

**THE BC BUD HOLDINGS CORP.**  
**(Formerly The BC Bud Corporation)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**THE BC BUD HOLDINGS CORP.**

(Formerly The BC Bud Corporation)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(Expressed in Canadian Dollars)

**AS AT AUGUST 31, 2021 AND FEBRUARY 28, 2021**

	<b>August 31, 2021</b>	<b>February 28, 2021</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 155,211	\$ 340,429
Goods services tax (GST) recoverable	7,325	1,582
Prepaid expenses	99,408	2,317
Inventory (Note 3)	485	6,273
	<u>262,429</u>	<u>350,601</u>
<b>Machinery and equipment</b> (Note 4)	66,881	68,591
<b>Intangible assets</b> (Note 5)	<u>7,674</u>	<u>1,340</u>
	<u>\$ 336,984</u>	<u>\$ 420,532</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 34,722	\$ 26,416
Provincial sales tax (PST) payable	-	35
Due to shareholder (Note 8)	-	14
	<u>34,722</u>	<u>26,465</u>
<b>Loan payable</b> (Notes 6 and 8)	<u>89,117</u>	<u>85,761</u>
	123,839	112,226
<b>Shareholders' equity</b>		
Share capital (Note 7)	351,340	351,340
Equity contribution from shareholder (Notes 7 and 8)	15,358	15,358
Deficit	<u>(153,553)</u>	<u>(58,392)</u>
	<u>213,145</u>	<u>308,306</u>
	<u>\$ 336,984</u>	<u>\$ 420,532</u>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENT (Note 12)

Approved and authorized by the Board on October 25, 2021

/s/ Brayden Sutton

Director

/s/ Josh Taylor

Director

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

**THE BC BUD HOLDINGS CORP.**

(Formerly The BC Bud Corporation)

**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

	For the three months ended August 31, 2021	For the three months ended August 31, 2020	For the six months ended August 31, 2021	For the six months ended August 31, 2020
<b>EXPENSES</b>				
Accounting and legal	\$ 14,807	\$ -	\$ 25,156	\$ -
Advertising and promotion	22,384	6,659	33,224	6,659
Amortization (Note 5)	2,833	-	2,833	-
Consulting	9,150	-	16,369	-
Depreciation (Note 4)	1,710	-	1,710	-
Filing fees	-	-	-	430
Office and administration	2,979	242	4,188	242
Product research and development	7,875	-	7,875	-
Rent	-	-	450	-
Total operating expenses	(61,738)	(6,901)	(91,805)	(7,331)
<b>OTHER ITEM</b>				
Accretion expense (Note 6)	(1,882)	-	(3,356)	-
Loss and comprehensive for the period	\$ (63,620)	\$ (6,901)	\$ (95,161)	\$ (7,331)
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (6,901)</b>	<b>\$ (0.01)</b>	<b>\$ (7,331)</b>
<b>Weighted average number of common shares outstanding</b>	<b>12,500,000</b>	<b>1</b>	<b>12,500,000</b>	<b>1</b>

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

**THE BC BUD HOLDINGS CORP.**  
(Formerly The BC Bud Corporation)  
CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
(Unaudited)  
(Expressed in Canadian Dollars)  
**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net loss for the period	\$ (95,161)	\$ (7,331)
Items not involving cash:		
Accretion expense	3,356	-
Amortization expense	2,833	-
Depreciation expense	1,710	-
Changes in non-cash working capital:		
GST recoverable	(5,743)	-
PST payable	(35)	-
Prepaid expenses	(97,091)	-
Inventory	5,788	-
Accounts payable and accrued liabilities	8,306	-
Due to shareholder	(14)	7,331
<b>Cash used in operating activities</b>	<u>(176,051)</u>	<u>-</u>
<b>Investing activity</b>		
Intangible asset purchases	<u>(9,167)</u>	<u>-</u>
<b>Cash used in investing activity</b>	<u>(9,167)</u>	<u>-</u>
<b>Change in cash</b>	(185,218)	-
<b>Cash, beginning of period</b>	<u>340,429</u>	<u>1</u>
<b>Cash, end of period</b>	<u>\$ 155,211</u>	<u>\$ 1</u>

**Supplemental cash flow disclosure**

There were no non-cash financing or investing transactions for the six months period ended August 31, 2021 and 2020.

