

Form 51-102F3

Material Change Report

Item 1 **Name and Address of Company**

Koios Beverage Corp. (the “Issuer”)
810 – 789 West Pender Street
Vancouver, British Columbia
V6C 1H2

Item 2 **Date of Material Change**

November 13, 2019

Item 3 **News Release**

The news release was disseminated on **November 13, 2019** by way of the facilities of CNW Group Ltd. The news release was also filed on SEDAR and posted to the Issuer’s disclosure hall with the CSE.

Item 4 **Summary of Material Change**

The Issuer announced that it has appointed Sherron Lewis to its board of directors.

Item 5 **Full Description of Material Change**

Item 5.1 **Full Description of Material Change**

Please see the attached news release dated November 13, 2019.

Item 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**

Not applicable.

Item 8 **Executive Officer**

Chris Miller, director and CEO
Business Telephone: 844-255-6467

Item 9 **Date of Report**

November 13, 2019



Koios Provides Fiscal Q1 2020 Corporate Update and an Expanded Retail Footprint, Among Other Notable Developments

Following a productive FQ4 2019, Koios is pleased to report positive developments in FQ1 2020, with highlights that include the availability of the Fit Soda™ line of functional beverages on the shelves of more than 500 retail stores, an expansion of the Company's SKUs for offerings through GNC stores, and enhancements to the Koios production line from a new carbonation machine that has an improved capacity. Koios also appointed Sherron Lewis to its board of directors; he is presently the Senior Vice President of a large financial firm, and the Advisory Board Chair of the Denver Dream Center.

VANCOUVER, Nov. 13, 2019 /CNW/ - **Koios Beverage Corp. (CSE: KBEV; OTC: KBEVF) (the "Company" or "Koios")** is pleased to provide a corporate update to its shareholders that includes an expanded retail footprint, upgrades to the Company's presence on Amazon, and an increased production line capacity with a newly-added carbonation machine that reduces waste and processes three times as many cans as its predecessor on a per-minute basis. These developments reflect both short-term accomplishments for Koios, and strong positioning for medium-term accomplishments of a potentially greater magnitude.

For clarity, this corporate update for FQ1 2020 will consist of the following four sections: *Retail Sales Performance*, *Retail Footprint Expansion*, *Miscellaneous Milestones and Developments*, and *Key Personnel Change*. Koios' fiscal year 2019 ended in May of 2019.

Retail Sales Performance

With Koios' beverage products still being relatively new to the mainstream retail marketplace, there are store-level factors that the Company believes may have constrained initial in-store sales performance. For instance, Koios is still working on forming relationships with retailers and their personnel to familiarize them with Koios products and equip them with product knowledge resources to more efficiently sell a given store's Koios product inventory.

Standard timelines that follow a purchase order can take as long as 30 calendar days to arrive at a retailer's warehouse or distribution centre, after which the product may not appear on shelves until up to 90 days later. Additionally, retailers' supplier payment terms can vary (e.g. some retailers pay on "Net 30" terms, whereas others pay when the products are stocked in the store). Revenues from a retailer's order can then take more than a calendar quarter to materialize in many cases. Thus, revenue figures for FQ1 2020 do not completely reflect the outcomes of orders placed in April or May of 2019, and it can be expected that these revenues will be shown in the updates of the next fiscal quarter.

Additionally, at this early of a stage for selling a new product in big-box retail stores, in-store promotions are generally not feasible; though Koios anticipates that in 2020 it will have a strong enough relationship with its retail partners to allow for on-shelf advertising, in-store displays, and influence with regard to how and where a product is placed in the store (e.g. on shelves, in coolers), instead of such placement being strictly at a given store's discretion. Furthermore, a key improvement achieved with Koios' recent update to its website was the *Store Locator* feature which enables new and prospective users of Koios products to find a retailer near them.

