

## BevCanna Provides Corporate and Operational Update

*Significant progress charted across all objectives for the emerging health and wellness leader*

VANCOUVER, British Columbia--(BUSINESS WIRE)--September 7, 2022--BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) (“BevCanna” or the “Company”), an innovative health and wellness beverages and products company, today released the following letter to shareholders from the Company's Chief Executive Officer, Marcello Leone, and Chief Financial Officer, John Campbell. The letter outlines a number of corporate and operational updates.

Dear Shareholders,

Over the past year, BevCanna has made great strides in its strategic evolution into a leading diversified health and wellness company. Transformative acquisitions have allowed us to expand our presence in a number of wellness categories and we've developed a robust portfolio of wellness and cannabinoid beverages and consumer packaged goods for both in-house brands and white label clients.

BevCanna shareholders are aware that the Company's shares have temporarily ceased trading, as the increased complexity of valuing the Company's holdings delayed the completion of its annual financial statements, accompanying management's discussion and analysis and required certifications for the year ended December 31, 2021 (the “**Annual Filings**”). BevCanna currently anticipates that the Annual Filings will be filed on or before September 31, 2022, and its interim financial statements for the three month period ended March 31, 2022 and for the six month period ended June 30, 2022 will be filed within five business days of the filing of the Annual Filings. BevCanna's shares are expected to resume trading on all currently listed exchanges (CSE:BEV, Q:BVNNF, FSE:7BC) upon successful filing.

One of BevCanna's primary focuses in 2022 has been to significantly expand its total addressable market, leveraging the Company's industry-leading international brands and extensive distribution system across its cannabis and CPG categories. BevCanna continues to concentrate on securing incremental customers and contracts while building new revenue streams through house brands, white-label, licensing and a strong direct-to-consumer e-commerce platform. The Company continues to build a leadership position in innovative health and wellness products, while striving to create sustainable, long-term value for shareholders.

BevCanna has achieved a number of key corporate and operational goals in 2022. Although the past year has been challenging for many in the venture capital markets, including BevCanna, the Company is in a stronger position now than at any time in its history, and is pleased to share the following updates.

## 1. Corporate Highlights:

- BevCanna closed the acquisition of Embark Health Inc., significantly expanding the Company's solventless extract product capabilities. Embark is a leader in solventless cannabis extraction, with a focus on the development and production of advanced 2.0 products for the B2B, medical, and adult-use markets.
- This acquisition also brought renowned industry pioneer and creator of Bubble Hash Marcus "Bubbleman" Richardson, and Founder of Entourage Health, (formally known as "WeedMD"), Bruce Dawson-Scully, to the team.
- The Company completed a corporate re-organization to transfer its Health Canada Standard Processing License from BevCanna Enterprises Inc. to BevCanna Operating Corp.

## 2. Operational Highlights

### BevCanna Operating Corp.

BevCanna Operating Corp. is focused on accelerating growth through:

- Driving development and distribution of the Keef brand
- Strategic white-label client portfolio management
- Increasing production output and supply chain economics and
- Targeted business development, delivering strategic business expansion

BevCanna Operating Corp. Highlights:

- Overhauled Quality Management System, including Standard Operating Procedures and Preventive Control Plans
- Installed and initiated production on new glass bottling line
- Increased capacity by more than 70 per cent, through the implementation of twinned canning line
- Successful completion of first Health Canada audit
- Successful launch of five brands and 11 SKUs
- Listing and active sales of product in four key provinces – Ontario, Alberta, British Columbia and Saskatchewan
- Developed strong portfolio of house brands including:
  - Keef Brands, which reached #3 share position in April '22 in the Ontario Cannabis Store (OCS) and sold out within three days of launch in all provinces that it was listed in. Keef is projected to hold the #1 share by early 2023.
  - Anarchist Mountain's 10mg THC Lemonade Iced Tea, with a low opening price point and a projected launch of Q1 2023.