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

**THE BC BUD HOLDINGS CORP.**

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

(Unaudited)

(Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number	Amount	Equity contribution from shareholder	Deficit	Total
<b>Balance, February 29, 2020</b>	1	\$ 1	\$ -	\$ (2,280)	\$ (2,279)
Loss and comprehensive loss for the period	-	-	-	(7,331)	(7,331)
<b>Balance, August 31, 2020</b>	1	1	-	(9,611)	(9,610)
Cancellation of incorporation shares	(1)	(1)	-	-	(1)
Issuance of common shares for cash	2,500,000	350,000	-	-	350,000
Issuance of common shares for intangible asset	10,000,000	1,340	-	-	1,340
Equity contribution from shareholder	-	-	15,358	-	15,358
Loss and comprehensive loss for the period	-	-	-	(48,781)	(48,781)
<b>Balance, February 28, 2021</b>	12,500,000	\$ 351,340	\$ 15,358	\$ (58,392)	\$ 308,306
Loss and comprehensive loss for the period	-	-	-	(95,161)	(95,161)
<b>Balance, August 31, 2021</b>	12,500,000	\$ 351,340	\$ 15,358	\$ (153,553)	\$ 213,145

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

# THE BC BUD HOLDINGS CORP.

(Formerly The BC Bud Corporation)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

The BC Bud Holdings Corp. (formerly The BC Bud Corporation) (the "Company" or "BC Bud") was incorporated under the Canada Business Corporations Act on March 1, 2019. Effective November 17, 2020, the Company registered in the Province of British Columbia. The records office of the Company is located at 151 – West 2nd Avenue, Vancouver, British Columbia, V5Y 0L8.

The Company is a house of brands that strategically aligns with licensed cannabis producers to manufacturer a variety of cannabis products. Through their strategic partnership agreements with these licensed manufacturers, the Company will bring to market specialized cannabis-based concentrates, beverages, edibles and apparels.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company reported a comprehensive loss of \$95,161 for the six months ended August 31, 2021 (2020 - \$7,331) and had an accumulated deficit of \$153,553 as at August 31, 2021 (February 28, 2021 - \$58,392). The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The achievement of profitable operations is dependent on the demand of its manufactured products by the retailers. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the pandemic has not had a significant impact on the Company's operations. Management continues to monitor the situation.

## 2. BASIS OF PREPARATION

### Statement of compliance

These condensed interim financial statements including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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 February 28, 2021.

### Basis of presentation

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

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

### Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

## THE BC BUD HOLDINGS CORP.

(Formerly The BC Bud Corporation)

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

## 2. BASIS OF PREPARATION (cont'd...)

### Use of judgments and estimates (cont'd...)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Going concern

As the Company currently does not generate income from operations, the assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events, such as revenue generation, that are believed to be currently reasonable.

- Research and development expenditures

Distinguishing the research and development phases of a technology or product and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired. No research and development costs were capitalized during the period ended August 31, 2021.

- Machinery and equipment – indicators of impairment

At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its machinery and equipment. If there are indications of impairment, management performs an impairment test on a cash-generating unit basis. The impairment test compares the recoverable amount of the asset to its carrying amount. The recoverable amount is the higher of the asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs of disposal

The key areas of estimates applied in the preparation of the condensed financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Intangible assets – impairment

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. The calculations for impairment testing of the Company's indefinite life intangible assets involve significant estimates and assumptions. Judgment is also exercised to determine whether an indication of impairment is present that would require the completion of an impairment test in addition to the annual testing.

## 3. INVENTORY

<b>Inventory</b>	<b>August 31, 2021</b>	<b>February 28, 2021</b>
Finished goods	\$ 485	\$ 6,273
<b>Balance, end of period</b>	<b>\$ 485</b>	<b>\$ 6,273</b>

Inventory consists of branded promotional materials for sale. Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020****4. MACHINERY AND EQUIPMENT**

	<b>Machinery</b>	<b>Equipment</b>	<b>Total</b>
<b>Cost</b>			
Balance, February 29, 2020	\$ -	\$ -	\$ -
Additions	49,528	19,063	68,591
Balance, February 28 and August 31, 2021	\$ 49,528	\$ 19,063	\$ 68,591
<b>Accumulated Depreciation</b>			
Balance, February 29, 2020 and February 28, 2021	\$ -	\$ -	\$ -
Depreciation	1,235	475	1,710
Balance, August 31, 2021	\$ 1,235	\$ 475	\$ 1,710
<b>Net Book Value</b>			
Balance, February 28, 2021	\$ 49,528	\$ 19,063	\$ 68,591
Balance, August 31, 2021	\$ 48,293	\$ 18,588	\$ 66,881

The machinery and equipment were ready for its intended use as of June 1, 2021 and depreciated at a CCA rate of 20%.

