SIMPLY BETTER BRANDS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(UNAUDITED)

(Expressed in United States Dollars)

NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of Simply Better Brands Corp. for the three months ended March 31, 2022 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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Simply Better Brands Corp.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in United States Dollars)

As at	Note(s)	March 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash		2,130,410	2,234,993
Accounts receivable	4	555,434	399,665
Other receivable		102,240	1,150
Prepaid expenses	5	3,981,801	2,050,835
Inventory	6	1,423,992	1,981,187
		8,193,877	**6,667,830**
Non-current assets			
Restricted cash	10	325,000	325,000
Security deposits		12,299	12,299
Equipment		228,954	1,343
Right-of-use asset	7	16,492	28,861
Intangible assets	8	12,236,075	9,532,764
Goodwill		8,131,300	5,237,161
		20,950,120	**15,137,428**
TOTAL ASSETS		**29,143,997**	**21,805,258**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	3,320,606	2,083,359
Deferred revenue		1,798,246	82,763
Loan payable	10	11,435,032	11,558,676
Current portion of lease obligation	11	19,624	33,756
Current portion of promissory notes	13	3,664,896	4,752,059
Provision	3	499,871	-
		20,738,275	**18,510,613**
Long term liabilities			
Convertible notes	12	2,157,089	3,135,054
Promissory notes	13	1,489,719	1,182,484
Deferred income tax liability		1,032,000	1,032,000
		4,678,808	**5,349,538**
TOTAL LIABILITIES		**25,417,083**	**23,860,151**

Simply Better Brands Corp.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in United States Dollars)

	As at Note(s)	March 31, 2022 $	December 31, 2021 $
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	14	31,723,129	23,121,479
Share subscription received	14	250,000	-
Reserves	14	3,601,101	3,413,209
Additional paid-in capital	14	85,495	85,495
Accumulated deficit		(29,821,901)	(27,269,441)
Accumulated other comprehensive loss		(2,667)	(1,170)
Equity attributable to owners of the company		5,835,157	(650,428)
Non-controlling interest	14	(2,108,243)	(1,404,465)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**3,726,914**	**(2,054,893)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**29,143,997**	**21,805,258**

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These unaudited condensed consolidated interim financial statements were approved for issue on May 30, 2022 by the Board of Directors and signed on its behalf by:

/s/ Michael Galloro Director **/s/ Paul Norman Director**

(Expressed in United States Dollars)

	Note(s)	For the three months ended March 31, 2022 $	March 31, 2021 (Restated - Note 2) $
REVENUE		**12,080,307**	**2,478,280**
COST OF GOODS SOLD		**(4,078,717)**	**(929,766)**
GROSS MARGIN		**8,001,590**	**1,548,514**
OPERATING EXPENSES			
Amortization expense	8	226,689	-
Customer service support		180,524	46,639
Depreciation expense		12,559	12,493
General and administrative expenses		412,187	165,135
Marketing expense		6,961,838	908,732
Professional fees		600,438	176,166
Regulatory and filing fees		100,790	98,074
Salaries and wages		826,902	669,608
Share-based payment	14	1,108,544	-
Travel and entertainment		29,619	3,594
		10,460,090	**2,080,441**
Loss before other income (expenses)		**(2,458,500)**	**(531,927)**
Other income (expenses)			
Acquisition-related costs	1, 3	(371,227)	-
Finance costs	15	(299,070)	(558,711)
Foreign exchange loss		(37,961)	(241)
Gain on remeasurement of loan payable	10	(89,480)	7,123
Fair value adjustment of derivative liability		-	386,347
Interest income		-	20,246
		(797,738)	**(145,236)**
Net loss for the period		**(3,256,238)**	**(677,163)**
Other comprehensive loss			
Foreign currency translation differences for foreign operations		(1,497)	-
Loss and comprehensive loss for the year		**(3,257,735)**	**(677,163)**

(Expressed in United States Dollars)

		For the three months ended	
		March 31, 2022	March 31, 2021 (Restated - Note 2)
	Note(s)	$	$
Loss and comprehensive loss attributable to:			
Equity holders of the parent		(2,553,957)	(388,603)
Non-controlling interests	14	(703,778)	(288,560)
		(3,257,735)	**(677,163)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.12)**	**(0.03)**
Weighted average number of common shares outstanding		**26,545,972**	**21,036,875**

Simply Better Brands Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency) (unaudited)

(Expressed in United States Dollars)

	Note(s)	Share capital: Number of shares	Share capital: Amount	Share subscription received	Reserves	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total	Non-controlling interest	Total
Balance as at December 31, 2021		**26,066,432**	**23,121,479**	**-**	**3,413,209**	**85,495**	**(27,269,441)**	**(1,170)**	**(650,428)**	**(1,404,465)**	**(2,054,893)**
Shares issued for acquisition	3, 14	1,769,716	6,580,836	-	-	-	-	-	**6,580,836**	-	**6,580,836**
Share subscribed	14	-	-	250,000	-	-	-	-	**250,000**	-	**250,000**
Shares issued for conversion of convertible notes	12, 14	283,527	1,025,162	-	-	-	-	-	**1,025,162**	-	**1,025,162**
Shares issued for services	14	19,157	75,000	-	-	-	-	-	**75,000**	-	**75,000**
Reclassification of grant-date fair value on issue of shares for the restricted shares units	14	202,875	920,652	-	(920,652)	-	-	-	**-**	-	**-**
Share-based payments	14	-	-	-	1,108,544	-	-	-	**1,108,544**	-	**1,108,544**
Net loss for the period		-	-	-	-	-	(2,552,460)	-	**(2,552,460)**	(703,778)	**(3,256,238)**
Other comprehensive loss for the period		-	-	-	-	-	-	(1,497)	**(1,497)**	-	**(1,497)**
Balance at March 31, 2022		**28,341,707**	**31,723,129**	**250,000**	**3,601,101**	**85,495**	**(29,821,901)**	**(2,667)**	**5,835,157**	**(2,108,243)**	**3,726,914**

