

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, British Columbia
V6C 1H2

Item 2 Date of Material Change

September 9, 2022

Item 3 News Release

A news release was disseminated on September 9, 2022 through CNW Group Ltd. and subsequently filed on SEDAR. A copy of the news release is attached hereto as Schedule A.

Item 4 Summary of Material Change

On September 12, 2022, the Company announced the completion of its recapitalization transaction (the “**Recapitalization Transaction**”) pursuant to the terms of a restructuring support agreement (the “**Restructuring Support Agreement**”) dated June 8, 2022 between the Company and certain holders (the “**Consenting Debentureholders**”) of 9% secured convertible debentures (the “**2019 Debentures**”) issued pursuant to a convertible debenture indenture dated June 6, 2019 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.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On September 9, 2022 (the “**Effective Date**”), the Company closed the Recapitalization Transaction. The Recapitalization Transaction was implemented pursuant to a plan of arrangement under Section 288 of the *Business Corporations Act* (British Columbia) (the “**Arrangement**”), which was approved by holders of the 2019 Debentures (the “**Secured Debentureholders**”) of the Company at a special meeting of Secured Debentureholders on August 8, 2022, and which received final approval from the Supreme Court of British Columbia on August 15, 2022.

As of the Effective Date, each Secured Debentureholder received: (i) 25% of the principal and interest outstanding on the Effective Date on the 2019 Debentures in cash (approximately US\$3.73 million); and (ii) new secured debentures (the “**New Secured Debentures**”) in the principal amount equal to 75% of the principal and interest outstanding on the 2019 Debentures on the Effective Date (approximately \$US11.18 million). The New Secured Debentures were issued pursuant to a debenture indenture (the “**New Debenture Indenture**”) entered into as of the Effective Date between Icanic and Odyssey as trustee and collateral agent. The New Secured Debentures bear interest at 11% per annum and mature 24 months following the Effective Date (the “**New Maturity Date**”). Interest on the New Secured Debentures is payable in cash on the New Maturity Date.

The New Secured Debentures are convertible into units of Icanic at a conversion price of C\$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 C\$0.15 for a period of 24 months from the date of conversion (a “**Warrant**”). The Warrants are governed by a warrant indenture entered into as of the Effective Date between Icanic and Odyssey, as Warrant agent.

Please refer to Schedule A for additional details.

Disclosure Required by MI 61-101

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

(a) a description of the transaction and its material terms:

Each 2019 Debentureholder received: (i) 25% of the principal and interest outstanding on the Secured Debentureholder’s 2019 Debentures up to but excluding the Effective Date; and (ii) New Secured Debentures in the principal amount equal to 75% of the principal and interest outstanding on the Secured Debentureholder’s 2019 Debentures up to but excluding the Effective Date.

(b) the purpose and business reasons for the transaction:

Icanic did not have the ability to repay the 2019 Debentures in cash on June, 6, 2022. Accordingly, the Company engaged in discussions with certain Secured Debentureholders and subsequently entered into the Restructuring Support Agreement with the Consenting Debentureholders, pursuant to which the Consenting Debentureholders agreed to support the implementation of the Recapitalization Transaction.

(c) the anticipated effect of the transaction on the issuer’s business and

affairs:

It is anticipated that completion of the Recapitalization Transaction will improve Icanic's financial position and balance sheet, which should provide the Company with greater potential to continue as a going concern.

(d) a description of:

(i) the interest in the transaction of every interested party and of the Related Party and associated entities of the interested parties:

Micah Anderson, the Chief Executive Officer and a Director of the Company held US\$200,000 principal amount of 2019 Debentures, representing approximately 1.40% of the issued and outstanding 2019 Debentures as of June 6, 2022.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

N/A.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

See the disclosure included in the management information circular of the Company dated July 11, 2022, available at www.sedar.com on the profile of the Company.

f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

The Company relied on the exemption from the formal valuation requirement under section 5.5(b) of MI 61-101 (Company not listed on Specified Markets) as the Common Shares are listed on the Canadian Securities Exchange (the "CSE").

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

Micah Anderson, the Chief Executive Officer and a Director of the Company (although Mr. Anderson was not Chief Executive Officer at that time) was a party to the Restructuring Support Agreement in his capacity as a Consenting Debentureholder. At closing of the Recapitalization Transaction Mr. Anderson was issued a certificate representing his New Secured Debentures.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

The Company relied on the exemption from the formal valuation requirement under section 5.5(b) of MI 61-101 (Company not listed on Specified Markets) as the Common Shares are listed on the CSE.

The Company relied 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 was in serious financial difficulty; (ii) the Arrangement was designed to improve the financial position of the Company; (iii) the Company had 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 was not applicable; (v) the board of directors of the Company and at least two thirds of such independent directors, acting in good faith, determined that items (i) and (ii) above apply and that the terms of the Arrangement were reasonable in the circumstances of the Company; and (vi) there were no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Subsection 7.1(2) of National Instrument 51-102 has not been relied upon.

