

**ENTHEOS CAPITAL CORP.**

**Condensed Interim Financial Statements  
(Unaudited – prepared by management)**

**For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)**

**1500 – 409 Granville Street  
Vancouver, BC  
V6C 1T2**

**ENTHEOS CAPITAL CORP.**

## Condensed Interim Statements of Financial Position

(Unaudited - expressed in Canadian Dollars)

As at

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 935,298	\$ 882,821
Accounts receivable	1,775	1,409
Prepaid expenses (Note 4)	21,864	3,109
Restricted cash (Note 11)	393,500	-
	<u>\$ 1,352,437</u>	<u>\$ 887,339</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 16,089	\$ 48,926
<b>Shareholders' equity</b>		
Share capital (Note 5)	11,069,779	10,924,779
Subscriptions received (Note 11)	393,500	-
Reserves	625,507	625,507
Deficit	(10,752,438)	(10,711,873)
	<u>1,336,348</u>	<u>838,413</u>
	<u>\$ 1,352,437</u>	<u>\$ 887,339</u>

Nature of operations and going concern (Note 1)

Subsequent events (Notes 6 and 11)

**On behalf of the Board:**

“Brayden Sutton”

Director

“Joshua Taylor”

Director

The accompanying notes are an integral part of these condensed interim financial statements.

**ENTHEOS CAPITAL CORP.**

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the three months ended March 31

	2021	2020
<b>EXPENSES</b>		
Consulting fees (Note 4)	\$ 25,500	\$ 28,500
Office and general	292	1,294
Professional fees	7,481	13,385
Regulatory and transfer agent fees	7,292	13,240
Rent (Note 4)	-	1,985
<b>Net loss before other items</b>	<u>(40,565)</u>	<u>(58,404)</u>
<b>Other income</b>		
Other income	-	337
Unrealized gain on investments	-	174
Gain on debt settlement (Note 3)	-	26,472
	<u>-</u>	<u>26,983</u>
<b>Net loss and comprehensive loss for the period</b>	<u>\$ (40,565)</u>	<u>\$ (31,421)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average shares outstanding	<u>13,531,630</u>	<u>4,468,485</u>

The accompanying notes are an integral part of these condensed interim financial statements.

**ENTHEOS CAPITAL CORP.****Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)**

(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Subscriptions Received	Reserves	Deficit	Total
Balance, December 31, 2019	4,468,485	\$ 9,891,279	\$ -	\$ 625,507	\$ (10,568,631)	\$ (51,845)
Net loss for the period	-	-	-	-	(31,421)	(31,421)
Balance March 31, 2020	4,468,485	9,891,279	-	625,507	(10,600,052)	(83,266)
Private placements	8,333,331	1,000,000	-	-	-	1,000,000
Share issuance costs	-	(11,500)	-	-	-	(11,500)
Warrants exercised	300,000	45,000	-	-	-	45,000
Net loss for the period	-	-	-	-	(111,821)	(111,821)
Balance, December 31, 2020	13,101,816	10,924,779	-	625,507	(10,711,873)	838,413
Subscription received	-	-	393,500	-	-	393,500
Warrant exercised	841,666	145,000	-	-	-	145,000
Net loss for the period	-	-	-	-	(40,565)	(40,565)
Balance, March 31, 2021	13,943,482	\$ 11,069,779	\$ 393,500	\$ 625,507	\$ 10,752,438	\$ 1,336,348

The accompanying notes are an integral part of these condensed interim financial statements.

**ENTHEOS CAPITAL CORP.**

## Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (40,565)	\$ (31,421)
Items not affecting cash:		
Accrued interest income	-	(323)
Gain on debt settlement	-	(26,472)
Gain on investments	-	(174)
Changes in non-cash working capital items:		
Accounts receivable	(366)	2,833
Prepaid expenses	(18,755)	1,833
Accounts payable and accrued liabilities	(32,837)	49,469
Net cash used in operating activities	<u>(92,523)</u>	<u>(4,255)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Repayment of loan receivable	-	5,000
Net cash provided by investing activity	<u>-</u>	<u>5,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscriptions received	393,500	-
Warrants exercised	145,000	-
Net cash provided by financing activities	<u>538,500</u>	<u>-</u>
Change in cash and restricted cash for the period	445,977	745
<b>Cash and restricted cash, beginning of period</b>	882,821	1,220
<b>Cash and restricted cash, end of period</b>	<u>\$ 1,328,798</u>	<u>\$ 1,965</u>

In the three months ended March 31, 2020, the Company:

- a) Assigned marketable securities of \$1,046 to settle accounts payable; and
- b) Assigned a loan receivable of \$63,711 to settle accounts payable and accrued liabilities of \$94,589.