	Note(s)	Share capital: Number of shares	Share capital: Amount	Share subscription received	Reserves	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total	Non-controlling interest	Total
Balance as at December 31, 2020		**21,016,875**	**1,911,188**	**-**	**145,022**	**-**	**(16,489,043)**	**-**	**(14,432,833)**	**720,206**	**(13,712,627)**
Shares issued for cash - exercise of warrants		22,500	23,636	-	-	-	-	-	**23,636**	-	**23,636**
Reclassification of grant-date fair value on exercise of warrants		-	52,933	-	(52,933)	-	-	-	**-**	-	**-**
Distribution to shareholders		-	-	-	-	-	-	-	**-**	(4,171)	**(4,171)**
Net loss for the period		-	-	-	-	-	(388,603)	-	**(388,603)**	(288,560)	**(677,163)**
Balance at March 31, 2021		**21,039,375**	**1,987,757**	**-**	**92,089**	**-**	**(16,877,646)**	**-**	**(14,797,800)**	**427,475**	**(14,370,325)**

Simply Better Brands Corp.
Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in United States Dollars)

		For the three months ended	
		March 31, 2022	March 31, 2021 (Restated - Note 2)
	Note(s)	$	$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net income (loss) for the period		(3,256,238)	(677,163)
Adjustments for items not affecting cash			
Accretion of interest of convertible notes	12	47,197	136,603
Accretion of interest of loan payable	10	114,683	92,681
Accretion of interest of preferred shares		-	230,506
Accretion of interest of promissory notes	13	134,593	96,097
Acquisition-related costs		371,227	-
Amortization	8	226,689	-
Depreciation		12,559	12,493
Interest income		-	(20,246)
Gain on modification of loan payable	10	89,480	(7,123)
Fair value adjustment of derivative liability		-	(386,347)
Share-based payments	14	1,108,544	-
Shares issued for services	14	75,000	-
Change in non-cash working capital			
Accounts receivable, credit card processor, net		(96,134)	37,567
Other receivable		(4,984)	12,460
Prepaid expenses		(1,756,093)	(310,650)
Inventory		858,396	(42,414)
Accounts payable and accrued liabilities		863,552	(51,580)
Deferred revenue		1,715,483	(30,088)
Cash flow from (used in) operating activities		**503,954**	**(907,204)**
INVESTING ACTIVITIES			
Net cash paid for acquisition of No B.S. Life, LLC		-	(905,956)
Cash assumed on acquisition of Hervé Edibles Limited, less transaction costs	3	467,709	-
Cash paid for the acquisition of The BRN Group Inc.	1	(70,443)	-
Cash flow used in investing activities		**397,266**	**(905,956)**
FINANCING ACTIVITIES			
Debt issuance costs		-	(107,658)
Distribution to shareholders		-	(4,171)
Lease payments	11	(14,132)	(11,876)
Proceeds on exercise of warrants		-	23,636
Proceeds on issuance of promissory notes	13	575,000	-
Proceeds on loan payable	10	910,000	-
Repayment of promissory notes	13	(1,489,521)	-
Repayment of loan payable	10	(1,215,285)	-
Share subscription received		250,000	-
Cash flow from (used in) financing activities		**(983,938)**	**(100,069)**
Effects of exchange rate changes on cash		(21,865)	-
Decrease in cash		**(104,583)**	**(1,913,229)**
Cash, beginning of period		**2,234,993**	**8,308,475**
Cash, end of period		**2,130,410**	**6,395,246**

Supplemental cash flow information	16

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Simply Better Brands Corp. (the "Company" or "SBBC") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 19, 2018 and changed its name from AF1 Capital Corp. to PureK Holdings Corp. on December 8, 2020 and from PureK Holdings Corp. to Simply Better Brands Corp. on May 3, 2021.

The Company is listed on the TSX Venture Exchange (the "Exchange").

In connection with the name changes, on May 3, 2021, the Company's common shares commence trading on the TSX under the symbol "SBBC". Prior to May 3, 2021, the Company's common shares traded on the TSX under the symbol "PKAN".

The Company is an international omni-channel platform with diversified assets in the emerging plant-based and holistic wellness consumer product categories. The Company focuses on innovation for the informed Millennial and Generation Z generations in the rapidly growing plant-based, natural, and clean ingredient space. The Company also focuses on expansion into high-growth consumer product categories including CBD products, plant-based food and beverage, and the global pet care and skin care industries. The head office and the registered address of the Company are 206-595 Howe Street Vancouver, British Columbia V6C 2T5.

Business combination

- ***Acquisition of Hervé Edibles Limited ("Hervé")***
  On March 18, 2022, the Company completed an acquisition of Hervé Edibles Limited ("Hervé"). Pursuant to the share price agreement, the Company issued 1,705,755 common shares ("Hervé Consideration Shares") with fair value of $6,342,974 (CA$8,000,000) to acquire all of the issued and outstanding common shares of Hervé.