Item 7 Omitted Information

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

Item 8 Executive Officer

Micah Anderson
Chief Executive Officer
Tel: 408-307-9366
Email: micah@leefca.com

Item 9 Date of Report

September 14, 2022

Schedule "A"



Icanic Announces Closing of Recapitalization Transaction and C\$1.3 Million Private Placement

VANCOUVER, British Columbia, Sept. 12, 2022 (GLOBE NEWSWIRE) -- Icanic Brands Company Inc. ("**Icanic**" or the "**Company**") (CSE: ICAN) (OTCQB: ICNAF) is pleased to announce that it has completed its previously announced recapitalization transaction (the "**Recapitalization Transaction**") pursuant to the terms of a restructuring support agreement (the "**Restructuring Support Agreement**"), dated June 8, 2022 between the Company, and certain holders of the 9% secured convertible debentures (the "**2019 Debentures**") 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 Recapitalization Transaction closed pursuant to the terms of the plan of arrangement, (the "**Plan of Arrangement**"), which was approved by certain holders of the 2019 Debentures (the "**Secured Debentureholders**") of the Company at a special meeting of Secured Debentureholders on August 8, 2022, and which received final approval from the Supreme Court of British Columbia on August 15, 2022.

Recapitalization

As of the closing of the Recapitalization Transaction on September 9, 2022 (the "**Effective Date**"), each Secured Debentureholder received: (i) 25% of the principal and interest outstanding on the 2019 Debentures in cash (amounting to approximately US\$3.73 million); and (ii) a new secured debenture (each, a "**New Secured Debenture**") in the principal amount equal to 75% of the outstanding principal and interest (approximately US\$11.18 million) issued pursuant to a debenture indenture (the "**New Debenture Indenture**") entered into as of the Effective Date between Icanic and Odyssey as trustee and collateral agent. The New Secured Debentures bear interest at 11% per annum and mature 24 months following the Effective Date (the "**New Maturity Date**"). Interest on the New Secured Debentures is payable in cash on the New Maturity Date.

The New Secured Debentures are convertible into units of Icanic at a conversion price of C\$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 C\$0.15 per Common Share for a period of 24 months from the date of conversion (a "**Warrant**"). The Warrants are governed by a warrant indenture (the "**Warrant Indenture**") entered into as of the Effective Date between Icanic and Odyssey, as warrant agent.

Private Placement

The Company is also pleased to announce the closing of its previously announced private placement pursuant to which certain insiders and strategic investors of Icanic were issued New Secured Debentures in the aggregate principal amount of C\$1,300,000 (the "**Additional Secured Debentures**"). The Additional Secured Debentures have been issued pursuant to a debenture indenture entered into as of September 8, 2022 between Icanic and Odyssey as trustee and collateral agent and have been issued on the same terms as the New Secured Debentures. The Additional Secured Debentures bear interest at a rate of 11% per annum and mature twenty four months from the date of issue. The Interest accrued under the Additional Secured Debentures shall be payable in cash upon maturity. The proceeds from the issuance of the Additional Secured Debentures will be used by the Company for working capital and general corporate purposes.

The Additional Secured Debentures are convertible into units of Icanic at a conversion price of C\$0.10 per Unit, with each Unit comprised of one Common Share and one Warrant. The Warrants are governed by a warrant indenture entered into as of September 8, 2022 between Icanic and Odyssey, as Warrant agent.

Certain of the purchasers of the Additional Secured Debentures may be considered "related parties" as such term is defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). Accordingly, the Additional Financing may be a "related party transaction" as defined in 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 25% Market Capitalization exemption from the requirement to obtain minority approval pursuant to section 5.7(1)(a) of MI 61-101 as neither the fair market value of the Additional Secured Debentures acquired by the insiders, nor the consideration for the Additional Secured Debentures paid for by such insiders, exceeds 25% of the Company's market capitalization.

For details respecting the related party transaction participation in the Recapitalized Transaction and the exemptions relied on by the Company under MI 61-101, refer to the management information circular of the Company respecting the Recapitalization Transaction dated July 11, 2022 available under the Company's profile at www.sedar.com.

The Company did not file a material change report for either of the Additional Secured Debentures or Recapitalization Transaction, both of which are "related party transactions" as defined in MI 61-101, 21 days prior to the expected closing of both the Additional Financing or the Recapitalization Transaction, because neither the details of the participation of the purchasers in the Additional Financing or the final amount of New Secured Debentures issuable to insiders under the Recapitalization Transaction were known at such time.

About Icanic

Icanic Brands Company Inc. is a vertical, cannabis branded products manufacturer based in California, the largest cannabis market in the world. The Company's mission is to build a great cannabis company, with great people, and great results - that starts with building the best management team in cannabis and delivering high-quality, consistent, cannabis products.

For more information please visit the company's website at: www.icaninc.com or ir@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 include, without limitation, statements relating to: the use of proceeds from the Additional Financing and payment of interest by the Company on the New Secured Debentures and the Additional Secured Debentures,

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 and the continued growth of the medical and/or recreational cannabis markets in the countries in which the Company operates or intends to operate. 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: 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.

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

The New Secured Debentures issued pursuant to the Recapitalization Transaction and the Additional Secured Debentures, 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 the Additional 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 is relying on the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof 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.