The accompanying notes are an integral part of these condensed interim financial statements.

## **ENTHEOS CAPITAL CORP.**

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

##### **Nature of operations**

Entheos Capital Corp. (the “Company”) was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. The Company provides business advisory services to public and non-public companies.

Effective April 1, 2020, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for 10 pre-consolidation shares. Unless otherwise stated, all shares, stock options, warrants and per share amounts have been restated retrospectively to reflect this share consolidation.

##### **Going concern**

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2021, the Company had not achieved profitable operations, has an accumulated deficit and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While vaccination rates in Canada continue to improve, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak, any subsequent virus variant, and its effects on the Company’s business or ability to raise funds.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. Management believes that the Company will be successful in raising sufficient working capital to maintain operations for the upcoming year. Management may seek to raise the necessary capital to meet new funding requirements. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these condensed interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

#### **2. BASIS OF PREPARATION**

##### **Statement of compliance**

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements for the year ended December 31, 2020.

The Board of Directors approved the condensed interim financial statements for issue on May 28, 2021.

## **ENTHEOS CAPITAL CORP.**

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

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#### **2. BASIS OF PREPARATION (Continued)**

##### **Basis of measurement**

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. These condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

##### **Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

##### **Use of estimates and judgements**

The preparation of the condensed interim financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the condensed interim financial statements and accompanying notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

##### Critical accounting judgements:

##### **Going concern**

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

##### Critical accounting estimates:

##### **Income taxes**

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

#### **3. DEBT SETTLEMENTS**

In the year ended December 31, 2018, in connection with a proposed transaction with a private company, the Company entered into a secured loan agreement and advanced a principal amount of \$100,000. The Company elected not to proceed with the transaction and negotiated a short-term repayment plan for the loan. During the year ended December 31, 2020, the Company received a principal repayment of \$5,000.

In January 2020, the Company settled outstanding debts of \$94,589 by assigning the loan receivable balance of \$63,711 outstanding as at the settlement date and recognized a gain of \$26,472, with GST claimed of \$4,406.

During the year ended December 31, 2020, the Company assigned the marketable securities to settle debt of \$1,046. No gain or loss was recognized on this settlement.

## ENTHEOS CAPITAL CORP.

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

#### 4. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at March 31, 2021 is \$Nil (December 31, 2020 - \$36,500) due to a company controlled by a director, directors, and a company controlled by an officer. Included in prepaid expense at March 31, 2021 is \$19,375 (December 31, 2020 - \$Nil) with a company controlled by a director, directors, and a company controlled by an officer.

During the three months ended March 31, 2021 and 2020 the Company paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors and/or former directors:

	2021	2020
Consulting	\$ 22,500	\$ 22,500
Directors' fees	3,000	3,000
Rent	-	1,985
	\$ 25,500	\$ 27,485

#### 5. SHARE CAPITAL

##### Authorized

Unlimited number of common shares without par value.

##### Share capital transactions

###### *Three months ended March 31, 2021*

On January 27, 2021, the Company issued 483,333 common shares pursuant to the exercise of warrants for gross proceeds of \$72,500.

On February 8, 2021, the Company issued 66,666 common shares pursuant to the exercise of warrants for gross proceeds of \$10,000.

On February 23, 2021, the Company issued 125,000 common shares pursuant to the exercise of warrants for gross proceeds of \$37,500.

On March 29, 2021, the Company issued 166,667 common shares pursuant to the exercise of warrants for gross proceeds of \$25,000.

###### *Year ended December 31, 2020*

In April 2020, the Company completed a private placement of 3,333,331 units at a price of \$0.075 per unit ("April Unit") for gross proceeds of \$250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.15 per share for a period of one year.

In May 2020, the Company completed a private placement at 5,000,000 units at a price of \$0.15 per unit ("May Unit") for gross proceeds of \$750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.30 per share for a period of one year.



