

FORM 51-102F4
BUSINESS ACQUISITION REPORT

ITEM 1 - IDENTITY OF COMPANY

1.1 Name and Address of Company

Simply Better Brands Corp. ("**SBBC**")
Suite 206, 595 Howe Street
Vancouver, British Columbia
V6C 2T5

1.2 Executive Officer

The name and business telephone number of the executive officer of SBBC who is knowledgeable about the significant acquisition and this Report is:

Brian Meadows, Chief Financial Officer
Telephone: (855) 553-7441

ITEM 2 - DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

On February 18, 2021, SBBC, along with its majority-owned CBD subsidiary company, PureKana, LLC, ("**PureKana**"), completed the acquisition (the "**Acquisition**") of all of the outstanding membership interests of No B.S. Life, LLC ("**No B.S. Skincare**").

Under the terms of the Acquisition, SBBC and its majority-owned subsidiary, PureKana, acquired all of the issued and outstanding membership interests of No B.S. Skincare, with 65% of the purchase price paid by SBBC and 35% paid by PureKana, with resulting proportional ownership interests.

SBBC issued USD\$4 million payable in unsecured convertible debentures, with 3.25% non-compounding interest, payable in cash or common shares of SBBC, with a maturity date of twenty-four (24) months following the date of closing. Under the terms of the convertible debentures, No B.S. Skincare has the option, on a monthly basis after the issuance of the convertible debentures, to convert any portion thereof (including accrued interest on such portion) into common shares of SBBC, provided that No B.S. Skincare shall not hold, at any time, in excess of 7% of the then current issued and outstanding common shares of SBBC. Any portion or all of the convertible debentures which have not been so converted into common shares shall be payable in cash at the maturity date. The conversion price of the convertible debentures shall be the higher of CAD\$3.33 and the volume weighted average price of SBBC's common shares determined based on the 15 trading days immediately preceding the date of notice of conversion (the "**VWAP**"). In addition, SBBC will make a cash payment of USD\$500,000 within six (6) months of the date of closing. PureKana paid a refundable deposit in the amount of USD\$1.5 million, in addition to a USD\$1 million cash payment on closing.

No B.S. Skincare is eligible to receive earnout compensation of USD\$1 million if SBBC's revenues and EBITDA equal or exceed USD\$6 million and USD\$360,000, respectively, in fiscal 2021, and/or USD\$2.5 million if SBBC's revenues and EBITDA exceed USD\$8 million and USD\$480,000, respectively, in fiscal 2022. Any earnout amounts will be payable in cash

or in the form of common shares of PureKana, valued using the higher of CAD\$3.33 and the VWAP at the time of payment.

Further information about the Acquisition can be found in the press release of SBBC dated February 19, 2021, which can be accessed under SBBC's issuer profile on SEDAR at www.sedar.com.

No B.S. Skincare was founded to provide consumers a clean and environmentally friendly alternative to the excesses of the beauty industry. No B.S. Skincare's products are made with potent, plant-based and scientifically proven ingredients and – unlike other skincare solutions - with absolutely no harmful chemicals like parabens, sulfates, or phthalates, and no synthetic fragrances. All of their products are responsibly made in America and are never tested on animals.

2.2 Acquisition Date

February 18, 2021.

2.3 Consideration

Pursuant to the Acquisition, SBBC issued USD\$4 million payable in unsecured convertible debentures, with 3.25% non-compounding interest, payable in cash or common shares of SBBC, with a maturity date of twenty-four (24) months following the date of closing. Under the terms of the convertible debentures, No B.S. Skincare has the option, on a monthly basis after the issuance of the convertible debentures, to convert any portion thereof (including accrued interest on such portion) into common shares of SBBC, provided that No B.S. Skincare shall not hold, at any time, in excess of 7% of the then current issued and outstanding common shares of SBBC. Any portion or all of the convertible debentures which have not been so converted into common shares shall be payable in cash at the maturity date. The conversion price of the convertible debentures shall be the higher of CAD\$3.33 and the VWAP of SBBC's shares determined based on the 15 trading days immediately preceding the date of notice of conversion. In addition, SBBC will make a cash payment of USD\$500,000 within six (6) months of the date of closing. PureKana paid a refundable deposit in the amount of USD\$1.5 million, in addition to the USD\$1 million cash payment on closing.