  See Note 3 for details.

- ***Acquisition of The BRN Group Inc. ("BRN")***
  On April 1, 2022, the Company completed an acquisition of The BRN Group Inc. ("BRN"). Pursuant to the terms of the acquisition, the Company acquired of all of the issued and outstanding common shares of The BRN Group Inc. ("BRN") in exchange for an aggregate of 2,729,763 common shares of the Company at a price of $3.66 (CA$4.69) per common share of the Company ("BRN Consideration Shares") for a total purchase price of $10 million.

  $1.5 million of the BRN Consideration Shares have been placed in escrow, subject to release upon the satisfaction of certain conditions. The BRN Consideration Shares issued at the closing date are subject to a contractual lock-up for a period of 6 months from the date of issuance, with 1/12 of the consideration being released from the transfer restrictions every month for 12 months thereafter.

  In connection with the BRN, the Company incurred legal fees of $70,443 during the three months ended March 31, 2022. This amount was recognized as acquisition-related costs in the consolidated statement of loss and comprehensive loss during the three months ended March 31, 2022.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Proposed transaction

On April 21, 2022, The Company entered into a binding letter of intent (the "Jones LOI") with Jones Soda Co. ("Jones"). Pursuant to the Jones LOI, SBBC and Jones will complete an arm's length business combination by the acquisition by SBBC of all the issued and outstanding common shares of Jones (the "Jones Shares") at a deemed value of $0.75 per Jones Share (the "Jones Transaction"), payable in full by the common shares of SBBC based on a price a deemed price of US$3.65 ("Jones Share Consideration"). In addition, SBBC will assume all outstanding debt of Jones and exchange any dilutive securities of Jones for materially similar securities of SBBC based on an implied ratio of 0.20548 of SBBC's share for each one Jones Share held.

On April 25, 2022, the Company entered into a non-binding letter of intent ("CFH LOI") to acquire CFH Limited ("CFH"), a seed-to-shelf CBD manufacturer. Under the terms of the non-binding CFH LOI, the Company will acquire all of the issued and outstanding common shares of CFH for $14,320,000 payable in SBBC common shares valued at a price per share equal to the 10 trading days Volume-Weighted Average Price ("VWAP") of SBBC's common shares immediately prior to the closing date. The SBBC common shares issued will be subject to contractual lock-up and resale restrictions ranging from four to 24-months following closing.

Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Realization values may be substantially different from carrying values as shown and the financial statements do not given effect to adjustments that would be necessary to the carrying values and the classification of assets and liabilities should the Company be unable to continue operating as a going concern. Such adjustments could be material.

At March 31, 2022, the Company had an accumulated deficit of $29,821,901 (December 31, 2021 – $27,269,441) and a working capital deficit of $12,544,398 (December 31, 2021 – $11,842,783). The Company incurred a net loss of $3,256,238 during the three months ended March 31, 2022. These circumstances raise material uncertainties which may cast substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate financing to meet its present and future commitments and to generate profitable operations in the future.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2022 were approved by the Board of Directors on May 30, 2022.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim 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"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

(Expressed in United States Dollars)

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

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of SBBC and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

Restatement of consolidated financial information for the three months ended March 31, 2021

During the year ended December 31, 2021, the Company revised the purchase price allocation regarding the acquisition of No B.S. Life, LLC. ("No B.S."); as a result of the revision, the Company restated the financial information for the three months ended March 31, 2021 to reflect the effect of the revision.

The following table summarizes the impact of the statements of loss and comprehensive loss for the three months ended March 31, 2021 and the statements of cash flow for the three months ended March 31, 2021:

Effect on statements of loss and comprehensive loss

	For the three months ended March 31, 2021		
	As previously presented	**Change**	**As restated**
	$	**$**	**$**
Finance costs	(596,194)	37,483	(558,711)
Gain (loss) on remeasurement of derivative liability	535,925	(149,578)	386,347
Loss for the period	(565,068)	(112,095)	(677,163)
Total comprehensive loss	(565,068)	(112,095)	(677,163)

Effect on statements of cash flows

	For the three months ended March 31, 2021		
	As previously presented	**Change**	**As restated**
	$	**$**	**$**
OPERATING ACTIVITIES			
Loss for the period	(565,068)	(112,095)	(677,163)
Accretion of interest	174,086	(39,483)	136,603
Fair value adjustment of derivative liability	(535,925)	149,578	(386,347)
Cash flow used in operating activities	(907,204)	-	(907,204)

There were no changes in cash flows provided by investing and financing activities.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these condensed consolidated interim financial statements.

3. ACQUISITION OF HERVÉ EDIBLES LIMITED ("HERVÉ")

As discussed in Note 1, on March 18, 2022, the Company completed an acquisition of Hervé and issued 1,705,755 common shares with fair value of $6,342,974 (CA$8,000,000) to acquire all of the issued and outstanding common shares of Hervé. The fair value of the shares issued was calculated on the basis of the VWAP of the Company's shares on the TSXV determined based on the 15 trading days immediately preceding the closing date.

