

**The BC Bud Corporation
(Formerly Entheos Capital Corp.)**

**Condensed Consolidated Interim Financial Statements
(Unaudited)**

**For the nine months ended November 30, 2021 and 2020
(Expressed in Canadian Dollars)**

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

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2021

(Unaudited – expressed in Canadian Dollars)

Notice to Reader: No Auditor Review of Condensed Consolidated Interim Financial Statements

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.

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Condensed Consolidated Statements of Financial Position

	Note	November 30, 2021	November 30, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 1,889,593	\$ 844,896
Prepaid expenses		49,713	1,859
Advances	Note 4	91,148	-
Inventory	Note 4	3,996	-
		<u>2,034,449</u>	<u>846,755</u>
Fixed assets	Note 5	62,985	-
Website development	Note 6	2,833	-
Intangible assets	Note 6	2,007	-
Investments	Note 3	6,562,500	-
		<u>\$ 8,664,774</u>	<u>\$ 846,755</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 15,853	\$ 33,952
Loans payable	Note 7	90,793	-
		<u>106,656</u>	<u>33,952</u>
Shareholders' equity			
Share capital	Note 3, 8	16,807,777	10,957,777
Share issue costs		(86,998)	(77,998)
Share capital in subsidiary		366,698	-
Reserves		2,063,000	63,000
Contributed surplus		562,508	562,508
Retained earnings		(10,788,366)	(10,553,822)
Deficit		(366,490)	(138,661)
		<u>8,558,129</u>	<u>812,803</u>
		<u>\$ 8,664,774</u>	<u>\$ 846,755</u>

On behalf of the Board:

“Brayden Sutton”
Director

“Joshua Taylor”
Director

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Condensed Consolidated Statements of Earnings and Comprehensive Loss

		Three Months Ended November 30		Nine Months Ended November 30	
	Note	2021	2020	2021	2020
Operating expenses					
Advertising and promotion		\$ 45,268	\$ -	\$ 45,268	\$ -
Amortization and Depreciation		5,422	-	5,422	-
Consulting fees		29,193	25,500	78,193	76,500
Insurance		11,083	-	11,083	-
Office and administration		1,439	324	2,047	944
Professional fees		11,443	5,563	63,746	41,266
Regulatory and transfer agent fees		23,864	3,112	37,507	19,951
Research and development		13,565	-	13,565	-
		141,277	34,499	256,832	138,661
Net operating loss		(141,277)	(34,499)	(256,832)	(138,661)
Other expenses/(income)					
Other income		(114)	-	(150)	-
Accretion		3,558	-	3,558	-
		3,444	-	3,408	-
Net loss for the period		\$(144,721)	\$ (34,499)	\$(260,239)	\$(138,661)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding		35,535,790	12,801,816	21,328,823	10,782,352

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Condensed Consolidated Statement of Changes in Shareholders' Equity

	Note	Three Months Ended November 30		Nine Months Ended November 30	
		2021	2020	2021	2020
Share Capital					
Balance – beginning of period		\$12,299,277	\$11,015,777	\$11,185,777	\$10,020,778
Private placements			-	122,500	955,000
Warrants exercised		870,000		870,000	45,000
Acquisition		6,692,500	-	6,692,500	-
Subscriptions		(991,000)	5,000	-	-
Balance – end of period		18,870,777	11,020,777	18,870,777	11,020,778
Retained Earnings					
Balance – beginning of period		(11,010,135)	(10,657,985)	(10,894,617)	(10,553,822)
Net loss		(144,721)	(34,499)	(260,239)	(138,662)
Balance – end of period		\$(11,154,856)	\$(10,692,484)	\$(11,154,856)	\$(10,692,484)
Number of Shares Outstanding					
Balance – beginning of period		14,593,482	12,801,816	13,776,815	4,468,485
Private placements		-	-	816,667	8,033,331
Warrants exercised		3,480,000	-	3,480,000	300,000
Acquisition		26,770,000	-	26,770,000	-
Balance – end of period		44,843,482	12,801,816	44,843,482	12,801,816