No B.S. Skincare is eligible to receive earnout compensation of USD\$1 million if SBBC's revenues and EBITDA equal or exceed USD\$6 million and USD\$360,000, respectively, in fiscal 2021, and/or USD\$2.5 million if SBBC's revenues and EBITDA exceed USD\$8 million and USD\$480,000, respectively, in fiscal 2022. Any earnout amounts will be payable in cash or in the form of common shares of PureKana, valued using the higher of CAD\$3.33 and the VWAP at the time of payment.

2.4 Effect on Financial Position

Except as disclosed in this report or otherwise publicly disclosed and in the ordinary course of SBBC's business, SBBC does not currently have any plans or proposals for material changes in its business or the business of No B.S. Skincare which may have a significant impact on the financial performance and financial position of SBBC.

There were no changes to the board of directors or management of SBBC upon completion of the Acquisition.

2.5 Prior Valuations

To the knowledge of SBBC, there has been no valuation opinion obtained within the last 12 month by No B.S. Skincare or SBBC required by securities legislation or a Canadian exchange or market to support the consideration paid by SBBC for No B.S. Skincare.

2.6 Parties to Transaction

The transaction described herein was not with any "informed person" (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*), associate or affiliate of SBBC.

2.7 Date of Report

May 4, 2020.

ITEM 3 - FINANCIAL STATEMENTS AND OTHER INFORMATION

Pursuant to Part 8 of National Instrument 51-102 - Continuous Disclosure Obligations, the following financial statements are attached to and form part of this Report.

Attached as **Schedule A** hereto are the consolidated annual financial statements of No B.S. Skincare for the years ended December 31, 2020 and 2019. SBBC has not requested the consent of No B.S. Skincare's auditors to include their auditor's report in this Report; therefore, the auditors have not given their consent to include their auditor's report in this Report.

Forward-Looking Statements

This Report may contain certain "forward-looking statements" or "forward-looking information" under applicable securities laws. Forward-looking terms such as "may," "will," "could," "should," "would," "plan," "potential," "intend," "anticipate," "project," "target," "believe," "estimate" or "expect" and other words, terms and phrases of similar nature are often intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable. Specifically, this report contains forward looking statements related to earn out compensation, SBBC's plans or proposals for changes to the business of No B.S., among others.

Any such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results and expectations to differ materially from the anticipated results or expectations expressed in this Report, including results of SBBC's and No B.S. Skincare's operations, regulatory environment and business conditions, among others. SBBC cautions readers that should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. You are referred to the risk factors described in SBBC's Filing Statement and other documents on file with the Canadian securities regulatory authorities, which are available online under SBBC's SEDAR profile at www.sedar.com. The forward-looking statements and information contained in this Report represent SBBC's views only as of today's date. SBBC disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, other than as required by law, rule or regulation. You should not place undue reliance on forward-looking statements.

Schedule A

See attached.

NO B.S. LIFE, LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in United States Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
PureK Holdings Corp.

Opinion

We have audited the financial statements of NoBS Life LLC (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in members' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of approximately \$1,258,000 during the year ended December 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mitchell Watt.