In addition, additional Hervé Consideration Shares with the value of CA$1,000,000 may be issued upon the Company achieving specific sales revenue targets of Hervé products. The Company considered these additional Consideration Shares as "contingent consideration" at the date of acquisition and accounts this contingent consideration to IFRS 3, "Business Combinations". Contingent consideration typically represents the acquirer's obligation to transfer additional assets or equity interests to the former owners of the acquiree if specified future events occur or conditions are met. IFRS 3 requires that contingent consideration be recognized at the acquisition-date fair value as part of the consideration transferred in the transaction. IFRS 3 uses the fair value definition according to IFRS 13, "Fair Value Measurements", which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As defined in IFRS 3, contingent consideration is (i) an obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree, if specified future events occur or conditions are met or (ii) the right of the acquirer to the return of previously transferred consideration, if specified conditions are met. The Company valued the contingent consideration based on an analysis using a cash flow model to determine the expected contingent consideration payment as $499,871 at the date of acquisition and was recorded as provision.

The Hervé Consideration Shares are subject to a contractual lock-up for a period of 6 months from the date of issuance, with 1/12 of the consideration being released from the transfer restrictions every month for 12 months thereafter.

In connection with the acquisition, the Company issued 63,961 common shares, which are subject to a statutory 4-month hold period, with fair value of $237,862 (CA$300,000) as finders' fee. The fair value of the shares issued was calculated on the basis of VWAP of the Company's shares on the TSXV determined based on the 15 trading days immediately preceding the closing date. The fair value of the shares issued was recognized as acquisition-related costs in the consolidated statement of loss and comprehensive loss during the three months ended March 31, 2022.

In addition, the Company incurred legal fees of $62,922 during the three months ended March 31, 2022. This amount was recognized as acquisition-related costs in the consolidated statement of loss and comprehensive loss during the three months ended March 31, 2022.

(Expressed in United States Dollars)

3. ACQUISITION OF HERVÉ EDIBLES LIMITED ("HERVÉ")

The total consideration of $6,342,974 have been initially allocated as follows:

	$
Cash	530,631
Accounts receivable	58,478
Other receivable	42,578
Prepaid expenses	174,873
Inventory	300,690
Equipment	227,801
Trademark	1,640,000
Developed technology	1,290,000
Accounts payable and accrued liabilities	(316,345)
Fair value of net assets acquired	**3,948,706**
Goodwill	**2,894,139**
	6,842,845

	$
Consideration comprised of:	
Fair value of common shares issued	6,342,974
Fair value of the milestone shares to be issued	499,871
	6,842,845

The Company is still assessing the purchase price allocation of the acquisition of Hervé. The allocation is subject to change for any additional information received.

4. ACCOUNTS RECEIVABLE

Following is the aging of the Company's account receivable as of March 31, 2022 and December 31, 2021:

	Total $	Neither past due nor impaired $	< 90 days $	91 - 181 days $	>180 days $
March 31, 2022	**555,434**	307,585	(21,963)	269,812	-
December 31, 2021	**399,665**	84,140	121,335	194,190	-

5. PREPAID EXPENSES

	March 31, 2022 $	December 31, 2021 $
Vendor deposits	3,739,718	1,975,889
Others	242,083	74,946
	3,981,801	**2,050,835**

(Expressed in United States Dollars)

6. INVENTORY

Inventories are comprised substantially of packaged finished goods ready for sale. Cost of goods sold is comprised of the cost of inventory sold and any adjustments to reduce the inventory to net realizable value.

7. RIGHT-OF-USE ASSET

	Cost	Accumulated depreciation	Carrying value
As at December 31, 2021	**131,938**	**(103,077)**	**28,861**
Additions	-	(12,369)	(12,369)
As at March 31, 2022	**131,938**	**(115,446)**	**16,492**

8. INTANGBILE ASSETS

	Trademark	Developed technology	Customer Base	Non-Competes	Total
	$	$	$	$	$
As at December 31, 2021	**6,716,764**	**-**	**2,316,000**	**500,000**	**9,532,764**
Additions	1,640,000	1,290,000	-	-	**2,930,000**
Amortization	(226,689)	-	-	-	**(226,689)**
As at March 31, 2022	**8,130,075**	**1,290,000**	**2,316,000**	**500,000**	**12,236,075**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
	$	$
Accounts payable	2,334,327	1,645,442
Direct deposit payable and credit card	90,359	30,886
Payroll liabilities	732	-
Sales tax payable	895,188	407,031
	3,320,606	**2,083,359**

10. LOAN PAYABLE

Line of Credit Agreement

	$
As at December 31, 2021	**1,450,319**
Addition	250,000
Finance costs	16,239
Payments	(1,215,285)
As at March 31, 2022	**501,273**

During the year ended December 31, 2021, the Company through its subsidiary Tru Brands Inc. entered into a line of credit agreement (the "Credit Facility") with a credit facility of $2,500,000. The Credit Facility bears interest of 8% per annum calculated daily with no fixed payment term.

(Expressed in United States Dollars)

10. LOAN PAYABLE (CONTINUED)

Line of Credit Agreement (continued)

During the three months ended March 31, 2022, the Company withdrew $250,000 and made a repayment of $1,215,285.

During the three months ended March 31, 2022, the Company recognized $16,239 as finance costs (March 31, 2021 – $nil).

As of March 31, 2022, the outstanding balance of the Credit Facility, including the accrued interest, was $501,273 (December 31, 2021 – $1,450,319).

Loan Agreement with BRN

On March 18, 2022, the Company entered into a loan agreement with an amount of $660,000 with BRN. The loan bears 5% interest per annum and matures on September 19, 2022.

