

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **Better Plant Sciences Inc.** (the “Issuer”)

Trading Symbol: **PLNT**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended August 31, 2021.

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

All securities issued and options granted have been disclosed in the notes to the Issuer's financial statements for the interim period ended August 31, 2021.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and Relationship	Generic Description of Other Optionees	Exercise Price	Expiry Date	Market Price on Date of Grant

3. Summary of securities as at the end of the reporting period.

A summary of securities has been provided in the Issuer's financial statements for the interim period ended August 31, 2021.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director	Position(s) Held
Spiros Margaris	Director
Cole Drezdoff	Director
Bruce Wayne Mullen	Director
Penny White	CEO and President
Liselle Law	CFO
Perry Chua	Chief Creative Officer
Gabriel Villablanca	VP, Marketing
Heather Williamson	Corporate Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated November 1, 2021

Penny White
Name of Director or Senior Officer

"Penny White"
Signature

Chief Executive Officer and President
Official Capacity

Issuer Details

Name of Issuer	For Quarter Ended	Date of Report (YY/MM/DD)
Better Plant Sciences Inc.	August 31, 2021	21/11/01
Issuer Address		
Suite 200, 1238 Homer Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, BC V6B 2Y5	None	833.514.2677
Contact Name	Contact Position	Contact Telephone No.
Penny White	CEO and President	604.617.7979
Contact Email Address	Web Site Address	
penny@betterplantsciences.com	www.betterplantsciences.com	

Schedule "A"

Financial Statements

[inserted as following pages]



Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended August 31, 2021 and 2020
(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

The accompanying condensed interim consolidated financial statements of Better Plant Sciences Inc. (“the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. These condensed interim consolidated financial statements have not been reviewed by the Company’s independent auditor.

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	August 31, 2021 (unaudited)	November 30, 2020
ASSETS		
Current assets		
Cash	\$ 596,997	\$ 181,293
Marketable securities (Note 3)	457,487	15,915
Accounts receivable (Notes 4 and 13)	220,737	381,511
Inventory (Note 5)	701,572	1,170,489
Prepaid expenses and deposits	50,400	154,175
Total current assets	2,027,193	1,903,383
Non-current assets		
Investment in associates (Note 6)	1,653,720	424,855
Deposits	57,500	–
Due from related parties (Note 13)	692,045	–
Right-of-use asset (Note 7)	278,129	212,764
Equipment (Note 8)	126,406	193,828
Intangible assets (Note 9)	1,268,205	1,389,001
Goodwill (Note 10)	534,558	534,558
Total non-current assets	4,610,563	2,755,006
Total assets	\$ 6,637,756	\$ 4,658,389
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 932,743	\$ 832,409
Deferred revenue and deposits (Notes 11 and 13)	72,941	197,003
Lease liabilities (Note 7)	114,386	84,779
Total current liabilities	1,120,070	1,114,191
Non-current liabilities		
Loans payable	97,083	80,000
Due to related parties (Note 13)	70,418	–
Convertible debentures (Note 12)	590,484	–
Lease liabilities (Note 7)	215,767	184,140
Total non-current liabilities	973,752	264,140
Total liabilities	2,093,822	1,378,331
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	28,410,123	27,954,370
Equity reserves	10,705,622	10,075,067
Shares issuable (Note 10)	31,420	31,420
Subscriptions received	–	50,000
Reserve for convertible debentures (Note 12)	34,041	–
Accumulated other comprehensive income	991	642
Deficit	(34,638,263)	(34,283,361)
Total shareholder' equity available to Better Plant Sciences Inc. shareholders	4,543,934	3,828,138
Equity attributable to non-controlling interest (Note 18)	–	(548,080)
Total shareholders' equity	4,543,934	3,280,058
Total liabilities and shareholders' equity	\$ 6,637,756	\$ 4,658,389

Nature of operations and continuance of business (Note 1)
Commitments and contingencies (Note 22)
Subsequent events (Note 24)

Approved and authorized for issuance on behalf of the Board of Directors on November 1, 2021:

