



BevCanna Provides Corporate Update

Company shifts focus to high-margin segments to foster growth

VANCOUVER, British Columbia – November 15, 2023 - BevCanna Enterprises Inc. (CSE:BEV, OTC:BVNNF, FSE:7BC) (“BevCanna” or the “Company”), a diversified lifestyle and wellness consumer packaged goods company, is pleased to provide this corporate update.

"We acknowledge and deeply understand the difficulties that the past 15 months has presented to BevCanna stakeholders, stemming from the halt in trading of BevCanna's shares resulting from the Cease Trade Order (CTO) previously imposed on the Company. We want to express our sincere gratitude to all stakeholders for their patience and support throughout this challenging period. We also recognize the challenging year-plus experienced by small-cap growth investors. This is top of mind for BevCanna management as we are fully dedicated to the interests of our shareholders," said Marcello Leone, Chief Executive Officer and Chairman of BevCanna. "We are resolute in our determination to overcome macroeconomic headwinds and to steer the Company toward sustainable growth."

The Company is strategically shifting its focus towards higher-margin business segments to meet the growing demand for better-for-you products. As part of this strategy, the Company is transitioning to a low capital expenditure, operating cost, and cash outflow business model within its cannabis operations. This realignment will enable renewed emphasis on traditional business segments, particularly its premium water and nutraceutical operations. Anticipating revenue growth and improved profit margins in these sectors, the Company is pursuing a more robust and sustainable financial outlook.

Corporate Update

1. Naturo Group Enterprises Inc. (“Naturo Group”):

The Company's wholly-owned subsidiary Naturo Group maintains a steadfast focus on nurturing its supply agreement with the **BC Ministry of Forests**, and private label manufacturing partnerships within Canada, with notable organizations like, **London Drugs**, and **7-Eleven Canada**. Naturo Group is committed to expanding its product portfolio and distribution network for **TRACE** alkaline and mineralized water and nutraceuticals, both domestically and internationally. In particular, Naturo Group has been pursuing opportunities in the Asia-Pacific market, with a focus in China through strategic supply partnerships.



Naturo Group successfully executed a rebranding initiative for **TRACE** ready-to-drink beverage formats in North America, focusing on highlighting functionality. The branding of **TRACE ALKALINE77** and **TRACE ALKALINE87** positions the product as a premium and functional water, differentiating it from the prevailing "low-cost" water alternatives in the market.

Naturo Group has secured import approvals in two major consumer markets for bottled water globally, namely Mexico and China. Furthermore, it has entered into a supply partnership in China with Rocky Mountain Water (Shanghai) Ltd. ("**Rocky Mountain**"), a Shanghai-based company established in 2015. Rocky Mountain specializes in promoting wellness through premium beverage distribution and offers a diverse product range, including functional beverages, alkaline water, and plant-based milk alternatives, prioritizing quality and health-conscious choices. Leveraging a strong distribution network that includes direct-to-consumer online sales and tastemaker bricks-and-mortar locations, Rocky Mountain has positioned itself as a prominent distributor in China.

Naturo Group has secured purchase orders for **TRACE** in China totaling \$3,500,000 within the first twelve months from the initial shipment, with a forecasted gross margin of 62%. The supply partnership and purchase orders highlight Naturo Group's strategic expansion efforts and commitment to expanding into key markets, particularly in China, while meeting the demands of health-conscious consumers.

2. Naturally Pure Therapy Products Corp. ("Pure Therapy"):

The Company's wholly-owned subsidiary Pure Therapy is strategically repositioning its e-commerce business to transition to a higher-margin direct-to-consumer model, eliminating the complexities and low net margins associated with the affiliate marketing model. Leveraging Pure Therapy's e-commerce expertise, it plans to enhance customer acquisition and retention strategies providing improved customer lifecycles and boosting overall profitability. The anticipated launch of the new direct-to-consumer e-commerce platform is set for early 2024.

E-Commerce Competitive Advantage

The leadership team at Pure Therapy has been at the forefront of innovation in the e-commerce natural health products sector since 2009. Pure Therapy's strategic advantage lies in direct relationships with GMP Certified manufacturing facilities, providing it with control over the entire supply chain and distribution process. Pure Therapy boasts a comprehensive



suite of marketing collateral, encompassing landing pages, e-commerce sites, and both paid and organic marketing efforts. Additionally, Pure Therapy has cultivated a substantial network of health and lifestyle influencers, enhancing its reach and impact in the market. Furthermore, Pure Therapy excels in merchandising product packages to meet consumer demands, particularly through well-received subscription offerings.

