



## SIMPLY BETTER BRANDS CORP. ANNOUNCES Q1 2021 FINANCIAL RESULTS

**Vancouver, BC** – May 31, 2021 – Simply Better Brands Corp. (the "**Company**" or "**Simply**") (TSX Venture: SBBC.V) is pleased to announce its financial results for the quarter ended March 31, 2021. All amounts are expressed in United States dollars unless otherwise noted. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures, see "Non-GAAP Measures" below.

### **Corporate Developments**

***Acquisition of No B.S. Life, LLC ("No B.S. Skincare")*** - On February 18, 2021, the Company completed the acquisition of No B.S. Skincare, the industry-leading clean-formula skincare and beauty company.

***Three-for-one Forward Stock Split*** - On February 22, 2021, the Company announced that the Board of Directors of the Company approved a 3 new for 1 old forward stock split (the "**Stock Split**") to make its shares more accessible to investors and enhance liquidity for its shareholders. The Stock Split was completed on March 2, 2021.

***Proposed Acquisition of Tru Brands Inc. ("TRU Brands")*** - On March 3, 2021, the Company entered into a binding term sheet to acquire 100% of the issued and outstanding shares of TRU Brands, to be purchased through the issuance of common shares of the Company.

Both No B.S. Skincare and TRU Brands are groundbreaking female-led companies in North America that will expand the Company's footprint across the beauty and health and wellness sectors. TRU Brands products are available at Costco Canada East locations, and sold online through major U.S. retailers, including Target, Walgreens, and select Whole Foods locations.

***Acquisition of Nirvana Group LLC ("Nirvana")*** - On April 28, 2021, the Company completed the acquisition of Nirvana, a Florida-based company specializing in the development, manufacturing, and distribution of all-natural pet wellness products and which includes the BudaPets brand.

***Corporate Name Change*** - On April 29, 2021, the Company announced a name change to "Simply Better Brands Corp.". In connection with the name change, the Company adopted "SBBC" as its new trading symbol for its common shares. The Company's shares started trading with its new name and symbol on May 3, 2021.

***Launch of active ingredient product line*** - The Company's subsidiary, PureKana, launched key innovation with its new active ingredient product line starting in May 2020. This product line is intended to bring increased efficacy to its CBD products for its customer base. During 2020 and in the first quarter of 2021, PureKana expanded its offerings in the need state areas of sleep, energy, pain, calm, wellness, and immunity.

**PureKana entered into a partnership with Chemosis International Inc. ("Chemosis")** - On April 13, 2021, PureKana entered into a brand partnership with Chemosis, a leading cannabis and CBD retailer, under which PureKana's industry-leading CBD products will become available at hundreds of proprietary Chemosis kiosks throughout the United States.

**Financing** - On May 4, 2021, the Company issued a promissory note for cash proceeds of \$630,000. The promissory note bears interest at 9% per annum and matures on May 4, 2022. At the maturity date, the note holder may convert the promissory note to the common shares of the Company at the price of the volume weighted average price ("VWAP") of the Company's common shares on the TSX Venture Exchange during the 15 days trading days immediately preceding the maturity date.

**PureKana recognized as a Top 10 CBD Brand** - On May 14, 2021, PureKana was named a Top 10 CBD brand in Brightfield Group research study. Brightfield Group's reports and rankings are the highest standard in the CBD sector, assessed using the most comprehensive datasets in the industry. Overall, PureKana brand awareness ranked as #4 in the category of over 3,000 brands.

**Services Agreement** - On May 28, 2021 the Company entered into an arm's length master services agreement with Civet Digital Inc. to provide strategic digital media services, marketing and data analytics services. The Company will engage these services as needed and no securities (shares/options/warrants) of the Company will be issued as payment in this regard.

## RESULTS OF OPERATIONS

<i>expressed in millions except for earnings (loss) per share</i>	For the three months ended	
	March 31, 2021	March 31, 2020
	\$	\$
Revenue	2.5	3.8
Gross margin (in \$)	1.5	2.5
Gross margin (in %)	60%	66%
Operating expenses	2.1	2.3
Other income (expenses)	-	-
Net income (loss)	(0.6)	0.2
Earnings (loss) per share		
- Basic	-	0.5
- Diluted	-	0.5
<i>expressed in millions except for dividend per share</i>	March 31, 2021	December 31, 2020
	\$	\$
Total assets	19.0	12.1
Total non-current financial liabilities	24.3	21.3
Dividend per share	-	-

## Revenue

<i>expressed in millions</i>	For the three months ended				Change in	
	March 31, 2021		March 31, 2020			
	\$	%	\$	%	\$	%
<b>Direct to consumer</b>	2.3	92%	3.6	95%	(1.3)	-36%
<b>Business to business</b>	0.2	8%	0.2	5%	-	0%
	<b>2.5</b>	<b>100%</b>	<b>3.8</b>	<b>100%</b>	<b>(1.3)</b>	<b>-34%</b>

The Company's revenue is generated by two segments, Direct to Consumer ("DTC") and Business to Business ("B2B").