/s/ "Bruce Mullen"
Director

/s/ "Cole Drezdoff"
Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	August 31,		August 31,	
	2021	2020	2021	2020
REVENUE				
Licensing (Note 13)	\$ 9,132	\$ 104,977	\$ 336,038	\$ 319,801
Product sales	139,618	59,703	451,980	135,942
Consulting (Note 13)	195,251	11,041	591,164	12,620
Total revenue	344,001	175,721	1,379,182	468,363
COST OF REVENUES				
Cost of product sales	68,186	69,429	242,654	125,364
Cost of consulting services	130,537	5,660	436,954	6,918
Total cost of revenues	198,723	75,089	679,608	132,282
Gross profit	145,278	100,632	699,574	336,081
EXPENSES				
Advertising, marketing, and media	169,441	312,869	971,091	1,601,498
Amortization and depreciation (Notes 7, 8 and 9)	79,517	55,773	228,656	147,268
Consulting fees (Note 13)	122,076	229,555	361,857	1,299,664
Information systems	–	25,568	1,700	116,618
Investor relations	18,137	–	60,637	107,800
Listing fees	3,000	18,250	14,252	38,739
Office and administrative	225,215	116,185	592,638	455,966
Product development, research, and registration	4,970	40,829	167,764	214,463
Professional fees	76,794	89,285	232,749	293,343
Share-based compensation (Notes 13 and 16)	(23,029)	267,091	964,291	1,231,489
Wages (Note 13)	364,256	423,317	652,735	1,399,390
Total expenses	1,040,377	1,578,722	4,248,370	6,906,238
Net loss before other items	(895,099)	(1,478,090)	(3,548,796)	(6,570,157)
OTHER ITEMS				
Loss on sale of marketable securities (Note 3)	(3,665)	–	(3,665)	(4,293)
Unrealized gain (loss) on marketable securities (Note 3)	(499)	(46,088)	2,605	(95,477)
Loss on write-off of inventory (Note 5)	(325,265)	(69,467)	(437,671)	(69,467)
Gain on reclassification of investment (Note 6)	–	–	366,230	–
Gain on sale of equity accounted investee (Note 6)	–	–	9,925	–
Share of net loss of equity accounted investees (Note 6)	(381,762)	(114,130)	(1,882,614)	(196,409)
Gain on loss of control and disposal of subsidiary (Note 17)	–	–	3,680,165	–
Loss on impairment of intangible assets	–	(17,206)	–	(17,206)
Gain (loss) on foreign exchange	(5,587)	12,414	7,292	(6,125)
Gain on settlement of accounts receivable	–	–	–	17,784
Gain on settlement of accounts payable	640	–	11,510	63,575
Total other items	(716,138)	(234,477)	1,753,777	(307,618)
NET LOSS FOR THE PERIOD	(1,611,237)	(1,712,567)	(1,795,019)	(6,877,775)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized foreign exchange gain (loss)	(314)	1,191	(349)	1,030
Comprehensive loss for the period	\$ (1,611,551)	\$ (1,711,376)	\$ (1,795,368)	\$ (6,876,745)
Net loss attributable to:				
Shareholders of the Company	\$ (1,611,237)	\$ (1,619,282)	\$ (1,596,042)	\$ (6,611,943)
Non-controlling interest (Note 18)	–	(93,285)	(198,977)	(265,832)
Net loss for the period	\$ (1,611,237)	\$ (1,712,567)	\$ (1,795,019)	\$ (6,877,775)
Comprehensive loss attributable to:				
Shareholders of the Company	\$ (1,611,551)	\$ (1,618,091)	\$ (1,596,391)	\$ (6,610,913)
Non-controlling interest (Note 18)	–	(93,285)	(198,977)	(265,832)
Comprehensive loss for the period	\$ (1,611,551)	\$ (1,711,376)	\$ (1,795,368)	\$ (6,876,745)
LOSS PER SHARE ATTRIBUTABLE TO BETTER PLANT SCIENCES INC. SHAREHOLDERS				
Weighted average shares outstanding	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.06)
	190,899,763	139,871,000	194,636,311	124,562,000