## Keef Brands

BevCanna has continued to expand its regulated recreational retail distribution network within the Company's core cannabis markets of British Columbia, Alberta, Ontario and Saskatchewan, through the Company's partnership with Velvet Management, Canada's leading cannabis sales agency. Canada now has 3,162 retail stores open as of April 2022<sup>1</sup>, with the four core markets accounting for 87.1% of the retail landscape. BevCanna's Keef products are now available in markets representing 75% of total Canadian sales. BevCanna also plans to launch in Manitoba in Q4-22 and Quebec in 2023.

### Keef Brands Highlights:

- Keef has strong presence in key markets. With 62.1% penetration of Ontario, Canada's top market, as well as 29% in Alberta and 66.3% in British Columbia, Keef is in 35.5% of all Canadian retail locations. <sup>1</sup>
- Keef currently holds the #3 position in sales, with a 7.8% market share, and achieved the highest share growth of the top 20 beverage brands. In Ontario, Keef Bubba Kush and Keef Orange Kush hold the #2 and #3 share positions.
- Keef is projected to take over the #1 spot, at 22% market share, by early 2023.
- Keef's *Bubba Kush* product won the Favorite Infused-Beverage of the Year at the 2022 O'Cannabiz Awards.
- BevCanna also successfully launched the Keef *Cola* product, which took top beverage spot in the OCS spring launch, with the highest volume of sales (both dollars and units) among any new SKU launched.

## Naturo Group

Naturo Group has signed a number of private label contracts and signed supply agreements with notable Canadian partners to provide white-label products, including 7-Eleven, London Drugs and the BC Ministry of Forests.

Naturo Group's TRACE brand achieved sustained growth of its CPG retail distribution network, building on its more than 3,000 points of retail distribution across North America and internationally.

### Naturo Group Private Label Highlights:

- Signed private label contracts with 7-Eleven Canada to provide four 1L sparkling water SKUs under the 7Select brand, for 650 locations and three 500ml sparkling water SKUs
- Signed a private label contract with London Drugs to provide three 1L sparkling water SKUs under the Today's Sparkling brand, for 75 locations

## Naturo Group TRACE Highlights:

- TRACE achieved more than 380% sales dollar growth year over year, through a centralization of distribution with UNFI Canada, most notably with national and regional multi-chain retailers including:
  - Whole Foods Market Canada National Distribution
  - Healthy Planet Canada with +35 locations in the Greater Toronto Area (GTA)
  - More than 1,000 natural independent retailers across Canada
  - Mike & Mike's Organics, with over 500 retail points of distribution in Ontario
- As of April 2022, Affinity Sales is providing TRACE national access to food service, mainstream grocery, and gas & convenience channels
- TRACE was named the official sponsor of 2021 Canadian Country Music Awards
- Formalized a partnership with the BC Ministry of Forests to supply BC firefighters with TRACE alkaline water.
- TRACE was a Brand Sponsor at the Canadian Health Food Association tradeshow
- TRACE also successfully rebranded its *Alkaline77* 500ml and 1L spring water in April 2022, with *Alkaline87* 500ml mineralized spring water planned for launch in Q4-22.
- New TRACE 1L product now in 200 U.S. retail locations, with significant expansion underway for 2023
- Final testing for Japan market planned for Q4-22, with full launch planned for Q1-23.

## Embark Health

The integration of Embark Health further increases the Company's in-house and wholesale production capabilities, complementing its beverage manufacturing operations and expanding its capabilities to include solventless extraction modalities. This positions the Company to significantly increase production to satisfy surging demand for its Hazel Hash Stick, Embark Hash Hit, Bubbleman Rosin and Bubbleman Bubble Hash.

### Highlights:

- Successfully launched proprietary Embark Hash Hits in BC, ON, SK, AB, MB
- Successfully delivered first shipments of Bubbleman Bubble Hash and Live Rosin to BC, ON, SK, AB and MB
- Fully automating Hash Stick and Hash Hit processes, eliminating a significant manual labour component and generating higher margins, while also significantly increasing ability to meet surging market demand.
- Actively negotiating IP deal in the US to brand the market-leading proprietary Hash Stick and Hash Hits in Washington, Nevada, and California.

