

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

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

**For the nine months ended November 2022 and 2021
(Expressed in Canadian Dollars)**

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

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(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.

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

Condensed Consolidated Statements of Financial Position

	Note	November 30, 2022	November 30, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 191,423	\$ 1,889,593
Accounts receivable		438,879	19,692
Prepaid expenses		4,782	49,713
Advances/Inventory Held in Trust	Note 3	497,461	91,148
Inventory	Note 3	178,072	3,996
		<u>1,310,617</u>	<u>2,054,141</u>
Fixed assets	Note 4	49,157	62,985
Website development	Note 5	-	2,833
Intangible assets	Note 5	2,007	2,007
		<u>\$ 1,361,781</u>	<u>\$ 2,121,966</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 228,174	\$ 35,544
Loans payable (short term portion)		98,329	-
		<u>-</u>	<u>90,793</u>
Loans payable	Note 6	-	90,793
		<u>326,502</u>	<u>126,337</u>
Shareholders' equity			
Share capital	Note 7	4,615,600	4,271,329
Reserves		152,086	2,968
Contributed surplus		57,579	-
Retained earnings		(2,895,624)	(58,392)
Deficit		(894,363)	(2,220,276)
		<u>1,035,279</u>	<u>1,995,629</u>
		<u>\$ 1,361,781</u>	<u>\$ 2,121,966</u>

On behalf of the Board:

"Brayden Sutton"
Director

"Joshua Taylor"
Director

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

Condensed Consolidated Statements of Earnings and Comprehensive Loss

	Note	Three Months Ended November 30		Nine Months Ended November 30	
		2022	2021	2022	2021
Revenue					
Product revenue		\$ 161,727	\$ -	\$ 781,812	\$ -
Merchandise revenue			98		151
		161,727	98	781,812	151
Cost of Goods Sold					
Product costs		208,252	45	999,960	45
Merchandise costs			3		6
		208,252	48	999,960	51
Net gross margin		(46,524)	49	(218,148)	100
Operating expenses					
Advertising and promotion		4,063	48,768	55,844	81,992
Amortization and Depreciation		3,430	8,440	10,289	11,273
Consulting fees		86,900	24,026	251,286	40,395
Incorporation cost					524
Insurance			16,088	32,175	16,088
Office and administration		4,433	1,649	8,780	5,809
Professional fees	Note 8	49,337	11,992	119,273	37,148
Regulatory and transfer agent fees		14,138	3,988	57,213	3,988
Research and development			13,565	754	21,440
Stock based compensation		(36,985)		137,347	
Supplies		200		400	
		125,515	128,515	673,361	218,656
Net operating loss		(172,040)	(128,466)	(891,510)	(218,556)
Other expenses/(income)					
Other income			(95)	(3,326)	(95)
Other expenses			-	447	4
Listing Expense			1,996,781		1,996,781
Accretion		1,935	3,558	5,733	5,032
		1,935	2,000,243	2,853	2,001,721
Net loss for the period		\$(173,975)	\$ (2,128,709)	\$(894,363)	\$(2,220,276)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.06)	\$ (0.02)	\$ (0.11)
Weighted average shares outstanding		45,796,847	34,536,219	45,158,959	19,909,598

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

Condensed Consolidated Statement of Changes in Shareholders' Equity

		Three Months Ended November 30		Nine Months Ended November 30	
	Note	2022	2021	2022	2021
Share Capital					
Balance – beginning of period		\$4,271,329	\$ 366,698	\$4,271,329	\$ 366,698
Private placements	Note 9	344,271	2,904,631	344,271	2,904,631
Warrants exercised		-	1,000,000	-	1,000,000
Subscriptions		-	-	-	-
Balance – end of period		4,615,600	4,271,329	4,615,600	4,271,329
Retained Earnings					
Balance – beginning of period		(3,616,011)	(149,960)	(2,898,476)	(58,392)
Net loss		(173,975)	(2,128,709)	(891,510)	(2,220,277)
Balance – end of period		\$(3,789,986)	\$(2,278,669)	\$(3,789,986)	\$(2,278,669)
Number of Shares Outstanding					
Balance – beginning of period		44,843,482	12,500,000	44,843,482	12,500,000
Private placements		1,377,083	28,343,482	1,377,083	28,343,482
Warrants exercised		-	4,000,000	-	4,000,000
Balance – end of period		46,220,565	44,843,482	46,220,565	44,843,482