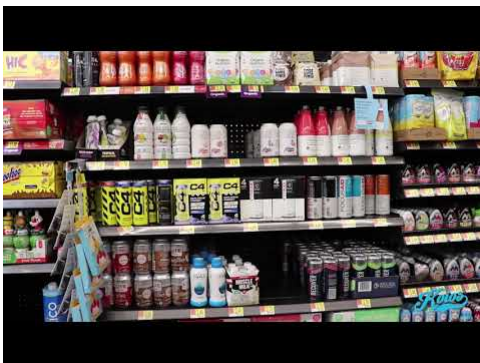
As Koios has overcome the initial hurdles of both gaining presence in big-box retail stores and garnering re-orders following trial placements, the Company is implementing a DSD (Direct to Store Delivery) strategy to ensure a steady supply of its products in stores, preventing any potential loss of traction resulting from any supply chain irregularities which can lead to stock-outs. To achieve this, Koios is actively working to build relationships with retail brokers and DSD fulfilment partners, who will be able to rapidly replenish Koios products in retail stores in response to demand. Koios is also seeking to expand its internal team of account managers who, together with the Company's retail brokers and DSD partners, will be able to strengthen Koios' store-level relations and further capitalize on the Company's success in retail stores to date. Goals of Koios' store-level relations efforts include ensuring consistent inventory levels, building rapport with store personnel, and achieving preferential store shelf placements (e.g. endcap displays). With retail performance data continuing to accumulate from retail sales spanning the spring, summer, and fall seasons of 2019, the Company has highly instrumental insights which it will use as part of implementing its DSD and store-level relations strategies to sustain its growth at the retail level.

Retail Footprint Expansion

Following the Company's July 19, 2019 announcement of the launch of its *Fit Soda*™ line of functional beverages, this product was successfully placed in more than 500 retail storefronts in FQ1 2020. More information about *Fit Soda*™, which is presently available in *Orange Creamsicle* and *Root Beer Vanilla Float* flavours, can be found on Koios' online store: <https://shop.koiosbeveragecorp.com/collections/beverages/bubbles#MainContent>

Additionally, in FQ1 2020, Koios expanded its SKUs (Stock Keeping Units) for offerings through the retail channels of GNC Holdings Inc. ("GNC"), beyond *KOIOS*™-branded beverages, which were already being sold through GNC. New offerings include supplement powders, stick packs, and *Fit Soda*™ functional beverages. Some of the new offerings can be seen on GNC's online store at the following URL: <https://www.gnc.com/koios/>

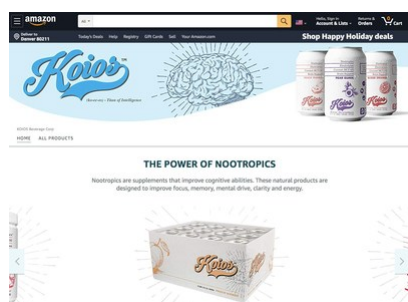
Koios has also produced a short video clip that shows the Company's beverage products on retail store shelves, and the products being scanned into retailers' point-of-sale systems. This video clip is embedded below. Alternatively, the video clip may be accessed at the following URL: <https://www.youtube.com/watch?v=pA2d8PK8Jns>



KOIOS on shelves with major retailers.
Click image to play video

Miscellaneous Milestones and Developments

Koios has enhanced its Amazon presence through Amazon's *Storefronts* platform, which began in 2018 for small and medium-sized businesses to offer a customized, branded digital retailing experience through Amazon's e-commerce gateway and supply chain infrastructure. A screen capture of Koios' storefront on Amazon may be viewed below. The Koios Amazon Storefront may also be accessed directly at the following URL: https://www.amazon.com/stores/node/20390649011?_encoding=UTF8&field_lbr_brands_browse-bin=KOIOS%20Beverage%20Corp&ref_=bl_dp_s_web_2039064



Koios Amazon Storefront (CNW Group/Koios Beverage Corp.)

In July 2019, the Company purchased a new carbonation machine which triples the volume of beverage cans processed on a per-minute basis, and reduces waste generated during production. With this improvement to Koios' production line, its production capacity will be expanded to more efficiently meet both existing demand, and any future increased demand for the Company's canned beverage products.

The Company has also recently concluded initial development of a variant of its *Fit Soda*[™] functional beverage infused with broad-spectrum hemp extract cannabidiol (CBD), after conducting trials with users in the Denver area. In anticipation of the legal landscape for CBD maturing in the near-term, Koios will continue development efforts and work to build relationships with potential retail partners. Taking this approach in the interim will allow for much of the necessary groundwork to be laid for Koios to capitalize upon its existing presence in leading retail chains after any legal changes have taken effect to permit the sale of beverages containing CBD at retail.

