

LEEF BRANDS INC.
FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Leef Brands Inc.
1055 West Georgina Street, Suite 1500, Vancouver, BC V6E 4N7

Item 2. Date of Material Change

January 12, 2023

Item 3. News Release

The News Release was disseminated on January 12, 2023 via GlobeNewswire.

Item 4. Summary of Material Change

LEEF Brands Inc. Announces the Acquisition of Retail Dispensary in Palm Desert, California

Item 5. Full Description of Material Change

For further information, attached hereto is a copy of the News Release as Schedule A.

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

Confidentiality is not requested.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Kevin Wilson
Chief Financial Officer
ir@leefca.com
416-797-6455

Item 9. Date of Report

January 13, 2023

Schedule A

LEEF Brands Inc. Announces the Acquisition of Retail Dispensary in Palm Desert, California

VANCOUVER, BRITISH COLUMBIA – January 12, 2023– LEEF Brands, Inc. (CSE: LEEF, OTCQB: ICNAF) (“**LEEF Brands**” or the “**Company**”), a multi-state brand operator of premium cannabis brands in California, is pleased to announce that it has completed the acquisition of The Leaf at 73740 LLC (“**The Leaf**”) in an all-stock transaction as at January 11, 2023, which was previously announced on September 19, 2022 (the “**Acquisition**”). The Leaf is a premium California retailer located in the heart of Palm Desert, California at 73740 El Paseo.

“We are extremely excited to welcome The Leaf into the LEEF Brands family and to commence our corporate strategy of acquiring top performing and best in class retail dispensaries in locations that will serve to augment LEEF product offerings in select markets. The Leaf has built a trusted retail platform in the heart of Palm Desert and we look forward to garnering invaluable customer insights through The Leaf’s platform and begin to integrate those insights throughout our organization to build a lasting relationship with the cannabis consumer. We also look forward to building upon The Leaf’s trusted retail platform and continuing the legacy of R.D Hubbard, in building a best-in-class cannabis retail experience.” said Micah Anderson, CEO of LEEF Brands. “Our acquisition strategy is two-fold: gain operational efficiencies and significantly grow revenue. We will accomplish this by consolidating operating expenses and building the presence of our in-house brands in-store.”

The acquisition is inclusive of the premiere dispensary located in the heart of Palm Desert, California and the delivery service that currently serves a population of over 100,000 residents and tourists. The store offers a high-end shopping experience for local and visiting consumers. “On behalf of myself and all the owners of The Leaf, we look forward to being owners of LEEF Brands, and furthering our goals in the cannabis industry. This is a unique opportunity for us to be a part of a much larger company with the ability to grow within the industry,” said Edward Burger, President of The Leaf.

Under the terms of the purchase agreement, LEEF brands acquired all of the equity interests in the Leaf for 96,138,562 common shares (“Shares”) at a price per share equal to \$0.0666. The Acquisition is expected to be immediately accretive to LEEF Brands on both a Sales and EBITDA basis. All Shares issued will be subject to a contractual lock-up period.

Bayline Capital Partners acted as financial advisor and Jackson Tidus LLP acted as US legal advisor to LEEF Brands.

The Company has also announced that the Board of Directors has approved the grant of an aggregate of 8,450,000 restricted stock units (“RSUs”) to officers and consultants of the Company. 7,250,000 RSUs will vest immediately with the remaining 1,200,000 vesting evenly over 12 months. Each vested RSU entitles the holder to receive one common share of the Company.

About The Leaf

Located in the heart of El Paseo, Palm Desert’s world-class retail, art and dining district, The Leaf is only minutes from the site of the celebrated Coachella Valley Music & Arts Festival. The Leaf redefines what the modern cannabis dispensary should be and its state-of-the-art luxury showroom exudes a relaxed, welcoming vibe, allowing for a uniquely satisfying consumer experience.

About Leef Brands Inc. (formerly, Icanic Brands Company Inc.)

Leef Brands Inc. is a leading California based extraction and manufacturing cannabis company. LEEF is owned and managed by some of the best legacy operators in the industry and is one of California's largest and most sophisticated cannabis companies. Our platform consists of an integrated supply chain, state of the art manufacturing, industry leading brands, and a robust white labeling service offering that powers some of the largest brands in California. Our vision is simple and is centered around providing the end consumer with best-in-class products.

Leef Brands, Inc. is 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. For more information, please visit the company's website at www.Leefca.com.

LEEF BRANDS COMPANY INC.

Per: "Micah Anderson"
Chief Executive Officer

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

Email: ir@leefca.com

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

This news release may include forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required under the applicable 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. The Company defines EBITDA as earnings before interest, tax, depreciation and amortization and removal of non-reoccurring expenses. EBITDA has no direct, comparable IFRS financial measure. The Company has used or included EBITDA solely to provide investors with added insight into the Company'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.

SOURCE LEEF Brands, Inc.

For further information: LEEF Brands, Inc., Micah Anderson, CEO, or Kevin Wilson, CFO, 416-797-6455, ir@leefca.com