During the three months ended March 31, 2022, the Company recognized $1,175 as finance costs (March 31, 2021 – $nil).

As at March 31, 2022, the carrying value of loan was $661,175 (December 31, 2021 – $nil).

Following the acquisition of BRN (Note 1), this loan will be reclassified as an inter-company loan and eliminated during the consolidation.

Loan Agreement

	$
As at December 31, 2021	**10,108,357**
Finance costs	97,269
Loss on modification	89,480
Payments	(22,522)
As at March 31, 2022	**10,272,584**

On December 11, 2020 (the "PKL Funding Date"), the Company through its subsidiary PureKana, LLC ("PureKana") entered into a loan agreement (the "PK Loan") with a financial institution with an amount of $10,000,000 (the "PK Loan Amount"). The PK Loan is secured with all of the assets of the Company and guaranteed by the members of the Company. The PK Loan matures on December 11, 2025 (the "PKL Maturity Date").

From and after the PKL Funding Date until and including the PKL Maturity Date, the PK Loan bears an interest rate of US$ 3-month LIBOR determined as of the PKL Funding Date and as will adjust at each calendar quarter thereafter, plus 3.00% (the "FF Interest Rate").

Pursuant to the PK Loan, the Company is required to set aside $325,000 as interest reserve.

From the PKL Funding Date to December 11, 2021, interest on the outstanding PK Loan Amount will be capitalized to the PK Loan Amount (the "PKL Capitalized Interest"). Subsequently, any outstanding interest will be payable on the fifth day of each calendar quarter commencing January 5, 2022 (the "PKL Quarterly Payment"), and on the PKL Maturity Date.

(Expressed in United States Dollars)

10. LOAN PAYABLE (CONTINUED)

Loan Agreement (continued)

The PK Loan Amount and PKL Capitalized Interest should be paid as follows:

- On December 11, 2023 – 15% of the PK Loan Amount and the PKL Capitalized Interest
- On December 11, 2024 – 15% of the PK Loan Amount and the PKL Capitalized Interest
- On December 11, 2025 – the remaining PK Loan Amount and the PKL Capitalized Interest

The PK Loan contains financial covenants stating that the debt service coverage ratio (the “Debt Service Coverage Ratio”) of the Company at the end of each calendar year from December 31, 2020 to the PKL Maturity Date should not be less than 1.20. As of December 31, 2021, to the Company was not in compliance with the Debt service coverage ratio; as a result, the Company reclassified the PK Loan as current.

Pursuant to the PK Loan, the Debt Service Coverage Ratio is defined as the quotient of PureKana’s adjusted earnings before interest, taxes, depreciation, and amortization (the “Adjusted EBITDA”) for each reporting period divided by a ten-year amortization of the Loan which is the sum of the interest expense for the reporting period and the scheduled principal payments made with respect to the PK Loan Amount for the reporting period. The Adjusted EBITDA is defined as the unadjusted EBITDA adjusted for any non-recurring, one-time, or irregular items.

During the three months ended March 31, 2022, the Company recognized $97,269 as finance costs (March 31, 2021 – $92,681).

During the three months ended March 31, 2022, the Company made a PKL Quarterly Payments with an amount of $22,522.

During the three months ended March 31, 2022 the Company remeasured the fair value of the PK Loan due to the change of the US$ 3-month LIBOR; as a result, the Company recognized a loss on modification of $89,480 (March 31, 2021 – a gain of $7,123).

As at March 31, 2022, the carrying value of the PK Loan is $10,272,584 which is classified as current liability (December 31, 2021 – $10,108,357).

Subsequent to March 31, 2022, the Company made another PKL Quarterly Payments with an amount of $83,236.

11. LEASE OBLIGATION

As at March 31, 2022, future minimum lease payments under finance lease are as follows:

	$
As at December 31, 2021	**33,756**
Add: Finance costs	1,018
Less: Payments	(15,150)
As at March 31, 2022	**19,624**

(Expressed in United States Dollars)

12. CONVERTIBLE NOTES

	$
As at December 31, 2021	**3,135,054**
Finance costs	47,197
Conversion	(1,025,162)
As at March 31, 2022	**2,157,089**

During the three months ended March 31, 2022, convertible notes with a principal value of $1,021,820 including outstanding interest were converted into 283,527 common shares (Note 14); as a result of conversion, the Company reclassified the carrying value of the converted convertible notes of $1,025,162 to share capital.

During the three months ended March 31, 2022, accretion expense of $47,197 (March 31, 2021 – $86,889) was recorded as finance cost with a corresponding increase in the carrying value of the convertible notes.

As of March 31, 2022, the carrying value of the convertible notes was $2,157,089 (December 31, 2021 – 3,135,054).

13. PROMISSORY NOTES

	$
As at December 31, 2021	**5,934,543**
Additions	575,000
Finance costs	134,593
Payments	(1,489,521)
As at March 31, 2022	**5,154,615**
Current	3,664,896
Long-term	1,489,719
As at March 31, 2022	**5,154,615**

<u>During the three months ended March 31, 2022</u>

- The Company issued a promissory note for cash proceeds of $300,000. The promissory note bears interest at 12% per annum and matures on March 3, 2023.

- The Company through its subsidiary No B.S. issued a promissory note for cash proceeds of $275,000. The promissory note bears interest at 16% per annum and matures on October 30, 2022.

