (the “**Recapitalization Transaction**”). The 2019 Debentures have been issued pursuant to a convertible debenture indenture dated June 6, 2019 (the “**2019 Debenture Indenture**”) between LEEF Holdings, Inc. (“**LEEF**”) and Odyssey Trust Company (“**Odyssey**”), as trustee and collateral agent, as amended by the first supplemental indenture between the Company, LEEF and Odyssey. The Plan of Arrangement is proposed to be effected through an arrangement (the “**Arrangement**”) under the British Columbia *Business Corporations Act*.

"We are pleased with the order issued by the Supreme Court of British Columbia on July 8<sup>th</sup>. This interim order allows us to proceed with the previously announced recapitalization plan that will provide liquidity to our previous debenture holders while providing the Company with the resources to continue to execute on our vision and goal of being a leader not only in the state of California but across North America. This Plan of Arrangement should go a long way towards ensuring the company has the right resources in place to grow both organically and through acquisition and execute on our model that we have laid out. While things like this are never easy, we are very excited about the future of the Company and the growth prospects ahead, and we want to thank all of our investors for their continued support," said Brandon Kou, CEO of Icanic.

## **The Recapitalization Transaction**

As disclosed in the Company’s news release dated June 8, 2022 (a copy of which is available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com)) (the “**June 8 News Release**”), the Recapitalization Transaction will be implemented pursuant to the Plan of Arrangement, or, only if necessary, the *Companies’ Creditors Arrangement Act* (“**CCAA**”).

If the Recapitalization Transaction is completed through the Plan of Arrangement, each Secured Debentureholder will receive: (i) 25% of the principal and interest and interest outstanding on the 2019 Debentures on the effective date of the Plan of Arrangement (the “**Effective Date**”); and (ii) a new secured debenture (each, a “**New Secured Debenture**”) in the principal amount equal to 75% of the principal and interest outstanding on the Effective Date under the Secured Debentureholder’s 2019 Debenture. The New Secured Debentures will be issued pursuant to a debenture indenture (the “**New Debenture Indenture**”) to be entered into as of the Effective Date between Icanic and Odyssey as trustee and collateral agent. The New Secured Debentures will bear interest at 11% per annum and mature on that date (the “**New Maturity Date**”) that is 24 months following the Effective Date. Interest on the New Secured Debentures shall be payable in cash on the New Maturity Date. The New Secured Debentures shall be convertible into units of

Icanic at a conversion price of \$0.10 per unit (each, a “Unit”), with each Unit comprised of one common share of the Company (a “Common Share”) and a Common Share purchase warrant exercisable at \$0.15 per Common Share for a period of 24 months from the date of conversion (a “Warrant”). The Warrants will be governed by a warrant indenture (the “Warrant Indenture”) to be entered into as of the Effective Date between Icanic and Odyssey, as warrant agent.

**If the Recapitalization Transaction does not obtain the required support from the Secured Debentureholders, the Recapitalization Transaction will be implemented through proceedings under the CCAA.**

### **The Meeting**

The Meeting is scheduled to be held on August 8, 2022, at 10 a.m. (Vancouver time) at Suite 1500 – 1055, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

Pursuant to the Interim Order, the record date for the right to receive notice of and to vote at the Meeting is the close of business (Vancouver time) on June 27, 2022 (the “Record Date”). The deadline for Secured Debentureholders to submit their respective proxies in order to vote on the Plan of Arrangement is 10:00 a.m. (Vancouver time), on August 5, 2022.

### **Requisite Approval for the Plan of Arrangement**

The required level of approval for the Plan of Arrangement at the Meeting will be a majority in number of the Secured Debentureholders voting in person or by proxy at the Meeting, representing not less than three-quarters (75%) in value of the 2019 Debentures. Each Secured Debentureholder will be entitled to one vote for each US\$1,000 principal amount of 2019 Debentures held.

Pursuant to the terms of a restructuring support agreement dated July 6, 2022 (the “Restructuring Support Agreement”), among the Company, its subsidiaries and certain of the Secured Debentureholders (the “Consenting Debentureholders”), Consenting Debentureholders who hold 2019 Debentures representing approximately 77.34% of the value of the 2019 Debentures have agreed to vote in favour of the Arrangement at the Meeting. For additional details on the Restructuring Support Agreement, see the June 8 News Release.