## **Pure Therapy**

- Solidified partnership with primary natural health manufacturer, including the ability to deliver various cannabinoid, delta 8, and delta 9 infused products in the future.
- Continued build out of the supply chain with the future goal of pivoting a wide variety of SKU's, such as CBD gummies and non-CBD gummies, to on-demand fulfillment.
- Due to the ongoing natural health ingredient shortage, added a secondary manufacturer with a range of capabilities to ensure future demand is satisfied.
- Formulated and sampled 6 new plant-based natural health product SKU's, including but not limited to collagen protein and daily greens powder.
- Developed and currently integrating new in-house wholesale natural health products program portal for U.S. based products.
- Added and prepared for launch 16 new natural health product SKU's, ranging from gummies to shots to powders, to prepare for a potential surge in demand for eCommerce brands leading into Q4 2022.
- Bolstering primary customer acquisition strategies, assets, and promotions

In conclusion, we're very pleased with the significant progress achieved across each of our subsidiaries and look forward to continuing to expand across our focus categories in 2023.

Sincerely,

Marcello Leone, CEO, BevCanna Enterprises Inc. and John Campbell, CFO, BevCanna Enterprises Inc.

### **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 alkaline, plant-based, and cannabinoid beverages and supplements for both in-house brands and white-label clients.

Based in British Columbia, Canada, BevCanna owns a pristine alkaline spring water aquifer and a high capacity 40,000-square-foot, Health Canada and HACCP certified flexible manufacturing facility in Osoyoos, British Columbia. The Company's extensive distribution network includes more than 3,000 points of traditional and regulated retail distribution, and online 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. 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. Forward-looking statements made in this news release include, but are not limited, to: the Company's expectation that the Annual Filings will be made by September 31, 2022, and that its interim financial statements for the three month period ended March 31, 2022 and the six month period ended June 30, 2022 will be filed within five business days of the filing of the Annual Filings; that BevCanna's shares are expected to resume trading on all currently listed exchanges upon successful filing; the Company continues to build a leadership position in innovative health and wellness products, while striving to create sustainable, long-term value for shareholders; BevCanna Operating Corp. is focused on accelerating growth; Keef is projected to hold the #1 share in the Ontario Cannabis Store by early 2023; the projected launch in Q1 2023 of Anarchist Mountain's 10mg THC Lemonade Iced Tea; BevCanna also plans to launch in Manitoba in Q4-22 and Quebec in 2023; *Alkaline87* 500ml mineralized spring water planned for launch in Q4-22; New TRACE 1L product now in 200 U.S. retail locations, with significant expansion underway for 2023; Final testing for Japan market planned for Q4-22, with full launch planned for Q1-23; the Company is positioned to significantly increase production to satisfy surging demand for its Hazel Hash Stick, Embark Hash Hit, Bubbleman Rosin and Bubbleman Bubble Hash; that the Company is actively negotiating an IP deal in the US to brand the market-leading proprietary Hash Stick and Hash Hits in Washington, Nevada, and California; solidified partnership with primary natural health manufacturer, including the ability to deliver various cannabinoid, delta 8, and delta 9 infused products in the future; the Company continued build out of the supply chain with the future goal of pivoting a wide variety of SKU's, such as CBD gummies and non-CBD gummies, to on-demand fulfillment; due to the ongoing natural health ingredient shortage, the Company added a secondary manufacturer with a range of capabilities to ensure future demand is satisfied; developed and currently integrating new in-house wholesale natural health products program portal for U.S. based products; the Company added and prepared for launch 16 new natural health product SKU's, ranging from gummies to shots to powders, to prepare for a potential surge in demand for eCommerce brands leading into Q4 2022; and other business plans of the Company.

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 Company may not be able to complete the steps required to make the Annual Filings by September 31, 2022 , and that its interim financial statements for the three month period ended March 31, 2022 and the six month period ended June 30, 2022 will be filed within five business days of the filing of the Annual Filings; general market conditions; changes to consumer trends and preferences in the markets in which the Company operates; inability to enter into commercial agreements as anticipated or at all; and other factors beyond the control of the Company. BevCanna 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, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.

<sup>1</sup> Cannabis Benchmarks

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