During the three months ended March 31, 2022, the Company partially repaid the promissory notes issued to PureKana founders on December 4, 2020 (the “PK Promissory Notes”) with an amount of $1,489,521.

During the three months ended March 31, 2022, an interest expense of $134,593 (March 31, 2021 – $96,097) was recorded as finance costs with a corresponding increase in the carrying value of the liability.

As at March 31, 2022, the carrying value of the promissory notes is $5,154,615 (December 31, 2021 – $5,934,543) of which $3,664,896 (December 31, 2021 – $4,752,059) was classified as current liability.

13. PROMISSORY NOTES (CONTINUED)

Subsequent to March 31, 2022

- On April 21, 2022, the Company entered into a debt settlement arrangement with Heavenly Rx LLC to settle the $480,000 promissory note issued on March 3, 2021, by the common shares of the Company. Pursuant to the debt settlement agreement, the principal amount of $480,000, including outstanding interest, was satisfied by issuing 140,351 common shares of the Company.

- The Company partially repaid the PK Promissory Notes with an amount of $565,000.

- The Company through its subsidiary No B.S. issued a promissory note for cash proceeds of $120,000. The promissory note bears interest at 16% per annum and matures on October 30, 2022.

- The Company repaid the principal amount of $125,000, including outstanding interest of $3,575, of the promissory notes issued by No BS during the three months ended March 31, 2022.

14. SHARE CAPITAL

Authorized share capital
Unlimited number of series 1 preferred shares without par value.
Unlimited number of common shares without par value.

Escrow shares
On December 11, 2020, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release as follows:

- December 11, 2020: 5,535,469 common shares (released)
- June 11, 2021: 5,160,469 common shares (released)
- December 11, 2021: 5,160,469 common shares (released)
- June 11, 2022: 5,160,468 common shares

As of March 31, 2022 and December 31, 2021, there were 5,160,468 common shares held in escrow.

Issued share capital
As at March 31, 2022, the Company had 28,341,707 common shares (December 31, 2021 – 26,066,432) common shares issued and outstanding.

During the three months ended March 31, 2022

- As discussed in Note 3, the Company issued 1,705,755 common shares with fair value of $6,342,974 (CA$8,000,000) to acquire all of the issued and outstanding common shares of Hervé. In connection with the acquisition, the Company issued 63,961 common shares, which are subject to a statutory 4-month hold period, with fair value of $237,862 (CA$300,000) as finders' fee.

- As discussion in Note 12, the Company issued 283,527 common shares for conversion of the convertible notes. As a result of the conversion, the Company reclassified the carrying value of the convertible notes ($1,025,162) to share capital.

- The Company issued 202,875 common shares with fair value of $920,652 for the restricted share unit.

14. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the three months ended March 31, 2022 (continued)

- The Company issued 19,157 common shares with fair value of $75,000 for advisory services.

- On February 10, 2022, the Company announced a non-brokered private placement (the "2022 Offering") of up to 580,046 units of the Company (the "Units") at a price of CA$4.31 per Unit for aggregate gross proceeds of up to CA$2,500,000. Each Unit will consist of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "2022 Warrant"). Each 2022 Warrant will entitle the holder thereof to purchase one common share of the Company at a price of CA$5.06 for a period of 24 months.

  A $250,000 subscription receipt was received, followed by the announcement of the 2022 Offering.

During the three months ended March 31, 2021

- 22,500 warrants were exercised for cash proceeds of $23,636 (CA$30,000). In addition, the Company reclassified the grant date fair value of the exercised warrants of $52,933 from reserve to share capital.

Subsequent to March 31, 2022

- As discussed in Note 1, on April 1, 2022, the Company completed the acquisition of BRN and issued an aggregate of 2,729,763 common shares of the Company to acquire all of the issued and outstanding common shares of BRN.

  $1.5 million of the BRN Consideration Shares have been placed in escrow, subject to release upon the satisfaction of certain conditions. The BRN Consideration Shares issued at the closing date are subject to a contractual lock-up for a period of 6 months from the date of issuance, with 1/12 of the consideration being released from the transfer restrictions every month for 12 months thereafter.

- As discussed in Note 13, on April 21, 2022, the Company issued 140,351 common shares to satisfy the promissory note with a principal amount of $480,000, including outstanding interest.

- The Company issued 89,020 common shares with fair value of $300,000 for advisory services (Note 18).

Equity Incentive Plan (the "Incentive Plan")

To provide a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and its subsidiaries, the Company implemented an Incentive Plan which includes the stock options, Restricted Share Unit ("RSU") Plan and Deferred Share Unit (the "DSU"). The Incentive Plan is administered by the Board of Directors, which sets the terms of incentive awards under the Incentive Plan. The maximum number of common shares available for issuance under the Incentive Plan is limited to 10% of the Company's outstanding common shares at any one time.

Under the Incentive Plan, an option's maximum term is five years from the grant date. Under the stock option plan, the Board has the option of determining vesting periods. Grants of RSUs and DSUs vest as to one-third on each of the first, second and third anniversaries of the date of grant, unless otherwise set by the Board or plan administrator.

The Incentive Plan was approved at the annual general and special meeting held on July 15, 2021.

