

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Sativa Wellness Group Inc. (the "Issuer").

Trading Symbol: SWEL

Number of Outstanding Listed Securities: 364,615,913

Date: July 31, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*The Company announced its new business strategy following a strong start to the year to include:*

## **Highlights for first half of 2021**

- Change in leadership with the founder returning as Chair and a strong team appointed.
- The Wellness business aligned in three clear divisions as CBD products, Cannabinoid testing and Clinic Testing Services each with a clear business head.
- Q1 the best quarterly turnover to date for any quarter since Sativa Wellness and its predecessor Sativa Group Plc started in 2018 at £1.37m.
- Q2 produced even stronger revenue results with full results for the first 6 months to be reported in August.
- The business is operating on a positive cash flow, and is maintaining a healthy cash position to further its acquisition strategy.
- The main trading company Goodbody Botanicals has generated profits year to date in 2021, from a loss-making position in previous years.
- The novel food submission submitted on time, full acceptance is still in progress.
- ISO 17025 achieved by the Phytovista Laboratory for cannabinoid testing.
- Roll out of 47 COVID testing clinics to build the newest division of the business.
- Successful placement to invest in the future business.

## **Strategic direction**

The business will align the legal entities within the Group with the divisions as laid out above separating clinic testing from CBD so clearer reporting will be available in 2022. The plans we have in place and are progressing include:

### **CBD Products-Goodbody Brand**

- Secure sales through well-known online platforms.
- Build a 'membership' model for CBD to build predictable revenues.
- Extent product range to include drinks and vape.
- Secure distribution agreements with partners throughout Europe.
- Progress merger and acquisitions to increase the product range and revenue.
- Expand the production of an increased range in Poland.

### **Cannabinoid Testing**

- Expanding the scope of the ISO17025 accreditation.
- Work with the Polish laboratory team to expand cannabinoid testing in Europe.
- Position the business to partner with institutions as a key supplier.

### **Clinic Services**

- Significantly increase the footprint of clinics across the UK.
- Expand COVID 19 testing, incorporating Influenza A&B and RSV.
- Introduce a range of wellness testing through the clinic network.
- Introduce technical solutions for faster testing.
- Introduce corporate testing.

2. Provide a general overview and discussion of the activities of management.

*None to report*

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

*None to report*

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

*None to report*

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

*None to report*

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

*None to report*

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

*None to Report.*

8. Describe the acquisition of new customers or loss of customers.

*None to Report.*

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

*None to Report.*

10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

*None to Report.*

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

*None to report*

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

*None to report*

13. Provide details of any securities issued and options or warrants granted.

*The Company announced that Marc Howells, Chief Executive Officer, has been awarded 1,447,173 options over 1,447,173 Common Shares of the Company ("Director Options"). The Director Options vest immediately, have an exercise price of CS0.062 cents and are valid for 5 years. The exercise price of the Director Options, represents the closing mid-market price per Common Share on 8 July 2021, being the last practical date prior to the grant of the Director Options.*

*The Directors Options are issued under the EMI Option Agreement entered into on 8 July 2021, between the Company and Marc Howells.*

*Further, the Company also issued 1,447,173 warrants over 1,447,173 Common Shares of the Company, that vest immediately, have an exercise price of CS0.062 cents and are valid for 3 years. These warrants have been granted for consultancy services to the Company.*

14. Provide details of any loans to or by Related Persons.

*None to report*

15. Provide details of any changes in directors, officers or committee members.

*None to report*

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

*None to report*

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were/is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated August 4, 2021.

Anne Tew  
Name of Director or Senior Officer

  
Signature

CFO / Corporate Secretary  
Official Capacity

|  |                             |                       |                |
|--|-----------------------------|-----------------------|----------------|
| <b>Issuer Details</b>                            |                             | For Month End         | Date of Report |
| Name of Issuer                                   |                             | July 2021             | 07/31/21       |
| Sativa Wellness Group Inc.                       |                             |                       |                |
| Issuer Address                                   |                             |                       |                |
| Suite 409 – 221 503-905 Pender St. W. Esplanade, |                             |                       |                |
| City/Province/Postal Code                        | Issuer Fax No.              | Issuer Telephone No.  |                |
| Vancouver/BC/V7M 3J3                             | ( )                         | ( )                   |                |
| Contact Name                                     | Contact Position            | Contact Telephone No. |                |
| Anne Tew   | Corporate Secretary         | +44 (0) 13 7348 2482  |                |
| Contact Email Address                            | Web Site Address            |                       |                |
| anne@sativawellnessgroup.com                     | www.sativawellnessgroup.com |                       |                |

## FORM 7 – MONTHLY PROGRESS REPORT