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Condensed Consolidated Statements of Cash Flows

		Three Months Ended November 30		Nine Months Ended November 30	
	Note	2021	2020	2021	2020
Operating Activities					
Net income (loss)		\$ (144,721)	\$ (34,499)	\$ (260,239)	\$ (138,661)
Change in working capital:					
Accounts Receivable					
Prepaid		52,570	1,250	55,304	(1,027)
Inventory		(94,704)	-	(94,704)	
Investments					
Accounts Payable		(29,122)	35,019	18,635	(3,954)
Intercompany					
Depreciation		3,758	-	3,758	
		(212,218)	1,770	(277,245)	(143,642)
Investing Activities					
Fixed Assets					
Website Development		2,833	-	2,833	-
Acquisition of BC Bud Holdings		(6,562,500)	-	(6,562,500)	-
Intangible Assets			-		-
		(6,559,667)	-	(6,559,667)	-
Financing Activities					
Common Shares		5,553,500	5,000	5,565,970	988,500
Preferred Shares					
Warrants		2,000,000		2,000,000	-
Subscription		(991,000)			
Promissory Note		3,558		3,558	-
Retained Earnings		-	-	(4,406)	-
		6,566,058	5,000	7,565,122	988,500
Change in cash		(205,827)	6,770	728,210	844,858
Cash – beginning of period		2,095,420	838,126	1,161,383	39
Cash – end of period		\$ 1,889,593	\$ 844,896	\$ 1,889,593	\$ 844,896

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Notes to the Condensed Consolidated Interim Financial Statements

1. Nature of operations and going concern

Nature of operations

The BC Bud Corporation (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. On September 29, 2021, the Entheos Capital Corp. completed a reverse takeover transaction with The BC Bud Corporation and changed its name to The BC Bud Corporation. The BC Bud Corporation is listed on the Canadian Securities Exchange (“CSE”) under the symbol “BCBC”.

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.

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. As at November 30, 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,

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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 Operation

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 consolidated interim financial statements for issue on January 30, 2022.

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.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns. Details of controlled entities are as follows:

	Jurisdiction of Incorporation	Percentage Owned	
		November 30, 2021	November 30, 2020
The BC Bud Holdings Corp.	British Columbia, Canada	100%	-

The BC Bud Holdings Corp. (formerly The BC Bud Corporation) 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.

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.

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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. Acquisition of The BC Bud Corporation (formerly The BC Bud Holdings Corp.)

The Company acquired all of the issued and outstanding securities of BCBC in consideration of the issuance of 26,250,000 common shares of the Company (the "Payment Shares"). BCBC is now a wholly owned subsidiary of the Company. All of the Payment Shares are subject to escrow pursuant to the policies of the CSE and will be released from escrow based on the passage of time, such that 10% of the securities were released on closing and the balance will be released in six equal tranches of 15% every six months thereafter.

As two directors of the Company, being CEO Brayden Sutton and Director Josh Taylor were the holders of 40% of the issued and outstanding shares of BCBC, the Transaction constitutes a 'related party transaction' as defined in Multilateral Instrument 61-101 – Protection of *Minority Security Holders in Special Transactions*.

In connection with the Transaction, the Company completed a non-brokered private placement ("Private Placement") of 4,000,000 subscription receipts ("Subscription Receipts") at a price of \$0.25 per Subscription Receipt for aggregate gross proceeds of \$1,000,000, as further described in the Company's news release dated April 26, 2021.

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Immediately prior to closing the Transaction, each Subscription Receipt issued pursuant to the Private Placement was converted into one unit of the Company comprising one common share of the Company and one share purchase warrant (each a “Warrant”). Each Warrant entitles the holder to acquire one additional common shares of the Company at an exercise price of \$0.50 per share until September 29, 2023, following the extension of the term of the Warrants approved by the Company. The Warrants are also subject to accelerated expiry provisions, whereby, if the closing price of the Company’s common shares exceeds \$0.75 per share for a period of ten consecutive trading days, at the Company’s election, the 24 month period within which the Warrants are exercisable will be reduced and the holders of the Warrants will be entitled to exercise their Warrants for a period of 30 days commencing on the day the Company provides notice of same.