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

Condensed Consolidated Statements of Cash Flows

		Three Months Ended		Nine Months Ended	
		November 30		November 30	
	Note	2022	2021	2022	2021
Operating Activities					
Net income (loss)		\$ (173,975)	\$ (2,156,185)	\$ (894,363)	\$ (2,247,753)
Change in working capital:					
Accounts Receivable		(2,598)	-	(393,014)	-
Prepaid		4,882	50,070	28,543	(47,022)
Advances/Inventory Held in Trust		(89,048)	-	(88,995)	-
Inventory		10,727	(94,659)	(171,236)	(88,870)
Accounts Payable		164,388	(33,288)	139,169	(30,775)
Depreciation		3,430	5,606	10,289	5,606
		(82,194)	(2,228,455)	(1,369,607)	(2,408,813)
Investing Activities					
Fixed Assets		-	-	-	-
Website Development		-	2,833	-	(2,833)
Reverse Acquisition		-	1,959,665	-	1,959,665
Intangible Assets		-	-	-	(667)
		-	1,962,499	-	1,956,166
Financing Activities					
Common Shares		344,271	(7,262,648)	344,271	(7,262,648)
Warrants			(60,032)		(60,032)
Subscription			(991,000)		(991,000)
Contributed surplus		(381,256)	(562,508)	(206,924)	(562,508)
Promissory Note		1,935	3,558	5,733	5,032
Retained Earnings		-	10,872,968	-	10,872,968
		(35,049)	2,000,339	143,080	2,001,812
Change in cash		(117,244)	1,734,382	(1,226,527)	1,549,165
Cash – beginning of period		308,667	155,211	1,417,950	340,428
Cash – end of period		\$ 191,423	\$ 1,889,593	\$ 191,423	\$ 1,889,593

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

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’s registered office is located at 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

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, 2022, 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.

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.

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

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 February 28, 2022.

The Board of Directors approved the condensed consolidated interim financial statements for issue on January 28, 2023.

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, 2022	November 30, 2021
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.

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

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

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. Inventory

Inventory

Advances/Inventory held in trust are all cash advances to pay for the purchase of raw materials inventory held in trust. Advance/Inventory held in trust amount as of November 30, 2022 was \$497,461 (2021 - \$91,148).

Inventory

	November 30, 2022	November 30, 2021
Raw Materials	\$ 177,632	\$ -
Products	440	440
Merchandise	-	3,556
Balance, end of period	\$ 178,072	\$ 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.

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

4. Machinery and Equipment

Cost	2022		2021	
Balance, February 28	\$	68,591	\$	68,591
Additions		-		-
Balance, November 30		68,591		68,591

Accumulated depreciation				
Balance, February 28		9,145		-
Additions		10,289		5,606
Balance, November 30		19,434		5,606

Net book value, November 30	\$	49,157	\$	62,985
------------------------------------	-----------	---------------	-----------	---------------

5. Intangible Assets

	November 30, 2022		November 30, 2021	
Trademarks				
Cost	\$	2,007	\$	2,007
Amortization		-		-
Balance – end of period		2,007		2,007
Website Development				
Cost		8,500		8,500
Amortization		(8,500)		(5,667)
Balance – end of period	\$	-	\$	2,833

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.

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

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 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 three month period ended November 30, 2022, accretion expense of \$1,935 (2021 - \$3,558) was recorded in the condensed consolidated statements of earnings and comprehensive loss.

7. 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 1,377,083 common shares were issued between March 1 and November 30, 2022, increasing the total number of shares outstanding to 46,220,565.

Number of Shares Outstanding	March 1 to November 30	
	2022	2021
Balance - beginning of period	44,843,482	12,500,000
Issuance of Common Shares by Private Placement	1,377,083	28,343,482
Issuance of Common Shares by Warrants	-	4,000,000
Balance - end of period	46,220,565	44,843,482

8. Legal Fees

Legal fees (reported under Professional Fees) include expenses incurred in fiscal year ending February 28, 2023:

Legal fees for the 3 months ending November 30, 2022	\$	21,140
Legal fees for the 9 months ending November 30, 2022	\$	31,041

9. Restricted Stock Units (RSUs)

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

On September 29, 2022, 1,377,083 RSUs vested and were issued at a value of \$0.25 per share.

On January 16, 2023, 1,466,667 RSUs were cancelled.

10. 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 three months ended November 30, 2022, the Company paid or accrued the following amounts towards related parties:

Name of Company	Directors/Officers	November 30, 2022	November 30, 2021
Sutton Ventures (consulting fees)	Brayden Sutton	\$ 22,500	\$ 15,000
Tricanna Industries Inc (inventory purchase)	Dayna Lange	107,844	58,855
Dayna Lange (RSU Accrual)	Dayna Lange	6,697	-
Red Fern Consulting (consulting fees)	Samantha Shorter (former CFO)	-	7,500
Red Fern Consulting (RSU Accrual)	Samantha Shorter (former CFO)	3,973	-
TJT Ventures (consulting fees)	Joshua Taylor	22,500	-
Joshua Taylor (director's fees)	Joshua Taylor	-	1,500
Emily Graham (consulting fees)	Emily Graham	22,500	-
Brian Taylor (RSU Accrual)	Brian Taylor	6,697	-
Justin Chorbajian (RSU Accrual)	Justin Chorbajian	\$ 6,697	\$ -

11. 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 BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

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, 2022. The Company is not subject to externally imposed capital requirements.

12. 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.

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 \$191,423 (November 30, 2021 - \$1,889,593).

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, 2022, the Company had working capital of \$984,115 (November 30, 2021 – \$2,018,597). All of the Company's current liabilities are due within 90 days of November 30, 2022.

Market risk

The BC Bud Corporation

Condensed Consolidated Interim Financial Statements – November 30, 2022

(Unaudited – expressed in Canadian Dollars)

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.