## ENTHEOS CAPITAL CORP.

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

#### 6. STOCK OPTIONS AND WARRANTS

##### Stock Options

The Company has a rolling stock option plan (as confirmed by shareholders on March 26, 2020), whereby it may issue options of up to 10% of the Company's issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the Board of Directors at the time options are granted. The exercise price shall not be less than the closing price of the Company's shares traded through the facilities of the TSX Venture Exchange ("TSXV") prior to the announcement of the option grant.

As at March 31, 2021 and December 31, 2020, the following incentive stock options were outstanding:

March 31, 2021	December 31, 2020	Exercise Price	Expiry Date
85,000	85,000	\$1.00	October 13, 2022

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2019	274,500	\$ 1.00
Cancelled	(189,500)	1.00
Outstanding and exercisable, December 31, 2020 and March 31, 2021	85,000	\$ 1.00

##### Warrants

At March 31, 2021 and December 31, 2020, the following warrants were outstanding and exercisable:

March 31, 2021	December 31, 2020	Exercise Price	Expiry Date
650,000	1,366,666	\$0.15	April 13, 2021 <sup>(1)</sup>
2,375,000	2,500,000	\$0.30	May 22, 2021 <sup>(2)</sup>
3,025,000	3,866,666		

<sup>(1)</sup> Subsequent to March 31, 2021, 650,000 of these warrants were exercised for gross proceeds of \$97,500.

<sup>(2)</sup> Subsequent to March 31, 2021, these warrants expired unexercised.

## ENTHEOS CAPITAL CORP.

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

#### 6. STOCK OPTIONS AND WARRANTS (Continued)

##### Warrants (Continued)

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding December 31, 2019	-	\$ -
Issued	4,166,666	0.24
Exercised	(300,000)	0.15
Outstanding and exercisable December 31, 2020	3,866,666	0.25
Exercised	(841,666)	0.17
Outstanding and exercisable March 31, 2021	3,025,000	\$ 0.27

#### 7. CAPITAL MANAGEMENT

The Company manages its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

#### 8. FINANCIAL INSTRUMENTS

##### Fair value

The Company classifies its cash and restricted cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities are carried at amortized cost.

The carrying value of accounts payable and accrued liabilities approximate its fair value due to the short-term maturity of this financial instrument.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

##### Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and restricted cash. Management believes that the credit risk concentration with respect to cash and restricted cash is remote as it maintains accounts with highly rated financial institutions.

## **ENTHEOS CAPITAL CORP.**

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

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#### **8. FINANCIAL INSTRUMENTS (Continued)**

##### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2021, the Company had working capital of \$1,336,348 (December 31, 2020 – \$838,413). All of the Company’s liabilities are due within 90 days of March 31, 2021.

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk.

#### **9. PROPOSED TRANSACTION**

On February 7, 2021, the Company entered into a binding letter agreement with The BC Bud Corporation (“BCBC”) whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange (the “Transaction”).

Upon the successful completion of the Transaction, it is anticipated that the Company will carry on the business of BCBC (the “Resulting Issuer”) and will seek to delist its common shares from the TSXV and list its common shares on the Canadian Securities Exchange (“CSE”) such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction will constitute a ‘reverse takeover’ of the Company.

Pursuant to the Transaction, the Company will issue common shares in its capital (“ENTH Shares”) to the holders of common shares in the capital of BCBC (“BCBC Shares”) on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (executed), the completion of a private placement by the Company to raise gross proceeds of at least \$1,000,000 (Note 11), shareholder approval and the approval of the CSE and other applicable regulatory authorities. Additionally, the delisting of the ENTH Shares in advance of the listing on the CSE will also require shareholder approval.

#### **10. SEGMENTED INFORMATION**

The Company’s operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company’s operations and assets are in Canada.

## **ENTHEOS CAPITAL CORP.**

### Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

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#### **11. SUBSEQUENT EVENT**

##### *Financing*

In April 2021, the Company completed its non-brokered private placement of subscription receipts (“Subscription Receipts”) issuing an aggregate of 4,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt generating gross proceeds of \$1,000,000, of which \$393,500 had been received at March 31, 2021. The Subscription Receipts will automatically convert immediately into one unit (“Unit”) prior to the closing of the Transaction (Note 9). Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase a common share at a price of \$0.50 for a period of two years.

The proceeds of the financing are currently being held in escrow with the Company pending the completion of the Transaction and the delisting of the Company’s shares from the TSXV and listing on the CSE on or before September 30, 2021, which may be extended in accordance with the terms of the Subscription Receipts.