

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

BevCanna Enterprises Inc. (the “**Company**”)
PO Box 34061 Vancouver D CSC
Vancouver, British Columbia V6J 4M1

Item 2 Date of Material Change

January 20, 2021.

Item 3 News Release

The news release dated January 20, 2021 was disseminated via Cision.

Item 4 Summary of Material Change

The Company announced that its wholly owned direct to consumer e-commerce company, Pure Therapy, has achieved record sales since its acquisition by the Company in September 2020.

Item 5 Full Description of Material Change.

5.1 Full Description of Material Change

The Company announced that its wholly owned direct to consumer e-commerce company, Pure Therapy, has achieved record sales since its acquisition by the Company in September 2020.

The direct-to-consumer e-commerce platform has continued its strong 2020 revenue growth into the first quarter of 2021, with extremely positive month-to-date revenues. The Company has continued to invest in strategic new product integration and customer acquisition, with a resulting projected run rate of approximately C\$7.68M in revenue and positive EBITDA of C\$.37M to date in 2021. The company has also acquired 3,270 new active customers since its acquisition by the Company.

With respect to the previously announced transaction with Naturo Group, the Company also announced that both parties are continuing to work together to complete all diligence investigations, have exchanged information and are working to complete all outstanding conditions to closing, certain of which have been satisfied. The transaction is expected to be completed by mid-February, 2021.

The Company intends to provide further updates as additional closing conditions are satisfied.

The coming together of these two emerging industry leaders is expected to create a comprehensive health and wellness beverage and natural products company, with proforma C\$55M+ in assets on the balance sheet, and a multi-channel sales and distribution network positioned for robust growth.

The new Company is expected to offer one of the most unique and diverse portfolios of beverage and wellness products within both the cannabis and the plant-based categories, and will expand the Company's leadership position, becoming the only fully licensed, in-house and white-label beverage manufacturing company that distributes both conventional CPG and cannabis-based beverage and wellness products. The acquisition will provide access to global, multi-channel distribution networks of traditional and cannabis specific sales channels.

The material change is fully described in Item 4 above and in the attached news release which has been filed on SEDAR.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

John Campbell, Chief Financial Officer
Telephone: 1-604-569-1414

Item 9 Date of Report

January 20, 2021.



Press Release

BevCanna's Pure Therapy Reports Record Monthly Revenue

Company also confirms imminent closing of landmark acquisition of Naturo Group

VANCOUVER, BC, January 20, 2021. Emerging leader in health and wellness beverages and products, [BevCanna Enterprises Inc. \(CSE:BEV, Q:BVNNF, FSE:7BC\)](#) (“**BevCanna**” or the “**Company**”) is pleased to announce that its wholly owned direct to consumer e-commerce company, **Pure Therapy**, has achieved record sales since its acquisition by BevCanna in September 2020.

The direct-to-consumer e-commerce platform has continued its strong 2020 revenue growth into the first quarter of 2021, with extremely positive month-to-date revenues. The Company has continued to invest in strategic new product integration and customer acquisition, with a resulting projected run rate of approximately C\$7.68M in revenue and positive EBITDA of C\$.37M to date in 2021. The company has also acquired 3,270 new active customers since its acquisition by BevCanna.

“Our goal with the Pure Therapy acquisition was to quickly build a strong recurring revenue stream,” said John Campbell, Chief Strategic Officer for BevCanna. “We’ve stimulated revenue growth by adding new products, investing in customer acquisition and retention programs and leveraging the platform's current mix of subscription-based and traditional sales revenue models. We're very pleased with the progress that we've made towards a very strong 2021.”

“We also expect to both receive our Canadian Standard Processing Licence and close our landmark acquisition of Naturo Group, including \$37M+ in assets, within the next few weeks,” continued Mr. Campbell. “We’re very excited to realize the diverse revenue streams and significant growth potential that the combination of these milestones represents.”

With respect to the previously announced transaction with Naturo Group, BevCanna announced that both parties are continuing to work together to complete all diligence investigations, have exchanged information and are working to complete all outstanding conditions to closing, certain of which have been satisfied. The transaction is expected to be completed by mid-February, 2021.

The Company intends to provide further updates as additional closing conditions are satisfied.

The coming together of these two emerging industry leaders is expected to create a comprehensive health and wellness beverage and natural products company, with proforma C\$55M+ in assets on the balance sheet, and a multi-channel sales and distribution network positioned for robust growth.

