

SPYDER CANNABIS INC.
FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Spyder Cannabis Inc. (the “Company” or “Spyder”)
312 Meridian Rd. NE Unit B/C
Calgary, AB T2A 2N6

Item 2: Date of Material Change

February 23, 2021.

Item 3: News Release

A news release was issued and disseminated on February 23, 2021 and filed on SEDAR at www.sedar.com, a copy of which is attached hereto as Schedule “A”.

Item 4: Summary of Material Change

The Company announced that it has entered into a binding agreement with CRHC Holdings Corp. (the “Seller”) to acquire all of the issued and outstanding shares of the entities that collectively comprise the business of 180 Smoke (“180 Smoke”), a dominant vape retailer in Canada. The Company has agreed to purchase the shares of 180 Smoke, on a cash-free basis (after post-closing adjustments), for nominal consideration. Additionally, the Company has secured a strategic institutional investor to acquire all of the existing debt of 180 Smoke owing to an affiliate of the Seller.

Furthermore, Spyder is pleased to announce that it intends to offer for sale, on a non-brokered private placement basis, securities of Spyder (the “Offering”) consisting of units (the “Units”) at a price of \$0.0675 per Unit for aggregate proceeds of up to \$1,000,000. Each Unit is expected to comprise of one common share (a “Share”) of Spyder and up to one Share purchase warrant (a “Warrant”), with each Warrant being exercisable to acquire one Share at a price of \$0.135 per Share for a period of twenty-four months following the closing date of the Offering. Assuming the maximum proceeds are raised, Spyder will issue 14,814,815 Shares and 14,814,815 Warrants pursuant to the Offering. The proceeds derived from the Offering will be used for general and administrative expenses relating to the 180 Smoke business, debt repayment and general working capital.

Item 5.1: Full Description of Material Change

Please see Schedule “A”, attached hereto.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7: Omitted Information

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

Item 8: Executive Officer

For additional information with respect to this material change, the following person may be contacted:

Dan Pelchovitz,
President and Chief Executive Officer
Spyder Cannabis Inc.
Telephone: 1.888.504.7737 | Email: corporate@spydercannabis.com

Item 9: Date of Report

This report is dated as of the 1st day of March, 2021.

SCHEDULE "A"

SPYDER CANNABIS TO ACQUIRE A LEADING VAPE RETAILER 180 SMOKE

VAUGHAN, ON – February 23, 2021 – Spyder Cannabis Inc. ("Spyder" or the "Company") (TSX-V: SPDR), an established Canadian cannabis and vape retailer, is pleased to announce that the Company has entered into a binding agreement with CRHC Holdings Corp. (the "Seller") to acquire all of the issued and outstanding shares of the entities that collectively comprise the business of 180 Smoke ("180 Smoke"), a dominant vape retailer in Canada. The Company has agreed to purchase the shares of 180 Smoke (the "Acquisition"), on a cash-free basis (after post-closing adjustments), for nominal consideration. Additionally, the Company has secured a strategic institutional investor to acquire all of the existing debt of 180 Smoke owing to an affiliate of the Seller. The parties will proceed to close the Acquisition upon satisfaction of the closing conditions.

Transaction Highlights

- 180 Smoke is a leading Canadian vape product retailer that has been widely regarded as the gold standard for vape store operations and customer service. 180 Smoke sells high-quality e-cigarettes, vaporizers and other nicotine-related products.
- The Acquisition is expected to immediately increase Spyder's consolidated revenue with the addition of 180 Smoke's nicotine vape sales, franchise revenue and other wholesale and distribution revenue which generated approximately \$12.9 million in unaudited net revenue during the year ended December 31, 2020.
- 180 Smoke has a team of 91 employees who will continue to operate 180 Smoke's 18 brick and mortar vape retail locations, 8 franchises, and its corporate head office and distribution warehouse, following the closing of the Acquisition.
- 180 Smoke's current customer base includes 92,481 in-store accounts, 98,052 online accounts, as well as 235 specialty wholesale vape B2B accounts.
- Spyder expects to integrate its 2 brick and mortar vape retail stores with those of 180 Smoke's to leverage the acquired know-how and intellectual property, including retail store design and layout, standard operating procedures, administrative systems and customer support, human resources and staff training, and accounting.
- Synergies are also expected between 180 Smoke's existing customer base with Spyder's cannabis business.
- Spyder will have the ability to utilize its wholly-owned subsidiary's *Retail Operator License* issued by the Alcohol and Gaming Commission of Ontario (AGCO) to convert some of 180 Smoke's existing vape retail locations to licensed cannabis dispensaries by obtaining a *Retail Store Authorization* from the AGCO for such store.

Dan Pelchovitz, President & CEO of Spyder, commented, "The acquisition of 180 Smoke is a significant development in Spyder's growth strategy, as it gives the Company access to an iconic brand name, an established platform, and a loyal customer base. We are excited to integrate the management team and employees of 180 Smoke as they will bring significant expertise and depth as we work to grow both our vape and cannabis businesses. 180 Smoke has been a very successful Canadian vape retail operator and is the perfect fit to accelerate Spyder's expansion plans."

Furthermore, Spyder is pleased to announce that it intends to offer for sale, on a non-brokered private placement basis, securities of Spyder (the "Offering") consisting of units (the "Units") at a price of \$0.0675 per Unit for aggregate proceeds of up to \$1,000,000.

Each Unit is expected to comprise of one common share (a "**Share**") of Spyder and up to one Share purchase warrant (a "**Warrant**"), with each Warrant being exercisable to acquire one Share at a price of \$0.135 per Share for a period of twenty-four months following the closing date of the Offering. Assuming the maximum proceeds are raised, Spyder will issue 14,814,815 Shares and 14,814,815 Warrants pursuant to the Offering.

The Offering is subject to final approval of the TSX Venture Exchange ("**TSXVE**") and all regulatory approvals.

All securities issued under the Offering will be subject to a TSXVE hold period in addition to the restricted period under applicable securities laws and will be legended accordingly.

The proceeds derived from the Offering will be used for general and administrative expenses relating to the 180 Smoke business, debt repayment and general working capital.

There can be no assurances that the Offering will be completed on the terms set out herein, or at all, or that the proceeds of the Offering will be sufficient for the purposes of the Company set out herein.

The securities offered have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This release does not constitute an offer for sale of securities in the United States.

About Spyder Cannabis Inc.

Spyder is a cannabis and vape retailer that operates in jurisdictions where the products are federally legal in Canada. The Company, through its subsidiaries, is a retailer involved in the development of two retail business units. The first is the sale of cannabis products and the second is the sale of smoking cessation products.

Cautionary Statements

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance of the Company. The use of any of the words "could", "intend", "expect", "believe", "will", "may", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to the business of the Company. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the parties. The material factors and assumptions include regulatory and other third-party approvals, licensing, the completion of the Acquisition, the management of Spyder choosing to proceed with Offering on the terms and conditions outlined in this release, and Spyder's ability to obtain TSXV approval of the Offering, and other risks. The forward-looking information contained in this release is made as of the date hereof and the parties are not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on

forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

For further information, please contact:

Spyder Cannabis Inc.

Dan Pelchovitz

President & CEO

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