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Special warrants reserve	Equity reserves	Shares issuable	Subscriptions received	Reserve for convertible debentures	Accumulated other comprehensive income (loss)	Deficit	Non-controlling interest	Total shareholders' equity
	Number of shares	Amount									
BALANCE, NOVEMBER 30, 2019	105,266,019	\$19,277,871	\$ -	\$ 7,966,429	\$ 50,600	\$ -	\$ -	(826)	\$ (26,121,149)	\$ 106,203	\$ 1,279,128
Adjustments to equity upon adoption of IFRS 16	-	-	-	-	-	-	-	-	(43,661)	-	(43,663)
Units issued for cash	8,156,250	913,437	-	61,563	-	-	-	-	-	-	975,000
Special warrant units issued for cash	-	-	3,836,855	-	-	-	-	-	-	-	3,836,855
Special warrant issuance costs	-	-	(2,030)	730	-	-	-	-	-	-	(1,300)
Shares issued on conversion of special warrants	33,299,681	4,189,147	(4,299,436)	110,289	-	-	-	-	-	-	-
Shares issued on exercise of stock options	120,000	20,194	-	(8,194)	-	-	-	-	-	-	12,000
Shares issued on exercise of warrants	2,803,332	564,320	-	-	-	-	-	-	-	-	564,320
Shares issued for consulting services	200,000	30,000	-	2,000	(50,600)	-	-	-	-	-	(18,600)
Special warrants issued to settle accounts payable	-	-	464,611	-	-	-	-	-	-	-	464,611
Subscriptions received	-	-	-	-	-	80,000	-	-	-	-	80,000
Fair value of stock options granted	-	-	-	689,443	-	-	-	-	-	-	689,443
Unrealized foreign exchange loss	-	-	-	-	-	-	-	1,030	-	-	1,030
Net loss for the period	-	-	-	-	-	-	-	-	(6,611,943)	(265,832)	(6,877,775)
Change in equity of subsidiary	-	1,753,815	-	459,500	-	-	-	-	-	-	2,213,315
Equity attributable to non-controlling interest	-	(483,114)	-	(145,803)	-	-	-	-	332,455	296,462	-
BALANCE, AUGUST 31, 2020	149,845,282	\$26,265,670	\$ -	\$ 9,135,957	\$ -	\$ 80,000	\$ -	\$ 204	\$ (32,444,298)	\$ 136,833	\$ 3,174,366
BALANCE, NOVEMBER 30, 2020	178,473,245	\$27,954,370	\$ -	\$ 10,075,067	\$ 31,420	\$ 50,000	\$ -	\$ 642	\$ (34,283,361)	\$ (548,080)	\$ 3,280,058
Special warrant units issued for cash	-	-	126,250	-	-	(50,000)	-	-	-	-	76,250
Shares issued on conversion of special warrants	2,613,635	143,750	(143,750)	-	-	-	-	-	-	-	-
Shares issued on exercise of stock options	400,000	69,271	-	(29,271)	-	-	-	-	-	-	40,000
Shares issued on exercise of warrants	10,140,569	861,192	-	(34,850)	-	-	-	-	-	-	826,342
Shares issued for services	500,000	60,000	-	-	-	-	-	-	-	-	60,000
Shares issued to settle accounts payable	2,344,629	216,593	-	-	-	-	-	-	-	-	216,593
Units issued to settle accounts payable	937,499	64,088	-	-	-	-	-	-	-	-	64,088
Special warrants issued to settle accounts payable	-	-	17,500	-	-	-	-	-	-	-	17,500
Convertible debentures issued for cash	-	-	-	108,635	-	-	34,041	-	-	-	142,676
Fair value of stock options granted	-	-	-	964,291	-	-	-	-	-	-	964,291
Unrealized foreign exchange loss	-	-	-	-	-	-	-	349	-	-	349
Net loss for the period	-	-	-	-	-	-	-	-	(1,596,042)	(198,977)	(1,795,019)
Loss of control of subsidiary	-	(959,141)	-	(378,250)	-	-	-	-	1,241,140	747,057	650,806
BALANCE, AUGUST 31, 2021	195,409,577	\$28,410,123	\$ -	\$ 10,705,622	\$ 31,420	\$ -	\$ 34,041	\$ 991	\$ (34,638,263)	\$ -	\$ 4,543,934