Key Personnel Change

Koios also announces that it has appointed Sherron Lewis to its board of directors. Mr. Lewis currently serves as Senior Vice President of American Financing Corporation, a Denver-based mortgage banker licensed in all fifty states of the United States with annual revenues of more than USD \$100 million. In this capacity, Lewis oversees the activity of more than 500 team members. Lewis is also the Advisory Board Chair of the Denver Dream Center (<https://www.denverdreamcenter.org/>), a non-profit organization that operates community-based programs facilitating long-term turnaround strategies for individuals affected by misfortunes such as poverty, substance abuse, gangs, imprisonment, homelessness, and abuse.

Chris Miller, CEO of Koios commented, "We have had a very productive FQ1 2020, as we have worked to further grow our retail footprint, enhance our online presence, and increase the capacity of our production line. I believe we are in a very strong position right now, because once our retailer partners have had a chance to obtain initial feedback from their customers about our products, scaling upward can be done seamlessly, since we have already completed the heavy lifting associated with forming vendor accounts with retailers. Additionally, no matter when any legalization of CBD may occur, we will be a step ahead of most competitors because we already have both a minimum viable product of a CBD-enhanced beverage, as well as relationships with retailers who will be able to sell these beverages directly to the general public. Between these two factors, our lead time for getting to market with a CBD-enhanced functional beverage will be very short. As satisfied as we are with our results in FQ1 2020, we see much more impressive results on the horizon for FQ2 2020 and beyond."

On behalf of the Board of Directors of the Company.

KOIOS BEVERAGE CORP.

"Chris Miller"

Chris Miller, CEO, and Director

About Koios Beverage Corp.

The Company is an emerging functional beverage company which has an available distribution network of more than 4,400 retail locations across the United States in which to sell its products. Koios has relationships with some of the largest and most reputable distributors in the United States, including Europa Sports, Muscle Foods USA, KeHE, and Wishing-U-Well. Koios uses a proprietary blend of nootropics and natural organic compounds to enhance human productivity without using harmful chemicals or stimulants. Koios products have been shown to enhance focus, concentration, mental capacity, memory retention, cognitive function, alertness, brain capacity and create all day mental clarity. Its ingredients are specifically designed to target brain function by increasing blood flow, oxygen levels and neural connections in the brain.

Koios produces one of the only drinks in the world infused with MCT oil. MCT oil is derived from coconuts and has been shown to help the body burn fat more effectively, create lasting energy from a natural food source, produce ketones in the brain, allowing for greater brain function and clarity, support healthy hormone production and improve immunity. For more information, please visit our website: <https://www.koiosbeveragecorp.com>.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this news release includes statements regarding: Retail sales performance in FQ2 2020 and beyond, sales performance in GNC stores and on Amazon, production line improvements from a new carbonation machine, potential future legalization of CBD, and outcomes from the appointment of Sherron Lewis to the Company's board of directors. The forward-looking information reflects management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking information. Although the Company believes that the assumptions and factors used in preparing the forward-looking information are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. Factors that could cause actual results or events to differ materially from current expectations include: (i) adverse market conditions; (ii) changes to the growth and size of the functional beverage markets; and (iii) other factors beyond the control of the Company. The Company operates in a rapidly evolving environment. New risk factors emerge from time to time, and it is impossible for the Company's management to predict all risk factors, nor can the Company assess the impact of all factors on Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking information. The forward-looking information included in this news release are made as of the date of this news release and the Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law.

The statements in this news release have not been evaluated by Health Canada or the U.S. Food and Drug Administration. As each individual is different, the benefits, if any, of taking the Company's products will vary from person to person. No claims or guarantees can be made as to the effects of the Company's products on an individual's health and well-being. The Company's products are not intended to diagnose, treat, cure, or prevent any disease.

SOURCE Koios Beverage Corp.

View original content to download multimedia: <http://www.newswire.ca/en/releases/archive/November2019/13/c3900.html>

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