### **Information Circular**

The Circular contains information regarding procedures for voting on the Plan of Arrangement, as well as other background and material information regarding the Recapitalization Transaction. The Company expects the mailing of the Circular to begin on or about July 11, 2022. The Circular and the forms of proxies will also be available under Icanic’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Court Approval and Implementation**

If the Plan of Arrangement is approved by the requisite threshold at the Meeting, the Company will attend a hearing before the Court currently scheduled for August 15, 2022, or such other date as may be set by the Court to seek final Court approval for the Plan of Arrangement (the “Final Order”).

## **MI 61-101**

Since certain “related parties” of the Company hold 2019 Debentures and, under the Plan of Arrangement, will be issued New Secured Debentures, the Arrangement will be considered a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company is relying on section 5.5(b) of MI 61-101 (Issuer Not Listed on Specified Markets) from the requirement to obtain a formal valuation as the Company’s Common Shares are listed for trading on the Canadian Securities Exchange. The Company is relying on the financial hardship exemption from the requirement to obtain minority approval, pursuant to section 5.7(e) of MI 61-101 based on the following: (i) the Company is in serious financial difficulty; (ii) the Arrangement is designed to improve the financial position of the Company; (iii) the Company has one or more independent directors (as defined in MI 61-101) in respect of the Arrangement; (iv) paragraph (f) of section 5.5 of MI 61-101 is not applicable; (v) the board of directors of the Company, and at least two thirds of such independent directors, acting in good faith, have determined that items (i) and (ii) above apply and that the terms of the Arrangement are reasonable in the circumstances of the Company; and (vi) there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

## **About Icanic**

Icanic Brands Company Inc. is a cannabis branded products manufacturer based in California, the largest and most competitive cannabis market 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).

## **Forward Looking Statements**

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties, including concerning COVID-19 and the specific factors disclosed here and elsewhere in Icanic’s periodic filings with Canadian securities regulators. When used in this news release, words such as “will”, “hope”, “could”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “believe”, “should”, “our vision” and similar expressions, are forward-looking statements.

Forward-looking statements may include, without limitation, statements relating to: the implementation and completion of the Recapitalization Transaction and the Arrangement, potential implementation of the Recapitalization Transaction pursuant to the CCAA, the Company entering into the Debenture Indenture and the Warrant Indenture and the issuance of securities thereunder, the mailing date for the materials for the Meeting, approval of the Plan of Arrangement by Secured Debentureholders, the Company obtaining the Final Order, the provision of liquidity to Secured Debentureholders, the Recapitalization Transaction providing Icanic with the resources needed to execute its vision, the impact of the Arrangement on the future growth of Icanic, future acquisitions by Icanic and the execution of Icanic’s business model.

Readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. Icanic disclaims any intention or obligation to update or revise such information, except as required by applicable law, and Icanic does not assume any liability for disclosure relating to any other company mentioned herein.

Forward-looking statements are 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, that the Company can obtain requisite approval from Secured Debentureholders of the Plan of Arrangement at the Meeting and can obtain the Final Order from the Court. The Company considers these assumptions to be reasonable in the circumstances. However, forward-looking statements are 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 requisite approval of the Secured Debentureholders for the Plan of Arrangement may not be obtained at the Meeting and the Recapitalization Transaction will be required to be proceed pursuant to the terms of CCAA, the Court may not provide the Final Order, risks related to 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, 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](http://www.sedar.com).

**The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.**

*The New Secured Debentures to be issued pursuant to the Recapitalization Transaction, the Units issuable upon their conversion, the Common Shares and the Warrants comprising the Units, and the Common Shares issuable upon exercise of the Warrants, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States, or to or for the account or benefit of any U.S. person or any person in the United States, unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available. In particular, the conversion rights attaching to the New Secured Debentures, and any Warrants issued upon such conversion, may not be exercised within the*

*United States, or to or for the account or benefit of any U.S. person or any person in the United States, absent an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Company intends to rely on the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof (which is conditioned on, among other things, receipt of the Final Order), and on available exemptions from applicable state registration or qualification requirements, to issue the New Secured Debentures in partial exchange for the 2019 Debentures. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.*