4. Advances & Inventory

Inventory

Advances are all cash advances to pay for the purchase of raw materials inventory held in trust.

Advance amount as of November 30, 2021 is \$91,148 (2020 - \$nil).

Inventory

	November 30, 2021	November 30, 2020
Raw Materials	\$ -	\$ -
Products	440	-
Merchandise	3,556	-
Balance, end of period	\$ 3,996	\$ -

Merchandise 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.

5. Machinery and Equipment

	November 30, 2021	November 30, 2020
Total cost	\$ 68,591	\$ -
Accumulated depreciation	(5,606)	-
Net book value	\$ 62,985	\$ -

Machinery and equipment were acquired as part of the acquisition of The BC Bud Holdings Corp.

6. Intangible Assets

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	November 30, 2021	November 30, 2020
Trademarks		
Cost	\$ 2,007	\$ -
Amortization	-	-
Balance – end of period	2,007	-
Website Development		
Cost	8,500	-
Amortization	(5,667)	-
Balance – end of period	2,833	-

Trademarks and website development were acquired as part of the acquisition of The BC Bud Holdings Corp.

Trademarks consist of the following trademarks: "The BC Bud Co.", "Canna Beans", "Buds", "Solventless Solutions", "Not an LP", "Canna Almonds", and "Canna Berries". 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.

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.

7. 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 at 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 nine month period

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ended November 30, 2021, accretion expense of \$5,032 (2020 - \$Nil) was recorded in the condensed consolidated statements of earnings and comprehensive loss.

8. Share Capital

Authorized Share Capital

The authorized capital of the company consists of unlimited common shares without par value.

Issued Share Capital

A total of 194,753 common shares were issued between September 1 and November 30, 2021, bringing the total number of shares outstanding to 44,843,482.

Number of Shares Outstanding	March 1 to November 30	
	2021	2020
Balance - beginning of period	13,776,815	4,468,485
Issuance of Common Shares by Private Placement	816,667	8,033,331
Issuance of Common Shares by Acquisition	26,770,000	-
Issuance of Common Shares by Warrants	3,480,000	300,000
Balance - end of period	44,843,482	12,801,816

Notable Share Issuances

On September 29, 2021, 26,770,000 were issued in exchange for all issued and outstanding securities in The BC Bud Corporation. See Note 3 for further details.

9. Related Party Transactions

Related parties include the Board of Directors, corporate officers, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions in material subsidiaries. This includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole and its subsidiaries.

During the nine months ended November 30, 2021, the Company paid or accrued the following amounts towards related parties:

Name of Company	Directors/Officers	November 30, 2021	November 30, 2020
Sutton Ventures (consulting fees)	Brayden Sutton	\$ 31,500	\$ 31,500
Tricanna Industries Inc (inventory purchase)	Dayna Lange	58,855	
Red Fern Consulting (consulting fees)	Samantha Shorter (former CFO)	15,750	15,750

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Corey Larricq (director's fees)	Corey Larricq				3,000
TJT Ventures (consulting fees)	Joshua Taylor		7,500		
Joshua Taylor (director's fees)	Joshua Taylor	\$	500	\$	3,000

10. 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 November 30, 2021. The Company is not subject to externally imposed capital requirements.

11. Financial Instruments

Fair value

The Company classifies its cash, cash equivalents 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 and subscription receipts 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, cash equivalents and restricted cash. Management believes that the credit risk concentration with respect to cash, cash equivalents and restricted cash is remote as it maintains accounts with highly rated financial institutions.

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Cash and cash equivalents comprise of cash and highly liquid investments having maturity dates of three months or less, which are readily convertible into a known amount of cash at any time, and are subject to an insignificant risk to changes in their fair value. Cash and cash equivalents consist of \$1,899,593 (November 30, 2020 - \$844,896).

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. As at November 30, 2021, the Company had working capital of \$2,018,597 (November 30, 2020 – \$812,803). All of the Company's current liabilities are due within 90 days of November 30, 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.