(Expressed in United States Dollars)

14. SHARE CAPITAL (CONTINUED)

Equity incentive plan (continued)

- **Stock options**

The changes in stock options during the three months ended March 31, 2022, are as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, beginning of period	**1,351,030**	**5.70**
Granted	15,000	5.70
Forfeited	(45,000)	5.70
Balance, end of period	**1,321,030**	**5.70**

On February 23, 2022, the Company granted 15,000 options with an exercise price of CA$4.70 to the consultant of the Company. The options are exercisable for a period of five years. One-third vest will vest every anniversary thereafter.

No options were granted, exercised or cancelled during the three months ended March 31, 2021.

The estimated grant date fair value of the options granted during the three months ended March 31, 2022 was calculated using the Black-Scholes option pricing model with the following assumptions:

Number of options granted	**15,000**
Risk-free interest rate	**1.73%**
Expected annual volatility	**91%**
Expected life (in years)	**5.00**
Expected dividend yield	**0%**
Grant date fair value per option ($)	**2.62**
Share price at grant date ($)	**4.88**

During the three months ended March 31, 2022, the Company recognized share-based payments expense of $634,234 (March 31, 2021 – $nil) arising from the stock options.

The following summarizes information about stock options outstanding and exercisable as at March 31, 2022:

Expiry date	Exercise price (CA$)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
July 26, 2026	5.70	1,306,030	310,678	4,324,107	4.32
February 23, 2027	5.70	15,000	-	-	4.90
		1,321,030	**310,678**	**4,324,107**	**4.33**
Weighted average exercise price (CA$)		**5.70**	**5.70**		

The weighted average remaining vesting period of the unvested options is 0.79 years.

(Expressed in United States Dollars)

14. SHARE CAPITAL (CONTINUED)

Equity incentive plan (continued)

- **RSU**

  The Incentive Plan permits the Company to either redeem RSUs for cash, issue common shares of the Company from treasury, or purchase common shares of the Company on the open market, to satisfy all or any portion of a vested RSU award.

  On February 23, 2022, the Company issued the following RSUs:

  - 24,370 RSUs to its employees and consultants. One-third will vest every six months thereafter.

  - 500,000 RSUs to its officers. One-third vest on the first anniversary and one-sixth will vest every six months thereafter.

  - 285,000 RSUs to its directors. One-half vest on the first anniversary and one-sixth will vest every six months thereafter.

  - 50,000 RSUs to its director. All RSUs granted vest on the first anniversary.

  During the three months ended March 31, 2022, 8,310 RSUs forfeited.

  During the three months ended March 31, 2022, the Company recognized share-based payments expense of $474,310 (March 31, 2021 – $nil) arising from the RSUs.

  As of March 31, 2022, the Company had 1,067,060 unvested RSUs (December 31, 2021 – 418,875) issued and outstanding.

- **DSU**

  The Incentive Plan permits the Company to either redeem DSUs for cash or issue common shares of the Company from treasury, to satisfy all or any portion of a vested DSU award.

Distribution to shareholders

During the three months ended March 31, 2022, no cash distribution was made by PureKana to its members (March 31, 2021– $4,171).

Non-controlling interest

The following schedule shows the effects of the changes in non-controlling interest during the three months ended March 31, 2022:

	$
Balance as of December 31, 2021	**(1,404,465)**
Share of loss	(703,778)
Balance as of March 31, 2022	**(2,108,243)**

(Expressed in United States Dollars)

14. SHARE CAPITAL (CONTINUED)

Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted average number of the common shares issued and outstanding during the period.

Diluted EPS is calculated by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

15. FINANCE COSTS

	Note(s)	March 31, 2022 $	March 31, 2021 $
Accretion of interest of convertible notes	12	47,197	136,603
Accretion of interest of lease obligation	11	1,018	2,824
Accretion of interest of loan payable	10	114,683	92,681
Accretion of interest of preferred shares		-	230,506
Accretion of interest of promissory notes	13	134,593	96,097
Others		1,579	-
		299,070	**558,711**

16. SUPPLEMENTAL CASH FLOW INFORMATION

		For the three months ended	
	Note(s)	March 31, 2022 $	March 31, 2021 $
Supplemental cash flow information			
Convertible notes issued for acquisition		-	4,000,000
Fair value of provision of earn-out payments at the date of acquisition		-	2,759,940
Promissory note for acquisition		-	500,000
Reclassification of fair value of derivative liability related to the convertible notes		-	1,885,632
Reclassification of fair value of derivative liability related to the provision of earn-out payments		-	1,401,430
Reclassification of grant-date fair value on exercised warrants		-	52,933
Reclassification of the current portion of derivative liability		-	328,769
Reclassification of the prepaid expenses related to the acquisition of No BS Life, LLC.		-	1,500,000
Shares issued for conversion of convertible notes	12	1,025,162	-
Shares issued for acquisition	3	6,342,974	-
Initial recognition of provision	3	499,871	-
Shares issued for restricted share units	14	920,652	-

17. 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 three months ended March 31, 2022 was $174,923 (March 31, 2021 – $223,146).

During the three months ended March 31, 2022, the Company issued the following RSUs to its directors and officers:

- 500,000 RSUs with fair value of $1,917,000 to its officers. One-third vest on the first anniversary and one-sixth will vest every six months thereafter.

- 285,000 RSUs with fair value of $1,092,690 to its directors. One-half vest on the first anniversary and one-sixth will vest every six months thereafter.

- 50,000 RSUs with fair value of $191,700 to to its director. All RSUs granted vest on the first anniversary.

