

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

March 2, 2021.

Item 3 News Release

The news release dated March 2, 2021 was disseminated via Cision.

Item 4 Summary of Material Change

The Company announced its outlook on its strategic evolution into a diversified health and wellness beverage and natural products company.

Item 5 Full Description of Material Change.

5.1 Full Description of Material Change

The Company announced its outlook on its strategic evolution into a diversified health and wellness beverage and natural products company.

With the recent completion of the acquisition of Naturo Group, and receipt of its Health Canada Standard Processing License, the Company is in the unique position of being one of the only fully licensed beverage manufacturing companies that produces and distributes both conventional and cannabinoid-based beverage and wellness products. The Company is creating a diversified health and wellness company, with \$55M+ in assets and a global multi-channel sales and distribution network positioned for growth.

Independent consumer research projects the health and wellness market to grow to US\$386.29B by 2027, with a CAGR of 6.45 per cent, propelled by the global trend toward healthy lifestyles.

The Company will focus on four separate and unique business verticals:

- **BevCanna Canada** – With the recent receipt of its Health Canada Standard Processing License (SPL) to manufacture and sell cannabis beverages and products in the Canadian market.
- **Naturo Group** – The Company’s recent acquisition of Naturo Group positions the company perfectly to expand into the growing health and wellness industry with full ownership of its 40,000 sq. ft. manufacturing facility, 315-acres of cultivable land, on-

site alkaline spring water aquifer, and leading plant-based beverage and nutraceutical brand, TRACE.

- **Pure Therapy** – The Company’s recently acquired U.S. and international hemp and nutraceutical e-commerce platform sells a range of natural health products, including nutraceutical and hemp-based cannabidiol products throughout North America and Western Europe.
- **BevCanna USA** – The Company’s exclusive partnership with award-winning Keef Brands positions it ideally for rapid growth within the U.S. market, in anticipation of positive federal regulatory reform with the U.S. federal cannabis legalization.

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

March 3, 2021.

BevCanna Provides Outlook on Strategic Evolution to Global Health and Wellness Company

Expanding offering of traditional and cannabinoid-infused beverages and natural products through four major sales channels to reach growing consumer base

VANCOUVER, British Columbia--(BUSINESS WIRE)--March 2, 2021--Diversified health and wellness; beverage and natural products company, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) (“BevCanna” or the “Company”) is pleased to provide an outlook on its strategic evolution into a diversified health & wellness beverage and natural products company.

With the recent completion of the acquisition of Naturo Group, and receipt of our Health Canada Standard Processing License, BevCanna is in the unique position of being one of the only fully licensed beverage manufacturing companies that produces and distributes both conventional and cannabinoid-based beverage and wellness products. We are creating a diversified health and wellness company, with \$55M+ in assets and a global multi-channel sales and distribution network positioned for growth.

Independent consumer research projects the health and wellness market to grow to US\$ 386.29B by 2027, with a CAGR of 6.45 per cent, propelled by the global trend toward healthy lifestyles.

“Consumers globally are looking for appealing, health-conscious products that fit with their wellness-focused lifestyle,” said Marcello Leone, CEO of BevCanna. “and our evolution into global health and wellness company, will allow us to provide a wide range of innovative traditional and cannabinoid products that today’s consumer is looking for.”

The Company will focus on four separate and unique business verticals:

1. **BevCanna Canada** – With the recent receipt of its Health Canada Standard Processing License (SPL) to manufacture and sell cannabis beverages and products in the Canadian market, the company is now focused on the following initiatives:
 - BevCanna is now authorized to commence production of Keef beverages and its white-label products, with a focus on selling through licensed Canadian retailers.
 - The Company is progressing rapidly with its commercial rollout strategy, with a definitive agreement with a Sales License partner, in the process of being formalized. BevCanna expects to start commercial production shortly, with delivery to select provinces commencing subsequently.
 - In addition to its in-house and partner brands, BevCanna will be working with other B2B cannabis-license holders and non-licensed CPG customers seeking to enter the Canadian cannabis market.
2. **Naturo Group** – BevCanna’s recent acquisition of Naturo Group positions the company perfectly to expand into the growing health and wellness industry with full ownership of its 40,000 sq. ft. manufacturing facility, 315-acres of cultivable land, on-site alkaline spring water aquifer, and leading plant-based beverage and nutraceutical brand, TRACE. BevCanna’s key initiatives for Naturo Group include but are not limited to:

- Accelerating the expansion of TRACE in domestic and international points of distribution, by maximizing existing distribution points, and expanding to new distribution points domestically, internationally, and online.
 - Expanding Naturo Groups' white-label clientele. Naturo offers a full service white-label beverage manufacturing solution for CPG clients, featuring a variety of beverage product formats including PET, aluminum, and glass form factors, available in multiple sizes and custom shapes.
 - Continuing to strengthen its leadership team with deep CPG expertise to accelerate growth.
3. **Pure Therapy** – BevCanna's recently acquired U.S. & international hemp & nutraceutical e-commerce platform sells a range of natural health products, including nutraceutical and hemp-based cannabidiol products throughout North America and Western Europe.
- The Pure Therapy acquisition has provided BevCanna with a proven e-commerce brand and platform to expand and launch its nutraceutical and cannabinoid based products directly through an existing customer base and a powerful direct sales platform. Pure Therapy brings an extensive list of approximately 23,000 customers acquired since its inception.
 - The direct-to-consumer e-commerce platform has continued its strong Q4 2020 revenue growth into the first quarter of 2021, with extremely positive year 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 in 2021. The company has also acquired 3,270 new active customers since its acquisition by BevCanna.
4. **BevCanna USA** – BevCanna's exclusive partnership with award-winning Keef Brands positions it ideally for rapid growth within the U.S. market, in anticipation of positive federal regulatory reform with the U.S. federal cannabis legalization.
- BevCanna's recently announced partnership with the award-winning brand is mutually advantageous for the two companies. BevCanna will act as the exclusive manufacturing and distribution partner for Keef Brands in Canada, while having access to Keef's extensive U.S. manufacturing and distribution network to access the U.S. cannabis market (which includes more than 1,000 dispensaries and delivery services across Colorado, California, Arizona, Nevada, Michigan, Oklahoma, and Puerto Rico).
 - Keef Brands currently offers eight of the ten top-selling cannabis beverages in Colorado as well as two of the ten top-selling in California¹. Keef Brands ranks first in the U.S. both in units and dollars sold amongst all cannabis beverage companies².

¹2020 Headset Insights report

²BDSA

BevCanna will continue to integrate its recent acquisitions of Pure Therapy and Naturo Group into its evolution into a diversified health & wellness beverage and natural products company. As the Company continues on its journey, the company will continue to communicate to its stakeholders, and keep them informed on its progress across all initiatives.

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 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.

On behalf of the Board of Directors:

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

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 Company's strategic evolution into a diversified health & wellness beverage and natural products company; the global trend toward healthy lifestyles; that the Company will focus on four separate and unique business verticals; production of Keef beverages and its white-label products, with a focus on selling through licensed Canadian retailers; the Company's commercial rollout strategy, with a definitive agreement with a Sales License partner, in the process of being formalized; BevCanna's expectation to start commercial production shortly, with delivery to select provinces commencing subsequently; that BevCanna will be working with other B2B cannabis-license holders and non-licensed CPG customers seeking to enter the Canadian cannabis market; the Company's plans to: (i) accelerate the expansion of TRACE in domestic and international points of distribution, by maximizing existing distribution points, and expanding to new distribution points domestically, internationally, and online, (ii) expand Naturo Group's white-label clientele, and (ii) continue to strengthen its leadership team with deep CPG expertise to accelerate growth; in respect of Pure Therapy, the projected run rate of approximately C\$7.68M in revenue and positive EBITDA of C\$.37M in 2021; BevCanna's exclusive partnership with award-winning Keef Brands positions it ideally for rapid growth within the U.S. market, in anticipation of

positive federal regulatory reform with the U.S. federal cannabis legalization; that BevCanna will act as the exclusive manufacturing and distribution partner for Keef Brands in Canada, while having access to Keef extensive U.S. manufacturing and distribution network to access the U.S. cannabis market; that BevCanna will continue to integrate its recent acquisitions of Pure Therapy and Naturo Group into its evolution into a diversified health & wellness beverage and natural products company; 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: changes in consumer preferences; changes to legislations and regulations; 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.

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