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

January 19, 2018

3. News Release

The news release was disseminated through Market News and Stockwatch on January 19, 2017

4 Summary of Material Change

The Company announced that, further to its news releases dated November 20, November 30, December 4, December 13, and December 22 2017, it has closed the third and final tranche (the "**Third Tranche**") of the non-brokered private placement financing (the "**Financing**") of 114,285,456 Units at a price of $0.07 per Unit for gross proceeds of $7,999,981.92.

The Third Tranche consisted of 80,742,068 Units of the Company at a price of $0.07 per Unit for gross proceeds of $5,651,944.76. Each Unit consists of one common share and one transferable common share purchase warrant (each, a "**Warrant**"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.20 per common share for a period of five years from the closing of the Financing. In connection with the Third Tranche, the Company paid cash finder's fees of $125,000 and issued 1,785,714 share purchase warrants (the "**Finder's Warrants**") to one finder, in accordance with the policies of the TSX Venture Exchange (the "**Exchange**"). Each Finder's Warrant entitles the holder to purchase one additional common share at a price of $0.20 per common share for a period of five years from the closing of the Third Tranche.

The Chief Executive Officer and a director of the Company subscribed for a total of 313,500 Units under the Third Tranche, which is a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The issuances to the insiders are exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the shares issued to the related parties did not exceed 25% of the Company's market capitalization.

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.

The material change is fully described in Item 4 above and in the news release filed on SEDAR at www.sedar.com.

MI 61-101 Requirements

Naturo Group Investments Inc. ("**Naturo**"), a company controlled by Marcello Leone, the President, Chief Executive Officer and a director of the Company, entered into a subscription agreement with the Company, whereby Naturo acquired 300,000 Units at a price of $0.07 per Unit for proceeds of $21,000. As such, a portion of the Third Tranche was a "related-party transaction" as such term is defined in MI 61-101. Mr. Leone's participation in the Financing was ratified by disinterested members of the board of directors of the Company.

Martino Ciambrelli, a director of the Company, entered into a subscription agreement with the Company, whereby Mr. Ciambrelli acquired 13,500 Units at a price of $0.07 per Unit for proceeds of $945. As such, a portion of the Third Tranche was a "related-party transaction" as such term is defined in MI 61-101. Mr. Ciambrelli's participation in the Financing was ratified by disinterested members of the board of directors of the Company.

MI 61-101 requires that issuers obtain a formal valuation and minority shareholder approval of related party transactions, unless an applicable exemption is available. The Company has determined that exemptions from both such requirements were available, given that the aggregate amount of proceeds derived from the insiders was less than $2,500,000 and the Company is not listed on a specified market as set out in MI 61-101.

The following table sets out the effect of the Financing on the percentage of securities of the Company beneficially owned or controlled by Mr. Leone and Mr. Ciambrelli:

Name and Position	Dollar Amount of Units Purchased	Number of Securities Purchased	No. of Shares Held prior to Closing of the Offering	Percentage of Issued and Outstanding Shares prior to Closing of the Offering	No. of Shares Held After Closing of the Offering	Percentage of Issued and Outstanding Shares After Closing of the Offering
Marcello Leone *President, Chief Executive Officer and Director*	$21,000	300,000 common shares and 300,000 warrants	Undiluted: 7,513,606[(1)] Diluted: 24,097,606[(2)]	Undiluted: 2.62%[(3)] Diluted: 7.96%[(4)]	Undiluted: 7,813,606[(5)] Diluted: 24,397,606[(6)]	Undiluted: 2.13%[(7)] Diluted: 6.35%[(8)]
Martino Ciambrelli *Director*	$945	13,500 common shares and 13,500 warrants	Undiluted: 50,000[(9)] Diluted: 400,000[(10)]	Undiluted: 0.01%[(3)] Diluted: 0.14%[(11)]	Undiluted: 63,500[(12)] Diluted: 427,000[(13)]	Undiluted: 0.01%[(7)] Diluted: 0.12%[(14)]

(1) Comprised of 7,508,606 Shares which are held directly and 5,000 Shares which are held indirectly by Naturo Group Investments Inc. ("Naturo").

(2) Comprised of: (a) 7,513,606 Shares, 7,508,606 Shares of which are held directly and 5,000 Shares which are held indirectly by Naturo; (b) 4,550,000 options held directly, each of which is exercisable into one Share; (c) 250,000 options held indirectly by Naturo, each of which is exercisable into one Share; (d) 4,000,000 Share purchase warrants held directly, exercisable at $0.50

per Share until October 20, 2018, (e) 2,000,000 Share purchase warrants held directly, exercisable at $0.50 per Share until March 30, 2019; (f) 5,000,000 Share purchase warrants held directly, exercisable at $0.20 per Share until December 4, 2022, and (g) 784,000 Share purchase warrants held indirectly through Naturo, exercisable at $0.20 per Share until September 1, 2018. Of the 4,550,000 options held directly, 750,000 are fully vested and exercisable at a price of $0.15 per Share until March 28, 2027 and 3,800,000 will vest upon the Company generating net income and positive cash from operations and will be exercisable at $0.30 per Share until August 18, 2024 (in the case of 1,600,000 options) and March 16, 2025 (in the case of 2,200,000 options).

(3) Based on 286,252,487 Shares outstanding prior to the completion of the private placement of Units on January 19, 2018.

(4) Based on 302,836,487 Shares outstanding on a partially-diluted basis prior to the completion of the Financing, comprised of: (i) 286,252,487 Shares outstanding prior to the completion of the private placement of Units on January 19, 2018; (ii) 4,800,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Leone and Naturo; and (iii) 11,784,000 Shares that may be issuable on exercise of warrants of the Company held by Mr. Leone and Naturo, all exercisable within 60 days.