Marcum LLP

New York, NY
May 4, 2021

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No B.S. Life, LLCStatements of Financial Position
(Expressed in United States Dollars)

	As at Note(s)	December 31, 2020 \$	December 31, 2019 \$
ASSETS			
Current assets			
Cash		27,782	135,778
Accounts receivable	3	38,570	99,113
Other receivable	4	44,734	-
Prepaid expenses		19,897	-
Note receivables		3,249	864
Inventory	5	683,280	736,008
		817,512	971,763
Non-current assets			
Equipment	6	2,108	-
		2,108	-
TOTAL ASSETS		819,620	971,763
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	325,065	207,262
TOTAL LIABILITIES		325,065	207,262
SHAREHOLDERS' EQUITY			
Share capital	8	29,681	29,681
Additional paid-in capital	8	5,175,516	4,187,668
Accumulated deficit		(4,710,642)	(3,452,848)
TOTAL SHAREHOLDERS' EQUITY		494,555	764,501
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		819,620	971,763
Corporate information and continuance of operations	1		
Segmented information	10		

These financial statements were approved for issue on May 4, 2021 by the Board of Directors and signed on its behalf by:

/s/ Kathy Casey Director/s/ Brian Meadows Director

See accompanying notes to these financial statements.

Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)

	Note(s)	For the years ended	
		December 31,	December 31,
		2020	2019
		\$	\$
REVENUE		2,011,087	2,249,369
COST OF GOODS SOLD		(567,305)	(531,045)
GROSS MARGIN		1,443,782	1,718,324
OPERATING EXPENSES			
Depreciation expense	6	191	-
General and administrative expenses		550,539	291,848
Marketing expense		733,136	2,357,772
Professional fees		226,638	225,731
Research and development		32,147	112,778
Salaries and wages		782,557	704,054
Sales expense		235,368	224,664
Share-based payment	8	138,433	-
Travel and entertainment		2,321	11,031
TOTAL OPERATING EXPENSES		(2,701,330)	(3,927,878)
Loss before other income (expenses)		(1,257,548)	(2,209,554)
OTHER INCOME (EXPENSES)			
Foreign exchange loss		(246)	-
Others		-	15,064
		(246)	15,064
Net loss for the year		(1,257,794)	(2,194,490)
Total comprehensive loss for the year		(1,257,794)	(2,194,490)

See accompanying notes to these financial statements.

No B.S. Life, LLC

Statements of Shareholders' Equity

(Expressed in United States Dollars)

	Note	Share capital	Additional paid-in capital	Accumulated deficit	Total
Balance at December 31, 2018		29,681	1,437,853	(1,258,358)	209,176
Capital contribution from shareholders	8	-	2,749,815	-	2,749,815
Loss for the year		-	-	(2,194,490)	(2,194,490)
Balance at December 31, 2019		29,681	4,187,668	(3,452,848)	764,501
Capital contribution from shareholders	8	-	849,415	-	849,415
Share-based payments	8	-	138,433	-	138,433
Loss for the year		-	-	(1,257,794)	(1,257,794)
Balance at December 31, 2020		29,681	5,175,516	(4,710,642)	494,555

See accompanying notes to these financial statements.

No B.S. Life, LLC

Statements of Cash Flows

(Expressed in United States Dollars)

	Note(s)	For the years ended	
		December 31, 2020	December 31, 2019
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net loss for the year		(1,257,794)	(2,194,490)
<i>Adjustments for items not affecting cash:</i>			
Depreciation	6	191	-
Share-based payments	8	138,433	-
<i>Change in non-cash working capital</i>			
Accounts receivable		60,543	(55,213)
Prepaid expenses		(19,897)	9,125
Inventory		52,728	(617,925)
Accounts payable and accrued liabilities		117,803	187,228
Cash flow from operating activities		(907,993)	(2,671,275)
INVESTING ACTIVITIES			
Purchase of equipment		(2,299)	-
Other receivable		(44,734)	-
Note receivables		(2,385)	(864)
Cash flow used in investing activities		(49,418)	(864)
FINANCING ACTIVITIES			
Capital contributions from shareholders		849,415	2,749,815
Cash flow from (used in) financing activities		849,415	2,749,815
Increase (decrease) in cash		(107,996)	77,676
Cash, beginning of year		135,778	58,102
Cash, end of year		27,782	135,778

See accompanying notes to these financial statements.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

No B.S. Life LLC (the “Company”), a clean-formula skincare and beauty company, was incorporated under the laws of Delaware on February 12, 2016. The head office and the registered address of the Company are 2980 McFarlane Rd, Miami, FL 33133.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at December 31, 2020, the Company had working capital of \$492,447 (2019 – \$764,501) and an accumulated deficit of \$4,710,642 (2019 – \$3,452,848). These items may cast a significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The financial statements of the Company for the year ended December 31, 2020 were approved by the Board of Directors on May 4, 2021.

