

**FORM 51-102F3
Material Change Report**

1. Name and Address of Company

RYU Apparel Inc. (the “**Company**”)
1672 West 2nd Avenue
Vancouver, BC V6J 1H4

2. Date of Material Change

December 15, 2016

3. News Release

The news release was disseminated through CNW on December 16, 2016.

4 Summary of Material Change

On December 15, 2016, the Company announced that it has entered into an engagement letter with Canaccord Genuity Corp. (the “**Agent**”), pursuant to which the Agent has agreed to act as an agent of the Company on a commercially reasonable efforts basis in connection with the offering of common shares of the Company (“**Shares**”) at a price of \$0.15 per Share (the “**Offering Price**”) for an amount to be determined in the context of the market (the “**Offering**”).

The Company has agreed to grant the Agent an over-allotment option, exercisable in whole or in part, for a period of 30 days from the closing of the Offering, to offer an additional 15% of the number of Shares at the Offering Price, solely to cover over-allotments, if any, and for market stabilization purposes.

The Shares will be offered by way of a short form prospectus to be filed in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia.

5. Full Description of Material Change

5.1 Full Description of Material Change

See Item 4 above and the attached news release for a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

None.

8. Executive Officer

Marcello Leone, CEO, President and Chairman of the Board, 604.235.2880

9. Date of Report

December 16, 2016



**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES
OR FOR DISSEMINATION IN THE UNITED STATES**

RYU Apparel Announces Short Form Prospectus Financing

Vancouver, BC – December 15, 2016 – RYU Apparel Inc. (“**RYU**” or the “**Company**”) (TSX VENTURE: RYU & Frankfurt Stock Exchange: RYA), creator of “tailored innovation for the urban athlete”, is pleased to announce that it has entered into an engagement letter with Canaccord Genuity Corp. (the “**Agent**”), pursuant to which the Agent has agreed to act as an agent of the Company on a commercially reasonable efforts basis in connection with the offering of common shares of the Company (“**Shares**”) at a price of \$0.15 per Share (the “**Offering Price**”) for an amount to be determined in the context of the market (the “**Offering**”).

The Company has agreed to grant the Agent an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part, for a period of 30 days from the closing of the Offering (the “**Closing**”), to offer an additional 15% of the number of Shares (the “**Additional Shares**”) at the Offering Price, solely to cover over-allotments, if any, and for market stabilization purposes.

The Shares will be offered by way of a short form prospectus to be filed in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia.

The Offering is expected to close on or about January 12, 2017 and is subject to the Company receiving all necessary regulatory approvals, including the approval of the TSX Venture Exchange.

The net proceeds of the Offering are intended to be used to fund store expansion and to purchase inventory and for general corporate purposes.

The Company also granted to the Agent a right of first refusal to act as lead agent and manager for any equity, convertible debt or debt financing undertaken by the Company for a period of 24 months from the Closing.

The securities described herein have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements. 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 jurisdiction where such offer, solicitation, or sale would be unlawful.



For regular updates on RYU Apparel visit: <http://ryu.com>.

About RYU

RYU Apparel Inc. is tailored innovation for the urban athlete. Designed without compromise, RYU engineers apparel and accessories for the fitness and training of the multi-discipline athlete. Created for athletes by athletes, RYU exists to facilitate human performance. For more information, visit: <http://ryu.com>.

On Behalf of the Board

RYU APPAREL INC.

"Marcello Leone"

Marcello Leone, CEO, President and Chairman of the Board

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This news release contains forward-looking information that involves various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of RYU, such as statements about the Offering, the Closing and the use of proceeds of the Offering. There are numerous risks and uncertainties that could cause actual results and RYU's plans and objectives to differ materially from those expressed in the forward-looking information, including: (i) adverse market conditions; (ii) risks inherent in the apparel industry in general; (iii) the inability of RYU to complete the Offering at all or on the terms announced; or (iv) the TSX Venture Exchange not approving the Offering. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, RYU does not intend to update these forward-looking statements.



Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.