18. COMMITMENTS

- On March 1, 2022, the Company through No B.S. entered into a brand ambassador agreement (the "Sponsorship Agreement") with Julianna, the mixed martial artist who won the UFC Women's Bantamweight Championship this past December and was named MMA Junkie's Female Fighter of the Year.

  Pursuant to the Sponsorship Agreement, Julianna agreed to act as a brand ambassador for No B.S., providing certain online posts, endorsements and social media content. In consideration for the services provided under the Sponsorship Agreement, No B.S. agreed to pay Julianna an engagement fee of $100,000 (the "Engagement Fee"), a royalty fee equal to 10% of the gross revenues generated from sales achieved by No B.S. from certain sales, and a one-time bonus of $25,000 in the event the campaign generates a minimum of $500,000 in gross revenues. Each of these amounts is payable in common shares of the Company or cash, at the discretion of No B.S. and subject to approval of the Exchange. The Engagement Fee is payable in four equal installments, to be paid quarterly commencing on May 1, 2022. The other fees will be payable upon achievement of the associated sales targets. The number of common shares will be determined based on the higher of i) the 10-day VWAP of the common shares on the payment date and ii) the discounted market price as defined by the Exchange Policy 1.1.

- On March 2, 2022, the Company entered into a one-year advisory agreement (the "Opensky Agreement") with Opensky Opportunities Fund Ltd. (the "Opensky") for business development services and branding and business development analysis and data consulting services (the "Advisory Services"). The Agreement contemplates payment to the Opensky of an aggregate amount of $600,000 payable in four equal installments, to be paid quarterly commencing on May 26, 2022. Subject to the Exchange approval, the Advisory Services will be paid by the common shares of the Company. The number of common shares will be determined based on the higher of i) the 15-day VWAP of the common shares on the payment date and ii) the discounted market price as defined by the Exchange Policy 1.1. The Opensky Agreement may be renewed and/or extended for such period or periods and under such terms and conditions as may be mutually agreed to by the Company and Opensky.

  Subsequent to March 31, 2022, the Company issued 89,020 common shares with fair value of $300,000 for the Advisory Services.

19. CONTINGENCIES

Litigation
In the normal course of business, the Company may be involved in legal proceedings, claims, and assessments arising from the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. After consulting legal counsel, the Company does not believe any adverse judgments will have a material effect on the operations of the Company.

20. SEGMENTED INFORMATION

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

During the three months ended March 31, 2022 and 2021, four and five vendors represented more than 75% of the Company's inventory purchases, respectively.

During the three months ended March 31, 2022, there was one customer which made up more than 10% of sales (March 31, 2021 – none).

21. 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 three months ended March 31, 2022. The Company is subject to externally imposed capital requirements in connection with its loan payable, as detailed in Note 10. As of March 31, 2022, the Company the Company was not in compliance with these financial covenants.

(Expressed in United States Dollars)

22. 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:

	March 31, 2022	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	2,130,410	-	2,130,410	-
Accounts receivable	555,434	-	555,434	-
Other receivable	102,240	-	102,240	-
Restricted cash	325,000	-	325,000	-
Security deposits	12,299	-	12,299	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	3,320,606	-	3,320,606	-
Current portion of lease obligation	19,624	-	19,624	-
Current portion of promissory notes	3,664,896	-	3,664,896	-
Loan payable	11,435,032	-	11,435,032	-
Provision	499,871	499,871	-	-
Convertible notes	2,157,089	-	2,157,089	-
Promissory notes	1,489,719	-	1,489,719	-

	December 31, 2021	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	2,234,993	-	2,234,993	-
Accounts receivable	399,665	-	399,665	-
Other receivable	1,150	-	1,150	-
Restricted cash	325,000	-	325,000	-
Security deposits	12,299	-	12,299	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	2,083,359	-	2,083,359	-
Current portion of lease obligation	33,756	-	33,756	-
Current portion of promissory notes	4,752,059	-	4,752,059	-
Loan payable	11,558,676	-	11,558,676	-
Convertible notes	3,135,054	-	3,135,054	-
Promissory notes	1,182,484	-	1,182,484	-

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

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.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

As of March 31, 2022 and December 31, 2021, 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, Level 2 and Level 3 in the fair value hierarchy above.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. When material, these risks are also reviewed and monitored by the Board of Directors.

Market risk

- Foreign 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 US$. The Company has not entered into any foreign currency contracts to mitigate this risk. The risk is measured using sensitivity analysis and cash flow forecasting.

  As of March 31, 2022, the majority of the Company’s monetary assets and liabilities are denominated in US$; as a result, management believes the currency risk is minimal.

  The Company’s derivative liability may expose to the currency risk as the Company’s share is trading in CA$. Based on the sensitivity analysis, assuming that all other variables remain constant, a 10% appreciation or depreciation of the US$ against CA$ would provide insignificant impacts on the fair value of the derivative liability.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Market risk (continued)

- Interest rate risk
  The Company's interest rate risk principally arises from fluctuations in the US$ LIBOR rate as it relates to the Company's loan payable. A 1% change in the US$ LIBOR rate would result in approximately a $100,000 impact on the Company's profit or loss for three months ended March 31, 2022. The Company has not entered into any interest rate swaps to mitigate this risk.

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 and accounts receivable. 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.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As of March 31, 2022, the Company had cash of $2,130,410 to meet short-term business requirements. As of March 31, 2022, the Company had current liabilities of $20,738,275 (Note 1 – Going Concern).