Revenue for the first quarter of 2021 was \$2.5 million, of which \$2.3 million (92%) and \$0.2 million (8%) was generated from the DTC and B2B, respectively, compared to \$3.8 million, of which \$3.6 million (95%) and \$0.2 million (5%) was generated from the DTC and B2B, in the first quarter of 2020. Gross revenue excludes sales discount for the first quarter of 2021 and 2020 was \$3.3 million and \$4.6 million, respectively. The Company's discount was increased to an average of 30% in the first quarter of 2021 compared to 22% in the first quarter of 2020 reflecting the increased competition the Company experienced in the CBD market. No B.S. Skincare was acquired on February 18<sup>th</sup> and as a result approximately \$0.2 Million of sales were reflected in the consolidated sales for the quarter,

The decrease in revenue of \$1.3 million (34%) in the first quarter of 2021 was mainly due to the increase in competition of the online CBD sales and higher discounts (30% in Q1 2021 compared to 22% in Q1 2020) as well as the negative impact of the Covid 19 health crisis that negatively impacted offline sales as retailers were closed for a good portion of 2020 and reluctant to add new vendors to their existing CBD product SKU's.

## Cost of goods sold

<i>expressed in millions</i>	For the three months ended				Change in	
	March 31, 2021		March 31, 2020			
	\$	%	\$	%	\$	%
<b>Product costs</b>	0.5	56%	0.8	62%	(0.3)	-38%
<b>Merchant processing fees</b>	0.1	11%	0.2	15%	(0.1)	-50%
<b>Fulfillment costs</b>	0.3	33%	0.3	23%	-	0%
	<b>0.9</b>	<b>100%</b>	<b>1.3</b>	<b>100%</b>	<b>(0.4)</b>	<b>-31%</b>

Cost of goods sold includes the product cost, merchant processing fees and fulfillment and delivery costs. Product costs may vary directly based on hemp's crop price and the CBD derivatives from the crops. Merchant processing fees may be affected by the CBD industry's risk and customer data security and fraud. Fulfillment costs are mainly driven by the delivery costs with the main courier companies.

Cost of goods sold for was \$0.9 million (includes the product costs of \$0.5 million (56%), merchant processing fees of \$0.1 million (11%) and fulfillment costs of \$0.3 million (33%)) compared to \$1.3 million (includes the product costs of \$0.8 million (62%), merchant processing fees of \$0.2 million (15%) and fulfillment costs of \$0.3 million (23%)) in the first quarter the first quarter of 2021 of 2020.

The decrease in cost of goods sold of \$0.4 million (31%) in the first quarter of 2021 was primarily due to the decrease in revenue.

## Gross profit

	For the three months ended				Change in	
	March 31, 2021		March 31, 2020			
<i>expressed in millions</i>	\$	%	\$	%	\$	%
<b>Gross profit</b>	1.5	60%	2.5	66%	(1.0)	-40%

Gross profit for the first quarter of 2021 was \$1.5 million (60%) compared to \$2.5 million (66%) in the first quarter of 2020.

Gross profit margin % was negatively impacted during the first quarter due to increased fulfillment and delivery costs (\$0.1 M). The Company has since resolved this cost increase and gross margins are expected to increase in the second quarter back to 2020 levels. The gross margin decreases of \$1.0 comparing the first quarter of 2021 to the previous year was mainly due to lower sales experienced in the first quarter.