(5) Comprised of 7,813,606 Shares which are held directly and 305,000 Shares which are held indirectly by Naturo.

(6) Comprised of: (a) 7,813,606 Shares which are held directly and 305,000 Shares which are held indirectly by Naturo; (b) 4,550,000 options held directly, each of which is exercisable into one Share; (c) 250,000 options held indirectly by Naturo, each of which is exercisable into one Share; (d) 4,000,000 Share purchase warrants held directly, exercisable at $0.50 per Share until October 20, 2018, (e) 2,000,000 Share purchase warrants held directly, exercisable at $0.50 per Share until March 30, 2019, (f) 5,000,000 share purchase warrants held directly, each of which is exercisable into one Share at a price of $0.20 per Share until December 4, 2022; (g) 784,000 Share purchase warrants held indirectly through Naturo, exercisable at $0.20 per Share until September 1, 2018, and (h) 300,000 Share purchase warrants held indirectly by Naturo, exercisable at $0.20 per Share until January 19, 2023. Of the 4,550,000 options held directly, 750,000 are fully vested and exercisable at a price of $0.15 per Share until March 28, 2027 and 3,800,000 will vest upon the Company generating net income and positive cash from operations and will be exercisable at $0.30 per Share until August 18, 2024 (in the case of 1,600,000 options) and March 16, 2025 (in the case of 2,200,000 options).

(7) Based on 367,270,555 Shares outstanding following the completion of the private placement of Units on January 19, 2018.

(8) Based on 384,154,555 Shares outstanding on a partially diluted-basis following completion of the Financing, comprised of: (i) 367,270,555 Shares outstanding after the completion of the private placement of Units on January 19, 2018; (ii) 4,800,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Leone and Naturo; and (iii) 12,084,000 Shares that may be issuable on exercise of Warrants of the Company held by Mr. Leone and Naturo, all exercisable within 60 days.

(9) Comprised of 50,000 Shares which are held directly.

(10) Comprised of: (a) 50,000 Shares of which are held directly and (b) 350,000 options held directly, each of which is exercisable into one Share;

(11) Based on 286,602,487 Shares outstanding on a partially-diluted basis prior to the completion of the Financing, comprised of: (i) 286,252,487 Shares outstanding prior to the completion of the private placement of Units on January 19, 2018; (ii) 350,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Ciambrelli.

(12) Comprised of 50,000 Shares which are held directly.

(13) Comprised of: (a) 63,500 Shares which are held directly; (b) 350,000 options held directly, each of which is exercisable into one Share; and (c) 13,500 Share purchase warrants held directly, exercisable at $0.20 per Share until January 19, 2023.

(14) Based on 367,634,055 Shares outstanding on a partially diluted-basis following completion of the Financing, comprised of: (i) 367,270,555 Shares outstanding after the completion of the private placement of Units on January 19, 2018; (ii) 350,000 Shares that may be issuable on exercise of stock options of the Company held by Mr. Ciambrelli; and (iii) 13,500 Shares that may be issuable on exercise of Warrants of the Company held by Mr. Ciambrelli, all exercisable within 60 days.

As this material change report is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the private placement and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

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

January 25, 2018

RYU Apparel Closes Third and Final Tranche of $8 Million Private Placement

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

VANCOUVER, Jan. 19, 2018 /CNW/ - RYU Apparel Inc. (TSX VENTURE: RYU & Frankfurt Stock Exchange: RYA) ("**RYU**" or the "**Company**"), creator of urban athletic apparel, is pleased to announce that, further to its news releases dated November 20, November 30, December 4, December 13, and December 22 2017, it has closed the third and final tranche (the "**Third Tranche**") of the non-brokered private placement financing (the "**Financing**") of 114,285,456 Units at a price of $0.07 per Unit for gross proceeds of $7,999,981.97.

The Third Tranche consisted of 80,742,068 Units of the Company at a price of $0.07 per Unit for gross proceeds of $5,651,944.76. Each Unit consists of one common share and one transferable common share purchase warrant (each, a "**Warrant**"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.20 per common share for a period of five years from the closing of the applicable tranche of the Financing. In connection with the Third Tranche, the Company paid cash finder's fees of $125,000 and issued 1,785,714 share purchase warrants (the "**Finder's Warrants**") to one finder, in accordance with the policies of the TSX Venture Exchange (the "**Exchange**"). Each Finder's Warrant entitles the holder to purchase one additional common share at a price of $0.20 per common share for a period of five years from the closing of the Third Tranche.

All securities issued in the Third Tranche are subject to a statutory hold period expiring May 20, 2018.

A company controlled by the Chief Executive Officer and a director of the Company subscribed for a total of 313,500 Units under the Third Tranche, which is a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The issuances to the insiders are exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the securities issued to the related parties did not exceed 25% of the Company's market capitalization.

None of the securities issued in the Financing will be 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.

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

About RYU
Respect Your Universe is an award winning urban athletic apparel and accessories brand. Designed without compromise for fit, comfort, and durability, RYU exists to facilitate human performance. For more information, visit: http://ryu.com.

On Behalf of the Board

RYU APPAREL INC.
"Marcello Leone"

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

SOURCE RYU Apparel Inc.

View original content: http://www.newswire.ca/en/releases/archive/January2018/19/c2688.html

%SEDAR: 00036899E

For further information: Marcello Leone, CEO, President and Chairman of the Board, Tel: 604-235-2880; Investor Relations, Contact: Anna Brazier, Investor Relations, 1-844-535-2880, investors@ryu.com, www.ryu.com; For Media inquiries, contact: Kelsi Carleton, 604-738-2220, kelsi@talkshopmedia.com

CO: RYU Apparel Inc.

CNW 14:41e 19-JAN-18