“BevCanna and Naturo each bring a number of unique strengths to the combination, that together form an even stronger company,” said Marcello Leone, Founder of Naturo and CEO of BevCanna. “BevCanna’s leadership in the cannabis-infused beverage sector and direct to consumer e-commerce business, together with Naturo’s innovative TRACE plant-based mineral beverages and supplements, significant manufacturing assets and extensive distribution network, will form the foundation of a unique, market-leading health and wellness company well positioned for long-term growth.”

The new BevCanna is expected to offer one of the most unique and diverse portfolios of beverage and wellness products within both the cannabis and the plant-based categories, and will expand BevCanna’s leadership position, becoming the only fully licensed, in-house and white-label beverage manufacturing company that distributes both conventional CPG and cannabis-based beverage and wellness products. The acquisition will provide access to global, multi-channel distribution networks of traditional and cannabis specific sales channels.



BevCanna will realize a number of key benefits from the acquisition, including:

- Creation of a “development to distribution” beverage manufacturing vertical for both traditional and cannabis-infused beverages and natural products.
- Direct ownership of a proprietary on-site natural alkaline spring water aquifer valued at C\$18M. As water resources become increasingly scarce, the proprietary resource will contribute to a strengthened balance sheet and to BevCanna’s unique positioning within the exploding plant-based and cannabis sectors.
- An established and growing mass market distribution network of over 3,000 retail points, via Naturo’s market-leading TRACE plant-based mineral beverages and supplements. TRACE is sold across the country through Canadian retailers, with select international agreements and partnerships under review. Along with their nationally distributed alkaline and sparkling waters, and plant-based mineral beverages and supplements, TRACE is expanding its product selection and is incorporating additional nutraceuticals, including cannabinoids, adaptogens, and nootropics, into its products to be sold in domestic and international markets.
- TRACE’S proprietary Health Canada-approved plant-based fulvic and humic formulations – a category which is expanding exponentially across North America and globally.
- Naturo’s 315-acres of outdoor cultivatable land and 40,000 sq. ft. high-capacity beverage facility valued at C\$10.4M, optimized for both traditional and cannabis-infused beverage manufacture, and beverage manufacturing equipment valued at C\$3.4M (as of 2020 year-end).
- As per Naturo’s latest independent estimate pricing report as of January 2021, Naturo’s enterprise value is between C\$37M-C\$38M.

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.

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Disclaimer for Forward-Looking Information

This news release contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements in this news release include statements regarding: that, with respect to Pure Therapy, the Company has continued to invest in strategic new product



integration and customer acquisition, with a resulting projected run rate of approximately C\$7.68M in revenue; the Company's expectation to both receive its Canadian Standard Processing Licence and close its acquisition of Naturo Group, within the next few weeks; the closing of the transaction with Naturo Group and the timing thereof; the Company's intention to provide further updates with respect to its acquisition of Naturo Group as additional closing conditions are satisfied; the perceived benefits of combining the businesses of Naturo and BevCanna and other statements regarding the business of the Company.

The forward-looking statements reflect 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 statements. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty. Factors that could cause actual results or events to differ materially from current expectations include, among other things: that the CSE may not approve the acquisition of Naturo as proposed or at all; that the parties may not be able to satisfy the conditions to closing of the acquisition of Naturo, including approval by the shareholders of one or both parties, as applicable; that the Company may not be issued a Canadian Standard Processing Licence; general market conditions and volatility of commodity prices; and other factors beyond the control of the parties. The Company expressly 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 applicable law.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about BevCanna's prospective results of operations, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of providing further information about BevCanna's future business operations. BevCanna disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, except as required by securities law. Investors are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

Non-GAAP Financial Measures

This news release contains non-generally accepted accounting principles ("GAAP") financial measures. The non-GAAP financial measures in this news release include EBITDA, or earnings before interest, taxes, depreciation and amortization. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. BevCanna utilizes both GAAP and non-GAAP financial measures to assess what it believes to be its core operating performance and to evaluate and manage its internal business and assist in making financial operating decisions. BevCanna believes that the inclusion of non-GAAP financial measures, together with GAAP measures, provides investors with an alternative presentation useful to investors' understanding of BevCanna's core operating results and trends.

EBITDA

Management believes that EBITDA, or earnings before interest, taxes, depreciation and amortization, is a common measure used to assess profitability before the impact of different financing methods, income taxes, depreciation and impairment of capital assets and amortization of intangible assets. Estimation of revenues and EBITDA associated with the Company are estimates and have been used for illustrative purposes only.

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

None of the securities issued in the transaction with Naturo Group will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.