## Operating expenses

Followings are the breakdown of the major operating expenses in the presented period:

	For the three months ended				Change in	
	March 31, 2021		March 31, 2020			
<i>expressed in millions</i> *	\$	%	\$	%	\$	%
<b>Customer service support</b>	-	0%	0.1	4%	(0.1)	-100%
<b>General and administrative expenses</b>	0.2	10%	0.2	9%	-	0%
<b>Marketing expense</b>	0.9	43%	1.5	65%	(0.6)	-40%
<b>Professional fees</b>	0.2	10%	0.2	9%	-	0%
<b>Regulatory and filing fees</b>	0.1	5%	-	0%	0.1	100%
<b>Salaries and wages</b>	0.7	32%	0.3	13%	0.4	133%
	<b>2.1</b>	<b>100%</b>	<b>2.3</b>	<b>100%</b>	<b>(0.2)</b>	<b>-9%</b>

\*Items in each presented period with a balance below \$0.1M are either combined as "Other Items" or excluded from the table above.

Operating costs for the first quarter of 2021 were \$2.1 million, a decrease of \$0.2 million (9%), compared to \$2.3 million in the first quarter of 2020.

The majority of the operating costs incurred in the first quarter of 2021 were marketing expenses of \$0.9 million (43%) and salaries and wages of \$0.7 million (32%). The majority of the operating costs incurred in the first quarter of 2020 were marketing expenses of \$1.5 million (65%), professional fees of \$0.2 million (9%) and salaries and wages of \$0.3 million (13%). Compared to the first quarter of 2020, the decrease in marketing expenses of \$0.6 million (40%) in the first quarter of 2021 resulted from the decrease in sales. The increase in salaries and wages of \$0.4 million (133%) was mainly related to the increase in the company's full-time employees in the sales and marketing operations.

As the Company pursued its growth strategy through mergers and acquisitions it incurred listing and regulatory filing fees of \$0.1 Million as well as legal expenses related to the acquisitions.

## Other income (expenses)

Followings are the breakdown of the major operating expenses in the presented period:

	For the three months ended				Change in	
	March 31, 2021		March 31, 2020			
<i>expressed in millions</i>	\$	%	\$	%	\$	%
<i>*</i>						
<b>Finance costs</b>	(0.6)	0%	-	0%	(0.6)	100%
<b>Gain remeasurement of derivative liability</b>	0.5	0%	-	0%	0.5	100%
<b>Other items **</b>	0.1	0%	-	0%	0.1	100%
	-	<b>0%</b>	-	<b>0%</b>	-	<b>100%</b>

*\*Items in each presented period with a balance below \$0.1M are either combined as "Other Items" or excluded from the table above.*

*\*\*Other items including items with a balance below \$0.1M and rounding adjustment.*

## Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA (Non-GAAP Measures)

EBITDA and Adjusted EBITDA are non-GAAP measures used by management that are not defined by IFRS. EBITDA and Adjusted EBITDA do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that EBITDA and Adjusted EBITDA provide meaningful and useful financial information as these measures demonstrate the operating performance of business excluding non-cash charges.

The most directly comparable measure to EBITDA and Adjusted EBITDA calculated in accordance with IFRS is net loss. The following table presents the EBITDA and Adjusted EBITDA for the first quarter 2021 2020, and a reconciliation of same to net income (loss):

	For the three months ended			
	March 31, 2021	March 31, 2020	Change in	
<i>expressed in millions</i> *	\$	\$	\$	%
<b>Net income (loss)</b>	<b>(0.6)</b>	<b>0.2</b>	<b>(0.8)</b>	<b>-400%</b>
<b>Add (less):</b>				
<b>Finance costs</b>	0.6	-	0.6	100%
<b>EBITDA</b>	-	<b>0.2</b>	<b>(0.2)</b>	<b>-100%</b>
<b>Add (less):</b>				
<b>Gain remeasurement of derivative liability</b>	(0.5)	-	(0.5)	100%
<b>Adjusted EBITDA</b>	<b>(0.5)</b>	<b>0.2</b>	<b>(0.7)</b>	<b>-350%</b>

*\*Items in each presented period with a balance below \$0.1M are either combined as "Other Items" or excluded from the table above.*

The Adjusted EBITDA loss for the quarter is driven by the following factors: (1) operating loss of No BS Skincare subsidiary (\$0.1 million). (2) Regulatory, listing fees and legal fees related to business acquisitions (\$0.2 million), and (3) Operating Loss at Purekana (\$0.2 million). Of the \$0.2 million operating loss at Purekana LLC, \$0.1 million was due to higher fulfillment and delivery costs which have subsequently being reduced in the second quarter.