**5. INTANGIBLE ASSETS**

	<b>Trademark</b>	<b>Website Development</b>	<b>Total</b>
<b>Cost</b>			
Balance, February 29, 2021	\$ 1,340	\$ -	\$ 1,340
Additions	667	8,500	9,167
Balance, August 31, 2021	\$ 2,007	\$ 8,500	\$ 10,507
<b>Accumulated Amortization</b>			
Balance, February 29, 2021	\$ -	\$ -	\$ -
Amortization	-	2,833	2,833
Balance, August 31, 2021	\$ -	\$ 2,833	\$ 2,833
<b>Net Book Value</b>			
Balance, February 28, 2021	\$ 1,340	\$ -	\$ 1,340
Balance, August 31, 2021	\$ 2,007	\$ 5,667	\$ 7,674

On February 5, 2021, the Company entered an asset assignment and assumption agreement, under which trademarks were assigned to the Company by a shareholder of the Company for consideration of 10,000,000 common shares. The intangible asset consists of trademarks, "The BC Bud Co.", "Canna Beans", "Buds", "Solventless Solutions" and "Not an LP". The trademarks include all rights to and content of the domain names, social media names, all literature and social media sites, branding and design material associated with the trademarks.

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### 5. INTANGIBLE ASSETS (cont'd...)

The Company's trademarks have been assigned an indefinite useful life, as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows and the Company's intention is to continue to utilize these trade names for the foreseeable future.

The website development for the shop section on the website has been amortized over its useful life.

### 6. LOAN PAYABLE

On January 20, 2021, the Company received a loan of \$100,000 from Sutton Ventures Ltd., a significant shareholder of the Company. The loan is secured by all present and future acquired property of the Company and is payable on the earlier of:

- a) January 15, 2023; or
- b) The occurrence of an event of default.

No interest will accrue on the outstanding balance, unless an event of default occurs, in which cases, interest will be deemed to have accrued on the outstanding balance from the date of advancement at a rate of 8.0% per annum, compounded annually, and will be payable maturity.

The loan is recorded at fair value on initial recognition, which was determined to be \$84,642 using a discount rate of 8.5%, resulting in a total discount of \$15,358. As the loan was provided by a shareholder of the Company, the discount was recorded as an equity contribution. During the six-month period ended August 31, 2021, accretion expense of \$3,356 (2020 - \$Nil) was recorded in the condensed interim statements of loss and comprehensive loss.

### 7. SHARE CAPITAL

- a) Authorized share capital

Unlimited number of common shares without par value.

- b) Issued share capital

In the year ended February 28, 2021, the Company:

- i. Issued 10,000,000 common shares to founders of the Company under an asset assignment and assumption agreement (Note 5);
- ii. Completed a private placement of 2,500,000 common shares at a price of \$0.14 per common share for gross proceeds of \$350,000.

No share capital activity during the six months ended August 31, 2021.

### 8. RELATED PARTY TRANSACTIONS AND BALANCES

#### Management

Key management personnel comprise the Chief Executive Officer and President. The remuneration of the key management personnel during the period ended August 31, 2021 was \$Nil (2020 - \$Nil).

During the year ended February 28, 2021 the Company received a loan from Sutton Ventures Ltd., an entity controlled by the CEO of the Company (Note 6).

As at August 31, 2021, the Company had \$Nil (February 28, 2021 - \$14) due to a significant shareholder for expenses paid on behalf of the Company. These amounts are non-interest bearing and due on demand.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

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### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

The Company classifies its cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and due to shareholder are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost and can be discharged at a current settlement value of \$100,000, being the face value of the loan.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

#### Financial risk factors

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2021, the Company had a working capital of \$227,707 (February 28, 2021 - \$324,136). The Company's financial liabilities mature within 30 days with the exception of the loan which is payable on January 15, 2023 (Note 6).

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives. The Company is not currently exposed to any significant interest rate, foreign exchange rate or commodity and equity prices risk.

### 10. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period ended August 31, 2021.

### 11. SEGMENTED INFORMATION

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

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

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**FOR THE SIX MONTHS ENDED AUGUST 31, 2021 AND 2020**

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### **12. SUBSEQUENT EVENT**

On September 29, 2021, the Company completed the transaction with The BC Bud Corporation (formerly Entheos Capital Corp.) ("BCBC") whereby BCBC acquired all of the issued and outstanding securities of the Company by way of a share exchange (the "Transaction").

Upon the completion of the Transaction, BCBC has assumed the business of the Company (the "Resulting Issuer"). BCBC delisted its common shares from the TSX Venture Exchange and completed its listing of its common shares on the Canadian Securities Exchange ("CSE"). The common shares of the Resulting Issuer are listed on the CSE as a life science issuer in the cannabis industry.

Pursuant to the Transaction, BCBC issued common shares in its capital ("BCBC Shares") to the holders of common shares in the capital of the Company ("BC Bud Shares") on the basis of 2.1 BCBC Shares for each BC Bud Share. On September 29, 2021, BCBC issued 26,250,000 BCBC Shares pursuant to the Transaction and acquired all of the issued and outstanding common shares of the Company.