

BevCanna Closes Transformative Acquisition of Naturo Group

The combination of two beverage and natural health product leaders creates a high growth global health and wellness company

VANCOUVER, British Columbia--(BUSINESS WIRE)--February 22, 2021--Diversified health and wellness; beverage and natural products company, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) ("**BevCanna**" or the "**Company**") announces today that it has closed its previously announced acquisition of Naturo Group Investments Inc. ("**Naturo**").

The combination of these two emerging industry leaders creates a diversified health and wellness; beverage and natural products company, with \$55M+ in assets on the balance sheet, and a global multi-channel sales and distribution network positioned for growth.

"The combination of these two Canadian beverage industry leaders unlocks significant potential for growth," said Marcello Leone, CEO of BevCanna. "The synergies between BevCanna and Naturo are exceptionally strong and each brings complementary strengths to the table. BevCanna is a leader in the cannabis-infused beverage and nutraceutical industry while Naturo's innovative plant-based mineral beverage and supplement brand, TRACE, and significant manufacturing infrastructure and international distribution networks, form the foundation of an industry-leading health and wellness company."

BevCanna will now offer one of the most unique and diverse portfolios of beverage and natural health products within both the cannabis and plant-based industries. BevCanna is now uniquely positioned to become the only fully licensed, in-house and white-label beverage manufacturing company that produces and distributes both conventional and cannabis-based CPG products. The acquisition provides access to global, multi-channel distribution networks that the Company will leverage for continued growth.

"We're very excited to realize our transformation into a diversified health and wellness company," said John Campbell, CSO of BevCanna. "Consumers continue to flock to health and wellness focused products, and our ability to now reach an entirely new market of customers in this area, on top of the growing demand for cannabis products, is a combination very few companies are able to offer."

Key benefits that BevCanna will realize from the acquisition include:

- Direct ownership of a proprietary on-site natural alkaline spring water aquifer, valued at \$18M. As water resources become increasingly scarce, BevCanna expects that the proprietary resource will contribute to a strengthened balance sheet and to BevCanna's unique positioning within the growing plant-based and cannabis industries.
- An established sales and distribution network of over 3,000 retail stores, via Naturo's TRACE mineral beverage brand. TRACE is sold across the country through Canadian retailers, with select international agreements and partnerships under review. Along with its nationally distributed alkaline and sparkling waters, TRACE is expanding its product selection to nutraceuticals and is incorporating additional nutraceuticals and herbal remedies, including cannabinoids, adaptogens, and nootropics, into its products to be sold in domestic and international markets.
- TRACE'S proprietary Health Canada-approved plant-based formulation – a category that is expanding exponentially across North America and internationally.
- Naturo's 315-acres of outdoor cultivable land and 40,000 sq. ft. high-capacity beverage facility valued at \$10.4M, optimized for both traditional and cannabis-infused beverage manufacturing.

The closing of the acquisition occurred under the terms announced in the Company's news release dated November 24, 2020. No finder's fee was paid in connection with the acquisition. The Company assumed the obligation to issue common shares upon exercise or conversion, as applicable, of all outstanding convertible securities of Naturo. Naturo will now be a wholly-owned subsidiary of BevCanna and the Company will carry on the combined business of BevCanna and Naturo. There has been no change in management of BevCanna on closing.

The acquisition constituted a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") as Messrs. Marcello Leone and Martino Ciambrelli are former shareholders of Naturo and also directors and the Chief Executive Officer and President, respectively, of BevCanna. The acquisition is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) as the fair market value of the acquisition, insofar as it involves interested parties, does not exceed 25% of BevCanna's market capitalization at the time the acquisition was agreed to.

None of the securities issued on closing of the acquisition were 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 press 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.

About BevCanna Enterprises Inc.

BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) is a diversified health & wellness; beverage and natural products company. BevCanna develops and manufactures a range of plant-based and cannabinoid beverages and supplements for both in-house brands and white-label clients.

With decades of experience creating, manufacturing and distributing iconic brands that resonate with consumers on a global scale, the team demonstrates an expertise unmatched in the nutraceutical and cannabis-infused beverage categories. Based in British Columbia, Canada, BevCanna owns a pristine alkaline spring water aquifer and a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles annually. BevCanna's extensive distribution network includes more than 3,000 points of retail distribution through its market-leading TRACE brand, its Pure Therapy natural health and wellness e-commerce platform, its fully licensed Canadian cannabis manufacturing and distribution network, and a partnership with #1 U.S. cannabis beverage company Keef Brands.

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: the future business plans of Naturo and BevCanna; the growing demand for cannabis products; and the perceived benefits of combining the businesses of Naturo and BevCanna. 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, that the results of the acquisition and the combination of the two companies may not be as expected; 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.

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