

# BevCanna Reports Significant Progress; Anticipates Imminent Receipt of Standard Processing License

*Infused beverage expert reports significant progress on key objectives and new initiatives*

VANCOUVER, BC, Sept. 25, 2020 /CNW/ - Emerging leader in infused cannabis beverages, BevCanna Enterprises Inc. (CSE: BEV) (OTCQB: BVNNF) (FSE:7BC) ("BevCanna" or the "Company"), is pleased to provide an update today on the progress it has achieved since the last update on February 25, 2020, and the strategic developments that will take the Company through 2020 and beyond.

"We're extremely pleased with the progress we've made in the strategic objectives that we set out earlier this year," said John Campbell, Chief Strategy Officer at BevCanna. "Though these have been challenging times for everyone, we've been able to achieve our key goals. We've moved forward with our Standard Processing License, we've finalized significant partnerships and we've signed a number of white-label clients."

"We've taken this opportunity to build a solid foundation, positioning the Company well to gain a leadership position within the infused beverage category," continued Mr. Campbell. "With this foundation in place, we're also now solidifying our leadership team, so that we're prepared to immediately execute."

In 2020, the Company has been focused on the following core assets, operations, and objectives:

## 1) **High Capacity Beverage Manufacturing Facility Near Osoyoos, BC, Canada.**

- The Company focused on completing the necessary upgrades to its 210M per annum bottling facility. These upgrades allowed the Company to submit its site evidence package to Health Canada for its Standard Processing License (SPL) on June 22<sup>nd</sup>, 2020.
- BevCanna has since received confirmation that the submission is under review. The company expects receipt of the SPL imminently, allowing BevCanna to begin servicing white label clients and commercializing its internal house brands.
- In addition to regulatory-driven upgrades, the Company focused on optimizing the facility layout and bolstering equipment assets. BevCanna now offers robust white-label beverage manufacturing capabilities including PET and aluminum form factors available in multiple sizes and custom shapes.
- BevCanna's value proposition is unique within the Canadian infused beverage landscape, boasting not only a proprietary pristine alkaline spring water source, but also robust white-label manufacturing capabilities and the ability to blow its own bottles on-site, a significant cost advantage for the Company.

## 2) **White-Label Beverage Agreements**

- BevCanna has signed Letters of Agreements with two well-known brands, State B Beverage Co. and Marianna Wellness, for the development and production of cannabis-infused beverages, and has a strong pipeline of additional potential white-label clients.
- As BevCanna approaches receipt of its SPL, the business development team is now re-engaging with the significant pipeline of potential Canadian clients that have expressed interest in its white-label beverage services over the past 18 months.

- BevCanna expects significant demand and subsequent growth in the white-label manufacturing vertical in the coming year, based on current interest in our capabilities.

### **3) Canadian Branded Product Commercialization:**

#### **Keef Brands**

- On May 5<sup>th</sup>, 2020 BevCanna finalized an agreement to act as the exclusive licensee, manufacturing and distribution partner to the award-winning U.S. line of Keef infused beverages for the Canadian market, with product commercialization, scheduled to commence Fall/Winter this year across Canada.
- A recent 2020 Headset Insights report confirmed that Keef Brands offers six of the top ten-selling cannabis beverages in Colorado, as well as three of the top ten-selling in California. According to BDSA, Keef Brands ranks second (#2) in the US in units sold amongst all cannabis beverage companies.

#### **Cali-Bloom**

- On May 12<sup>th</sup>, 2020 BevCanna finalized its previously announced joint venture with prominent U.S. vape company Bloom and will commercialize high-end extract products under the Cali-Bloom name, with product commercialization, scheduled to commence Fall/Winter this year across Canada.
- Bloom is a winner of the Chalice Cup and Cannabis Cup Awards, for both the quality and popularity of their distillate and proprietary strains. Deeply rooted in California, Bloom is consistently one of the top vape brands across multiple major US recreational and medical markets.

BevCanna is currently in late-stage discussions to partner with a leading Canadian Licensed Producer ("LP") to distribute its products to provincial cannabis distribution boards through the LP's Health Canada issued Sales License. This will allow BevCanna to begin distribution of its white-label client products, Keef branded products and Cali-Bloom branded products across Canada in Q4 2020, bridging the gap until the Company receives its own Sales License, expected in early 2021.