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine months ended August 31,	
	2021	2020
OPERATING ACTIVITIES		
Net loss	\$ (1,795,019)	\$ (6,877,775)
Items not involving cash:		
Amortization and depreciation	228,656	147,268
Cancellation of shares issuable for consulting services	–	(50,600)
Consulting services paid in shares	–	30,000
Consulting services paid in units	–	76,341
Exercise of stock options for bonus expense	–	100,000
Gain on loss of control and disposal of subsidiary	(3,680,165)	–
Gain on reclassification of investment	(366,230)	–
Gain on sale of equity accounted investee	(9,925)	–
Gain on settlement of accounts payable	(11,510)	(63,575)
Gain on settlement of accounts receivable	–	(17,784)
Grant income on government loans	(38,915)	–
Impairment of website costs	–	17,206
Interest expense on government loans	15,998	–
Interest expense on lease liability	34,077	41,644
Loss on sale of marketable securities	3,665	4,293
Share of net loss of equity accounted investee	1,882,614	196,409
Share-based compensation	964,291	1,231,489
Shares and warrants received for licensing and distribution rights	–	(415,000)
Unrealized loss (gain) on marketable securities	(2,605)	95,477
Write-down of inventory	437,671	69,467
Changes in non-cash operating working capital:		
Accounts receivable	148,306	35,399
Inventory	14,091	(421,147)
Prepaid expenses and other deposits	(11,225)	170,612
Due from related parties	115,185	–
Accounts payable and accrued liabilities	863,819	(391,393)
Due to related parties	70,418	–
Deferred revenue	(123,842)	38,703
Net cash used in operating activities	(1,260,645)	(5,982,966)
INVESTING ACTIVITIES		
Purchase of equipment	(6,346)	(122,489)
Purchase of investment in associate	–	(200,000)
Proceeds from sale of marketable securities	49,035	19,198
Proceeds from sale of equity accounted investee	18,174	–
Net cash provided by (used in) investing activities	60,863	(303,291)
FINANCING ACTIVITIES		
Lease payments	(100,650)	(70,987)
Proceeds from government loans	40,000	80,000
Proceeds from issuance of units (net of issuance costs)	–	1,712,928
Subscriptions received	–	80,000
Proceeds from exercise of stock options	40,000	21,000
Proceeds from issuance of special warrants (net of issuance costs)	76,250	3,835,555
Proceeds from exercise of warrants	826,342	564,320
Proceeds from issuance of convertible debentures (net of issuance costs)	733,160	–
Net cash provided by financing activities	1,615,102	6,222,816
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	384	1,030
CHANGE IN CASH	415,704	(62,411)
Cash, beginning of period	181,293	145,140
CASH, END OF PERIOD	\$ 596,997	\$ 82,729

Supplemental disclosures (Note 21)

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended August 31, 2021 and 2020
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of Operations and Continuance of Business

Better Plant Sciences Inc. (“Better Plant” or the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on November 28, 2014 as 1020439 BC Ltd. On May 15, 2017, the Company changed its name to Cannapay Financial Inc. On April 13, 2018, the Company changed its name to the Yield Growth Corp. On August 18, 2020, the Company changed its name to Better Plant Sciences Inc. The Company acquires, develops, manufactures, markets, sells, and distributes plant-based products.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has incurred a net loss of \$1,795,019 and used \$1,260,645 of cash for operating activities during the nine months ended August 31, 2021. As at August 31, 2021, the Company had working capital of \$907,123 including cash of \$596,997 and had an accumulated deficit of \$34,638,263. The Company had limited cash reserves at August 31, 2021, and currently relies on issuing new debt and equity instruments to fund its operations until the growth in its business generates sufficient cash flow from operations. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. The terms of any future debt or equity issuance may be at terms that are unfavourable to the Company. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the consolidated statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

The recent outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to broad adverse impacts on the Canadian and global economies. The COVID-19 pandemic has impacted and could further impact the Company’s operations and the operations of the Company’s suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. As a result of the pandemic, the Company experienced delays in certain planned projects and product launches. The Company’s associates and investment companies may have experienced the adverse impact of COVID-19 as well. Below is an analysis the impact of COVID-19 on the Company’s business:

Revenue generation

While the Company achieved significant revenue growth during the nine months ended August 31, 2021, certain revenue generating areas were negatively impacted by COVID-19 restrictions. Specifically, a brick-and-mortar retail location at Victoria, British Columbia, as a juice bar, experienced, and is still experiencing, reduced traffic and sales. The Company acquired this location as part of a business combination (Note 10) effective October 9, 2020. Depending on the further development of the COVID-19 pandemic, its future impact on sales at this location is uncertain, although management is cautiously optimistic that such impact is manageable and will not be significant as part of the Company’s total revenues.