Product Segment Focus

Pure Therapy is strategically focusing on diverse product segments to meet demand for health-conscious consumers, including:

- Life Longevity and Heart Health
- Sleep Health
- Brain Support, Anxiety (i.e., nootropics, adaptogens, etc.)
- Beauty
- General Health and Wellness (i.e., fulvic and humic, etc.)
- Responsible and Natural Slimming
- Water-Soluble CBD

3. BevCanna Operating Corp. (“Bevopco”):

The Company's wholly-owned subsidiary Bevopco has strategically adjusted its approach to its cannabis business, shifting focus towards developing and distributing its own branded products while minimizing involvement in white-label and brand licensing agreements. The overall regulatory landscape in Canada, and in particular the heavy excise tax burden imposed on producers, renders such arrangements cost prohibitive due to slim net margins generated, while brand licensing fees further add to this economic challenge. The licensed producer role also brings an unfavorable risk profile, as the contracted producer inherits all financial and regulatory risks on behalf of its licensors and white-label clients.

In the realm of branded product sales and distribution, Bevopco has achieved notable operational milestones. This includes the successful launch of its flagship product, **Anarchist**



Mountain 10mg THC Lemonade Iced Tea, in Ontario through the Ontario Cannabis Store. Additionally, Bevopco has secured a Health Canada Sales Licence for its beverage manufacturing facility in Osoyoos, BC. This license enables Bevopco to directly distribute its products to provincial and territorial cannabis boards, retailers, and other authorized distributors across Canada.

Despite the nascent nature of the cannabis industry, governmental and regulatory conditions have yet to create a conducive environment for industry and business prosperity. Moving forward, Bevopco is committed to cost reduction efforts. Stringent compliance regulations and elevated operational costs, attributed to such, have hindered profitability for businesses. Government fees and excise taxes pose substantial challenges. Moreover, discretionary return policies by Provincial distributors, coupled with extended net payable terms, expose companies to disrupted cash flows. Addressing these issues necessitates regulatory and fiscal reform in the long term. In the interim, Bevopco is exploring strategic leasing opportunities for its cannabis assets and considering potential licensing or outsourcing arrangements for the production of its cannabis beverage product lines. The ultimate goal is to contribute to reduced operational costs in the evolving cannabis market.

4. Embark Health Inc. (“Embark”):

The Company's wholly-owned subsidiary Embark is conducting a thorough review of its current product portfolio in response to the evolving landscape of the cannabis industry, as detailed above. Embark has prioritized operation optimization, successfully eliminating facility lease costs and subcontracting operational management to a strategic partner. This strategic move has led to a substantial reduction in overhead costs for Embark.

5. Diversified Investments

The Company is actively seeking opportunities for accelerated growth through potential equity and/or debt structured investments in high-growth sectors, aiming to diversify its horizons and expand its presence into emerging markets.

6. Financing & Loans

The Company secured two mortgage loans secured with second charge on Naturo Group's land and property at Bridesville, BC in the amount of \$600,000 and \$200,000 (collectively referred to



as the “**Loans**”). The Loans are due in twelve (12) months, bearing an interest of 16% and 15% respectively per annum. Repayment of the entire mortgage amount is permitted after the Lender has received a minimum of six (6) months interest.

The Company is committed to strengthening its balance sheet, through strategic methods such as equity financings, debt arrangements, and debt settlements. Notably, senior management will continue to predominantly receive compensation in the form of Company shares to minimize cash expenditures. The Company actively sustains working capital commitments by strategically raising capital through various means, including equity financings, shares for debt, and long-term debt arrangements. These efforts are crucial for supporting working capital to fund the Company’s growth initiatives.

7. Subsidiary Streamlining

The Company is dedicated to optimizing its operations by narrowing its focus on core business segments crucial for long-term revenue and profitability. As part of this commitment, the Company completed the voluntary dissolution of wholly-owned subsidiaries, Carmanah Craft Corp. (“**Carmanah**”) and Exceler Holdings Ltd (“**Exceler**”), both of which had no assets before dissolution. This strategic move aligns with the Company's ongoing optimization efforts, and further dissolution of non-core subsidiaries may be considered in the future.

8. Outlook

BevCanna has worked on enhancing operational efficiency, refining its business plan to concentrate on high-margin business segments, and expanding its presence in the world of branded products and finished-goods manufacturing. This strategic focus positions the Company to increase revenue growth in 2024 and beyond, improve cost efficiencies, and become a competitive player in the consumer-packaged goods industry. Looking ahead, management continues to believe in the tremendous potential of the consumer-packaged goods industry and is more excited than ever about the long-term prospects for the Company and its shareholders.

About BevCanna Enterprises Inc.

BevCanna Enterprises Inc. (CSE:BEV, OTC:BVNNF, FSE:7BC) is a diversified lifestyle and wellness consumer packaged goods company. BevCanna develops and manufactures a range of alkaline, mineralized, 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 traditional and regulated retail distribution, and online through its market-leading brands.

On behalf of the Board of Directors:

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

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