### **4) Expansion of Canadian Distribution**

- On July 30, 2020, BevCanna entered into a distribution agreement with Maritime-based Licensed Producer and distributor, Argentia Gold, to exclusively represent its cannabis product lines in three Atlantic provinces (Prince Edward Island, New Brunswick, Newfoundland).
- On July 22, 2020, BevCanna also signed a Letter of Intent with the Weed Pool Cannabis Co-operative to represent its product lines in Saskatchewan.
- BevCanna began commencing provincial sales discussions in September 2020 in anticipation of receipt of its processing license and anticipates expanded distribution as these agreements are finalized.

### **5) Assessment of Cannabis Cultivation Strategy**

After a full strategic review of the Canadian cannabis market, BevCanna has decided to allocate its resources in the near term to its two core strengths.

- Providing turn-key white-label beverage manufacturing solutions to licensed and non-licensed partners, and
- Creating compelling consumer brands and value-added products through a multi-channel distribution network in Canada and the U.S., specifically regulated cannabis retail in Canada, and e-commerce and multi-channel distribution in the U.S. and internationally.
- This distribution network will extend to traditional Canadian grocery and mass-market retail

when regulations allow; leveraging the existing strong network of BevCanna's strategic partner Naturo Group.

The Company has determined that the current market for cannabis flower and biomass is oversupplied at present and that initiating a large-scale cultivation operation would deviate from BevCanna's current core focusses in Canada. The company will continue to evaluate both the external market for cannabis and its own cannabis biomass requirements and may at a later date decide to initiate outdoor cultivation.

## **6) Introduction of BevCanna Product Lines into the U.S. Cannabis Beverage Market, via Acquisition of Pure Therapy Natural Products E-Commerce Platform**

- On September 8<sup>th</sup>, 2020 BevCanna finalized the acquisition of Pure Therapy Products Corp. ("Pure Therapy"). Pure Therapy is a direct-to-consumer e-commerce company selling a range of natural health products, including nutraceutical and hemp-based cannabidiol products throughout North America and Western Europe. Pure Therapy's extensive catalogue of formulations are proprietary and professionally crafted based on market demand and product quality.
- Pure Therapy is a proven e-commerce brand and platform. BevCanna intends to further expand and launch its own CBD proprietary products directly into the global health and wellness market, including the burgeoning U.S. CBD market once an encompassing brand alignment exercise has been completed.
- Pure Therapy brings an extensive list of over 22,000 customers, acquired since the company's inception in 2017. The brand has achieved unaudited calendar year 2019 gross revenues of C\$4.8M,. BevCanna anticipates strong growth over the next 12 months, achieved through new product integration, acceleration of the growth of the existing natural health products line, and leveraging the extensive e-commerce marketing expertise of the current Pure Therapy team.
- The Pure Therapy acquisition also provides BevCanna with a comprehensive operational engine to scale its new ecommerce platform and brands. This will allow the Company to achieve profitability targets through data analysis, strategic customer acquisition and supply chain management. Since its inception in 2015 this engine has generated a database of over one million customers and has facilitated over C\$375M in consumer transactions. The service agreement entails no initial costs for BevCanna. More information will be disclosed in the coming weeks on the agreement.
- The Pure Therapy acquisition places BevCanna in an excellent position to expand its overall ecommerce capabilities and build a leadership position with the global cannabis beverage and natural products sector.
- BevCanna is also actively evaluating alternative distribution options, including independent natural health and specialty retailers, with the goal of driving revenue and developing brand recognition for BevCanna products.
- The Company will then leverage this brand recognition when the expected regulatory recognition of CBD as a food ingredient occurs, by targeting larger grocery and mass market retailers and tapping into the anticipated explosive growth of the CBD-infused beverage market.

## **7) US Cannabis (THC) Strategy**

- BevCanna has made the strategic decision to abstain from operating in any jurisdiction that cannabis is not federally legal. If legalization and/or removal of cannabis as a Schedule 1 drug were to occur, BevCanna is very well positioned to enter into the U.S. cannabis market through their reciprocal agreement with Keef Brands.
- BevCanna's partnership with Keef provides BevCanna with reciprocal rights to manufacture and market BevCanna's infused brands of beverage lines through Keef's extensive and growing distribution network of more than 1,000 dispensaries across six states (Colorado, California, Arizona, Nevada, Michigan, Oklahoma).
- The decision to wait for legalization before entering the U.S. market was made to retain the

Company's access to U.S. capital markets. A number of significant Canadian and U.S. exchanges, including the TSX and NASDAQ, have rules in place prohibiting operations in operations where cannabis is still illegal, and the Company wishes to maintain the option to list on these markets or other markets in the future.