Statement of compliance to International Financial Reporting Standards

These financial statements of the Company have been prepared in accordance 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 policies set out below were consistently applied to all periods presented unless otherwise noted below.

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

Basis of preparation

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on December 31, 2020. These financial statements are presented in United States dollars which is also the Company's functional currency.

Use of estimates

The preparation of these financial statements and accompanying notes in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

Significant accounting policies

- **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

- **Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

- **Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value on a weighted average cost basis. Cost comprises of direct materials and delivery costs, direct labor, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realizable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

- **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Borrowings**

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

- **Share based payments**

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payments reserve. The fair value of options is determined using either the market prices if available, taking into account the terms and conditions upon which those equity instruments were granted, or a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

- **Financial instruments**

Financial assets

- **Classification and measurement**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Financial instruments (continued)**

- **Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Refer to Note 12 for further disclosures.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

- **Derecognition of financial assets**

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Financial liabilities

- **Classification and measurement**

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Refer to Note 12 for further disclosures.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Foreign currency translation**

These financial statements are presented in United States dollars. In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of the Company is the United States dollars as this is the currency of the primary economic environment in which the Company operates.

Foreign currency transactions

Foreign currency transactions are translated into US dollar using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

- **Revenue recognition**

The Company recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognized as a refund liability.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

- **Taxation**

The Company is a Delaware limited liability company treated as a sole proprietorship for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the members is not an uncertain position of the Company.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION (CONTINUED)

Adoption of new and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2019.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements.

- **IFRS 16 – Leases**

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. Under IFRS 16, as a lessee, the Company is required to recognize all leases in the statement of financial position as a "right-of-use" asset and a lease liability unless the lease term is 12 months or less or the underlying asset has a very low value. The asset is subsequently accounted for in accordance with the cost or revaluation model in IAS 16 Property, Plant and Equipment or as Investment Property under IAS 40 Investment Property. The liability is unwound over the term of the lease giving rise to an interest expense. The Company completed an assessment and concluded that there is no material impact on the consolidated financial statements from the adoption of this standard.

3. ACCOUNTS RECEIVABLE

	Total	Neither past due nor impaired	< 90 days	91 - 180 days	>180 days
	\$	\$	\$	\$	\$
December 31, 2020	38,570	33,369	1,654	3,547	-
December 31, 2019	99,113	40,865	50,223	8,025	-

4. OTHER RECEIVABLE

	December 31, 2020	December 31, 2019
	\$	\$
Sales tax receivable	34,646	-
Receivable from e-commerce platform	10,088	-
	44,734	-

5. INVENTORIES

Inventories are comprised substantially of packaged finished goods ready for sale. Cost of goods sold is comprised of the cost of inventory sold.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

6. EQUIPMENT

	Cost	Accumulated depreciation	Carrying value
As at December 31, 2018	-	-	-
Additions	-	-	-
As at December 31, 2019	-	-	-
Additions	2,299	(191)	2,108
As at December 31, 2020	2,299	(191)	2,108

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
	\$	\$
Accounts payable	144,095	179,844
Accrued liabilities	89,524	11,000
Payroll liabilities	26,000	-
Sales tax payable	550	-
Due to affiliates	64,896	16,418
	325,065	207,262

8. SHARE CAPITAL

The Company was organized as a limited liability company. As of December 31, 2020 and 2019, all the interests of the Company were held by one member.

Capital contribution

During the year ended December 31, 2020, the shareholders of the Company contributed \$849,415 (2019 – \$2,749,815) to the Company. This amount was recognized as additional-paid-in capital.

Share-based payment

On September 8, 2020 (the “Effective Date”), the Company entered into a management agreement (the “Agreement”) with the Chief Executive Officer of the Company (the “Executive”).

