

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

February 6, 2020

3. News Release

The news release was disseminated through CNW on February 6, 2020.

4 Summary of Material Change

The Company announced that it intends to conduct a non-brokered private placement financing of up to 333,333,333 units (the “**Units**”) at a price of \$0.03 per Unit to raise gross proceeds of a maximum of \$10 million (the “**Private Placement**”) that may close in one or more tranches.

The Company has terminated its prior financing previously announced on November 20, 2019. On the closing of the prior financing, the Company issued a total of 45,322,731 Units for aggregate gross proceeds of approximately \$1,359,681. All securities were subject to a restricted period of four months and one day.

Each Unit consists of one common share of the Company (a “**Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder to purchase one additional Share at a price of \$0.05 for a period of two years following the issuance of the Warrants. The Warrants are subject to accelerated expiry in the event the daily volume weighted average trading price of the Company’s common shares equals or exceeds \$0.10 on the TSX Venture Exchange (the “**Exchange**”) (or such other exchange on which the common shares may be traded) for ten (10) consecutive trading days, in which case, the Company may accelerate the expiry date of the Warrants by giving notice via news release to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which the news release is disseminated by the Company.

While there is no minimum offering, if the Company raises at least \$7 million under the Private Placement, the Company will meet one of the conditions to the entering into of a definitive consulting agreement with a prominent retail consultant (the “**Consultant**”) that is arm’s length to RYU. Please refer to the Company’s news release of January 28, 2020 for details with respect to the letter of engagement and proposed consulting agreement to be entered into between the Company and the Consultant.

Concurrent with the completion of the Private Placement (regardless of whether the full amount is raised or the consulting agreement is entered into), the Company will complete a consolidation of its outstanding common shares on at least a ten (10) old for one (1) new basis.

If the Company raises \$7 million under the Private Placement, the anticipated use of proceeds will be as follows:

Use of Proceeds	Fiscal 2020 (\$)
General Corporate purposes	2,700,000.00
Sore Development	300,000.00
Inventory	4,000,000.00
SUBTOTAL	7,000,000.00

If the Company raises a maximum of \$10 million under the Private Placement, the anticipated use of proceeds will be as follows:

Use of Proceeds	Fiscal 2020 (\$)
General Corporate purposes	5,700,000.00
Sore Development	300,000.00
Inventory	4,000,000.00
SUBTOTAL	10,000,000.00

All securities issued pursuant to the Private Placement will be subject to statutory hold periods in accordance with applicable United States and Canadian securities laws. The securities offered have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws and may not be offered or sold absent registration or compliance with an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

All references to currency are in Canadian dollars.

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

February 10, 2020



RYU APPAREL ANNOUNCES PRIVATE PLACEMENT

Vancouver, BC – February 6, 2020 – /CNW/ RYU Apparel Inc. (TSX-V: RYU, OTCQB: RYPPE) (“**RYU**” or the “**Company**”), creators of urban athletic apparel, is pleased to announce that, further to its news release dated January 28, 2020, it intends to conduct a non-brokered private placement financing of up to 333,333,333 units (the “**Units**”) at a price of \$0.03 per Unit to raise gross proceeds of a maximum of \$10 million (the “**Private Placement**”) that may close in one or more tranches.

The Company has terminated its prior financing previously announced on November 20, 2019. On the closing of the prior financing, the Company issued a total of 45,322,731 Units for aggregate gross proceeds of approximately \$1,359,681. All securities were subject to a restricted period of four months and one day.

Each Unit consists of one common share of the Company (a “**Share**”) and one common share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder to purchase one additional Share at a price of \$0.05 for a period of two years following the issuance of the Warrants. The Warrants are subject to accelerated expiry in the event the daily volume weighted average trading price of the Company’s common shares equals or exceeds \$0.10 on the TSX Venture Exchange (the “**Exchange**”) (or such other exchange on which the common shares may be traded) for ten (10) consecutive trading days, in which case, the Company may accelerate the expiry date of the Warrants by giving notice via news release to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which the news release is disseminated by the Company.

While there is no minimum offering, if the Company raises at least \$7 million under the Private Placement, the Company will meet one of the conditions to the entering into of a definitive consulting agreement with a prominent retail consultant (the “**Consultant**”) that is arm’s length to RYU. Please refer to the Company’s news release of January 28, 2020 for details with respect to the letter of engagement and proposed consulting agreement to be entered into between the Company and the Consultant.

Concurrent with the completion of the Private Placement (regardless of whether the full amount is raised or the consulting agreement is entered into), the Company will complete a consolidation of its outstanding common shares on at least a ten (10) old for one (1) new basis.

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SUBTOTAL	10,000,000.00

All securities issued pursuant to the Private Placement will be subject to statutory hold periods in accordance with applicable United States and Canadian securities laws. The securities offered have not been registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws and may not be offered or sold absent registration or compliance with an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

All references to currency are in Canadian dollars.

On Behalf of the Board

RYU APPAREL INC.

“Marcello Leone”

Marcello Leone, CEO

Tel: 604-235-2880

Investor Relations

Contact: Anna Brazier

Investor Relations

1-844-535-2880

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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.

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 that RYU intends to undertake subsequent tranches of the Private Placement, close any amounts under the Private Placement, close the consulting agreement, and effect the consolidation. 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; or (ii) the inability of RYU to complete the Private Placement at all or on the updated terms announced. 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.