## LIQUIDITY AND CAPITAL RESOURCES

	As at	March 31, 2021	December 31, 2020
<i>expressed in millions *</i>		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		6.4	8.3
Accounts receivable		0.3	0.2
Other receivable		0.1	-
Loan receivable		0.4	0.4
Prepaid expenses		0.7	1.9
Inventory		1.5	0.8
Other items **		-	0.1
<b>Total current assets</b>		<b>9.4</b>	<b>11.7</b>
<b>Non-current assets</b>		<b>9.7</b>	<b>0.4</b>
<b>TOTAL ASSETS</b>		<b>19.1</b>	<b>12.1</b>

	As at	March 31, 2021	December 31, 2020
<i>expressed in millions *</i>		\$	\$
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		(1.4)	(0.7)
Current portion of derivative liability		(0.3)	-
Current portion of lease obligation		(0.1)	(0.1)
Current portion of promissory note		(6.7)	(3.7)
Current portion of provision of earn-out payments		(0.5)	-
<b>Total current liabilities</b>		<b>(9.0)</b>	<b>(4.5)</b>
<b>Long term liabilities</b>		<b>(24.3)</b>	<b>(21.3)</b>
<b>TOTAL LIABILITIES</b>		<b>(33.3)</b>	<b>(25.8)</b>
<b>WORKING CAPITAL</b>		<b>0.4</b>	<b>7.2</b>

\*Items in each presented period with a balance below \$0.1M are either combined as "Other Items" or excluded from the table above.

\*\*Other items including items with a balance below \$0.1M and rounding adjustment.

## OUTSTANDING SHARE DATA

As at March 31, 2021, the Company had 21,039,375 common shares (December 31, 2020 – 21,016,875) common shares issued and outstanding.

During the three months ended March 31, 2021, 22,500 warrants were exercised for cash proceeds of \$23,636 (CA\$30,000).

Subsequent to March 31, 2021, the Company issued 457,521 common shares for conversion of the convertible notes.

As at the date of this MD&A, the Company had 21,496,896 common shares issued and outstanding.

In addition, as at the date of this MD&A, the Company had 37,500 stock options with exercise prices of CA\$1.33 per share issued and outstanding.

## **SUBSEQUENT EVENTS**

- On April 13, 2021, the Company issued \$500,000 unsecured promissory note in connection with the Acquisition of No B.S.
- On April 28, 2021, the Company completed the Acquisition of Nirvana.
- On May 4, 2021, the Company issued a promissory note for cash proceeds of \$630,000. The promissory note bears interest at 9% per annum and matures on May 4, 2022. At the maturity date, the note holder may convert the promissory note to the common shares of the Company at the price of the VWAP of the Company's common shares on the Exchange during the 15 days trading days immediately preceding the maturity date.
- In addition, subsequent to March 31, 2021:
  - The Company issued 457,521 common shares for conversion of the convertible notes.
  - The Board approved to grant RSU with a value of \$116,667 to the Company's Chief Executive Officer as a performance bonus. The RSU is subject to shareholder approval of the Company's share compensation plan at the Company's annual general meeting.
  - The Board approved a cash performance bonus \$128,625 to be paid to the Company's Chief Financial Officer.

## **OUTLOOK**

The Company's change of name to Simply Better Brands Corp. highlighted the Company's transition from a CBD and plant-based wellness company to that of a global health, wellness and lifestyle company. "Simply Better Brands" reflects the Company's commitment to promoting healthy and active lifestyles while building the brands which make them possible. In addition to expanding its majority-owned CBD subsidiary brand, PureKana, the Company has over the past five months made or announced strategic acquisitions in industry-leading health, wellness, beauty, pet and lifestyle brands and companies. The Company expects to continue to seek out additional merger and acquisition (M&A) opportunities in these industry sectors to drive top line growth and profitability.

- **Wellness Business** - The wellness business is driven by the Company's holdings in PureKana. We expect a rebound in the company's wellness sales in 2021 driven by both higher online as well as offline or retail sales. We expect the effects of Covid 19 on retail to improve in 2021 and our offline business is expected to show strong growth in 2021. Further we are planning international sales growth in key markets including the UK, the EU and Latin America in 2021. Sales growth targets for the wellness segment are expected to be in the 30-40% range in 2021 from sales levels realized in 2020.
- **Beauty Business** - The beauty business is driven by the company's No BS brand. Sales growth targets for the beauty segment are 75% in 2021 from sales levels realized in 2020 (pre-acquisition of No BS).
- **Plant Based Food** - We expect to close the TRU Brands acquisition within the second quarter of 2021. We will provide updates to our outlook once this acquisition is complete.
- **Other Market Sectors** - The Company is currently evaluating other markets for consumer offerings characterized by strong growth and appeal to its core customer segments. The Company is focused on building a direct-to-consumer platform catering to Millennial and Gen Z consumers.
- **Operating Synergies** - The Company will continue to focus on realizing operating synergies across its portfolio of consumer brands. This includes e-commerce platforms, finance and administration, fulfillment and marketing synergies.