BevCanna's strong asset base, unique value proposition and broad industry relationships position it well to become a leader in the regulated Canadian retail cannabis market. The Company's world-class beverage manufacturing facility, innovative and appealing brands and significant white-labelling capabilities are unmatched in the Canadian market.

BevCanna's newly acquired U.S. e-commerce hemp-based CBD and natural health products platform will also fuel the Company's U.S. and global expansion. Leveraging the platform's proven Direct-to-Consumer (DTC) retailing capabilities to market both established successful natural health products and BevCanna's own innovative and appealing brands will be key in the Company's overall growth strategy.

### **About BevCanna Enterprises Inc.**

BevCanna Enterprises Inc. (CSE: BEV, OTCQB:BVNNF, FSE:7BC) develops and manufactures cannabinoid-infused beverages and consumer products for in-house brands and white label clients. With decades of experience creating, branding and distributing iconic brands that have resonated with consumers on a global scale, the team demonstrates an expertise unmatched in the emerging cannabis beverage category. Based in British Columbia, Canada, BevCanna owns the exclusive rights to a pristine spring water aquifer, access to a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles per annum. BevCanna also recently acquired US natural health and wellness e-commerce platform Pure Therapy. BevCanna's vision is to be a global leader in infused innovations.

### **On behalf of the Board of Directors:**

John Campbell, Chief Financial Officer and Chief Strategy Officer  
Director, BevCanna Enterprises Inc.


### **Forward-Looking Information**

This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business of the Company. Forward-looking information is based on certain key expectations and assumptions made by the management of the Company, including the statements regarding: that the Company expects to receive its Standard Processing Licence imminently; the strong pipeline of additional potential white-label clients; that the Company expects significant demand and subsequent growth in the white-label manufacturing vertical in the coming year; that entry into a partnership with a leading Canadian Licensed Producer ("LP") to distribute its products to provincial cannabis distribution boards through the LP's Health Canada issued Sales License will allow BevCanna to begin distribution of its white-label client products, Keef branded products and Cali-Bloom branded products across Canada in Q4 2020, bridging the gap until the Company receives its own Sales License, expected in early 2021; that BevCanna began commencing provincial sales discussions in September 2020 in anticipation of receipt of its processing license and anticipates expanded distribution as these agreements are finalized; that BevCanna began commencing provincial sales discussions in September 2020 in anticipation of receipt of its processing license and anticipates expanded distribution as these agreements are finalized; that the distribution network will extend to traditional Canadian grocery and mass-market retail when regulations allow; leveraging the existing strong network of BevCanna's strategic partner Naturo Group; that BevCanna will continue to evaluate both the external market for cannabis and its own cannabis biomass requirements and may at a later date decide to initiate outdoor cultivation; that BevCanna intends to further expand and launch its own CBD proprietary products directly into the global health and wellness market, including the burgeoning U.S. CBD market once an

encompassing brand alignment exercise has been completed; that the Pure Therapy acquisition will allow the Company to achieve profitability targets through data analysis, strategic customer acquisition and supply chain management and that more information will be disclosed in the coming weeks; BevCanna is also actively evaluating alternative distribution options, including independent natural health and specialty retailers, with the goal of driving revenue and developing brand recognition for BevCanna products; the Company will leverage brand recognition when the expected regulatory recognition of CBD as a food ingredient occurs, by targeting larger grocery and mass market retailers and tapping into the anticipated explosive growth of the CBD-infused beverage market; BevCanna's newly acquired U.S. e-commerce hemp-based CBD and natural health products platform will also fuel the Company's U.S. and global expansion and that leveraging the platform's proven Direct-to-Consumer (DTC) retailing capabilities to market both established successful natural health products and BevCanna's own innovative and appealing brands will be key in the Company's overall growth strategy; and other statements regarding the business plans of the Company.

Forward-looking statements are based on certain assumptions regarding the issuances of licences by Health Canada to the Company under the Cannabis Act; a continued high regulatory barrier entry for cannabis-infused beverages; successful and timely commercialization of the company's products; successful and timely negotiation of various agreements; and expectations with respect to the future growth of recreational cannabis products. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. The assumptions of the Company, although considered reasonable by it at the time of preparation, may prove to be incorrect. In addition, forward-looking statements necessarily involve known and unknown risks, including, without limitation, the Company not being issued licenses by Health Canada; risks associated with general economic conditions; risks associated with climate and agriculture; changes in consumer preferences; adverse industry events; future legislative, tax and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the inability to implement business strategies; competition; currency and interest rate fluctuations and other risks. Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. For more information on the risk, uncertainties and assumptions that could cause anticipated opportunities and actual results to differ materially, please refer to the public filings of the Company which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.

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