Pursuant to the Agreement, the Company will grant 425 units (the “Units”) of the Company, which represent 4.25% of all outstanding Units of the Company. The 425 Units are subject to the following vesting schedule:

- 295 Units vested on the Effective Date;
- 32 Units will be vested on March 31, 2021;
- 32 Units will be vested on June 30, 2021;
- 33 Units will be vested on September 30, 2021; and
- 33 Units will be vested on December 31, 2021.

Pursuant to the Agreement, all the Units will become fully vested upon a sale of the Company (the “Acceleration of Vesting”).

For accounting purposes, the Company estimated fair value of the Units at the grant date was \$138,433. The fair value will amortize over the vesting period of the Units.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

8. SHARE CAPITAL (CONTINUED)

Share-based payment (continued)

On December 29, 2020 (the "Amendment Date"), the Company entered into an amended and restated management agreement (the "Amended Agreement") with the Executive. Pursuant to the Amended Agreement, the Units were deemed to be fully vested at the Amendment Date; as a result, the Company recognized the entire fair value of \$138,433 as share-based payments during the year ended December 31, 2020.

9. RELATED PARTIES

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of the Company's officers and directors.

Key management compensation, including benefits, for the year ended December 31, 2020 was \$96,620 (December 31, 2019 – \$nil).

In addition, the Company recognized share-based payments of \$138,433 for the Units granted to the Executive (note 8).

Related party balances

The balance due to the Company's affiliates included in accounts payables and accrued liabilities was \$64,896 as at December 31, 2020 (2019 – \$16,418). These amounts are unsecured, non-interest bearing and payable on demand.

10. SEGMENTED INFORMATION

The Company operates in one reportable segment being the sale of skin products with sales principally generated from the United States. All of the Company's non-current assets are located in United States.

During the years ended December 31, 2020 and 2019, four vendors represented more than 10% of the Company's inventory purchases.

During the years ended December 31, 2020 and 2019, there were no significant customers which made up more than 10% of the Company's net revenue.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years ended December 31, 2020 and 2019. The Company is not subject to externally imposed capital requirements.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The fair values of financial assets and liabilities, together with their carrying amounts, are presented by class in the following table:

	December 31, 2020	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
ASSETS				
Cash	27,782	-	27,782	-
Accounts receivable	38,570	-	38,570	-
Other receivable	44,734	-	44,734	-
Note receivables	3,249	-	3,249	-
LIABILITIES				
Accounts payable and accrued liabilities	325,065	-	325,065	-

	December 31, 2019	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
ASSETS				
Cash	135,778	-	135,778	-
Accounts receivable	99,113	-	99,113	-
Note receivables	864	-	864	-
LIABILITIES				
Accounts payable and accrued liabilities	207,262	-	207,262	-

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

As at December 31, 2020 and 2019, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

The carrying value of the Company's financial assets and liabilities are considered to be a reasonable approximation of fair value due to the short-term natures of these instruments.

No B.S. Life, LLC

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in United States Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management

Credit risk

Credit risk is the risk of loss associated with a customer's or counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, other receivables and note receivables. Cash is held with reputable United States financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. The Company has, and intends, to adhere strictly to the state statutes and regulations in its operations.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company closely monitors extensions of credit and has not experienced significant credit losses in the past (note 3).

The Company believes the credit risk related to the other receivable and loan receivable has no material impacts on the Company. Those receivables are either deposits, the amount due from the prestige e-commerce platform or the sales tax receivable from the government.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash balances to meet short and long-term business requirements.

As at December 31, 2020, all of the Company's financial liabilities have maturities less than one year. As at December 31, 2020, the Company had cash of \$27,782 in order to meet short-term operating needs.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash are held in accounts with variable interest rates and therefore there is currently exposed to minimal interest rate risk.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. As of December 31, 2020, all the monetary assets and liabilities held by the Company are denominated in United States dollars; the Company is not exposed to any currency risk.