## **About Simply Better Brands Corp.**

Simply Better Brands Corp. leads an international omni-channel platform with diversified assets in the emerging plant-based and holistic wellness consumer product categories. The Company's mission is focused on leading innovation for the informed Millennial and Generation Z generations in the rapidly growing plant-based, natural, and clean ingredient space. The Company continues to focus 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. For more information on Simply Better Brands Corp., please visit <https://purekana.com/investor-relations/>.

### **For further information:**

Brian Meadows  
Chief Financial Officer  
Ph: +1 (855) 553-7441  
Email: [ir@simplybetterbrands.com](mailto:ir@simplybetterbrands.com)

Daniel Nussbaum  
Media and Investor Relations  
Ph: +1 (917) 232-8960  
Email: [Daniel@amwpr.com](mailto:Daniel@amwpr.com)

## **Forward-Looking Information**

Certain statements contained in this news release constitute "forward-looking information" and "forward looking statements" as such terms are used in applicable Canadian securities laws. Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking statements contained in this press release are based on certain assumptions and analysis by management of the Company ("Management") in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate. The forward-looking statements contained in this press release speak only as of the date hereof and are expressly qualified by this cautionary statement.

Specifically, this news release contains forward-looking statements relating to, but not limited to: completion of proposed acquisitions, including of TRU Brands; expansion capabilities of No B.S. Skincare and TRU Brands; expansion plans for PureKana; the Company's plans for continued M&A activity in specific industry sectors to drive top line growth and profitability; projected results of operations during 2021, including specific sales growth targets; the effects of COVID-19 on retail; planned international sales growth in key markets; sales growth in the beauty industry; timing for closing the TRU Brands acquisition; the Company's plan to build a direct-to-consumer platform catering to Millennial and Gen-Z consumers; operating synergies; the Company's acquisition activities; growth of an opportunities in the Company's business segments, including wellness, beauty, plant based foods, and others.

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) the impact of the COVID-19 pandemic; (ii) the regulatory climate in which the Company operates; (iii) the sales success of the Company's products; (iv) the success of sales and marketing activities; (v) the Company's ability to complete acquisitions; (vi) there will be no significant reduction in the availability of qualified and cost-effective human resources; (vii) new products will continue to be added to the Company's portfolio; (viii) consumer demand for the Company products will continue to grow in the foreseeable future; (ix) there will be no significant barriers to the acceptance of the Company's products in the market; (x) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements; (xi) there will be



adequate liquidity available to the Company to carry out its operations; (xii) products do not develop that would render the Company's current and future product offerings undesirable and the Company is otherwise able to minimize the impact of competition and keep pace with changing consumer preferences; and (xiii) the Company will be able to successfully manage and integrate acquisitions and take advantage of synergies from acquisitions.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, the adverse impact of the COVID-19 pandemic to the Company's operations, supply chain, distribution chain, and to the broader market for the Company's products, revenue fluctuations, nature of government regulations (both domestic and foreign), economic conditions, loss of key customers, retention and availability of executive talent, competing products, common share price volatility, loss of proprietary information, product acceptance, internet and system infrastructure functionality, information technology security, cash available to fund operations, availability of capital, international and political considerations, the successful integration of acquired businesses, and including but not limited to those risks and uncertainties discussed in the Company's other filings with securities regulators. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this press release, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

These foregoing lists are not exhaustive. Additional information on these and other factors which could affect the Company's operations or financial results are included in the Company's other public documents on file with the Canadian Securities regulatory authorities on [www.sedar.com](http://www.sedar.com).

The above summary of assumptions and risks related to forward-looking statements in this news release has been provided in order to provide shareholders and potential investors with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. There is no representation by the Company that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

This news release contains financial outlook information about prospective results of operations, which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. The financial outlook information was approved by Management as of the date of this news release and was provided for the purpose of providing further information about the Company's anticipated future business operations. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any financial outlook information contained in this news release, whether as a result of new information, future events or otherwise, unless required by applicable securities law.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.*