Productivity

The Company has adopted a remote work policy and its team has been working remotely since March 2020. The Company has been able to keep its office open and functional with minimal staff presence. Management assessed that working remotely has not materially impacted the team’s overall productivity or the Company’s general financial position.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended August 31, 2021 and 2020
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of Operations and Continuance of Business (continued)

Suppliers' and vendors' contracts

The Company experienced slightly increased lead time of production and services with certain suppliers and vendors. However, such delays were not considered to have caused any material impact on the Company's business and financial position. The Company did not have to cancel any contracts with suppliers and vendors and did not incur any cancellation penalties during the year.

Funding

The general sentiment in the capital market caused difficulties in some fund-raising activities, but the Company was able to overcome the difficulties and obtain funding through its shelf prospectus to support operations. The Company's debt is comprised of convertible debentures with a face value of \$900,000 (Note 12) and a Canada Emergency Business Account loan of \$120,000 (of which only \$80,000 is repayable if repaid by December 31, 2022), which is supported by the Federal Government and was legislated to help businesses operate during the COVID-19 pandemic.

With the COVID-19 pandemic still developing and the resurgence of new cases recently, the extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Over the past year, the management team has been closely following the progression of COVID-19 and its potential impact on the Company and has been working on alternative measures and resources to minimize the impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results going forward.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2020, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended August 31, 2021 and 2020
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2. Significant Accounting Policies (continued)

(b) Basis of Presentation and Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, Urban Juve Provisions Inc. ("Urban Juve"), Jusu Wellness Inc. (formerly Thrive Activations Inc.) ("Jusu Wellness"), Wright & Well Essentials Inc. (formerly UJ Topicals Inc.) ("Wright & Well"), Jusu Bars Corp. (formerly UJ Beverages Inc.) ("Jusu Bars"), Yield Botanicals Inc. ("Yield Botanicals") and NeonMind Biosciences Inc. (formerly Flourish Mushroom Labs Inc.) ("NeonMind") (Note 6), which were incorporated in the province of British Columbia, Canada, W&W Manufacturing Inc. (formerly Mad Wallaby Distribution Inc.) ("W&W Manufacturing"), which was incorporated in the State of California, United States, and UJ Asia Limited ("UJ Asia") (Note 17), which was incorporated in Hong Kong and consolidated from inception to its dissolution on December 15, 2020. All inter-company balances and transactions have been eliminated on consolidation.

Non-controlling interest of 50% in NeonMind is shown as a component of equity on the consolidated statement of financial position, and the share of loss attributable to non-controlling interest is shown as a component of net loss in the Company's consolidated statement of operations and comprehensive loss for the year-ended November 30, 2020. On December 30, 2020, the Company's ownership in NeonMind was significantly reduced, resulting in the deconsolidation of NeonMind on the condensed interim consolidated financial statement as it is no longer considered a subsidiary in accordance with *IFRS 10, Consolidated Financial Statements* (Notes 6 and 17).

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

(c) Significant Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include:

- collectability of accounts receivable and amounts due from related parties
- impairment of inventory
- useful lives and carrying values of equipment and intangible assets
- carrying value of goodwill
- impairment of investments in associates and marketable securities
- deferred revenue
- fair value of share-based compensation
- measurement of unrecognized deferred income tax assets

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2. Significant Accounting Policies (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Significant judgments made by management in the application of IFRS that have a significant effect on the condensed interim consolidated financial statements include the following:

Going concern

The factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the year end of the reporting period.

Licensing revenues

In recognizing licensing revenue from contracts with multiple obligations, management's judgment with respect to contracts with multiple performance obligations are determined based on identifying distinct goods or services and uses judgment to estimate the proportion of each distinct good or service within a contract.

Website development costs

Website development costs related to the development of an e-commerce website for Jusu Wellness. Management's judgment is used in determining that the Company will realize significant economic benefit from the website to justify the capitalization of all costs relating to its development. All operational website costs incurred after its launch was expensed as incurred. Website costs are being amortized on a straight-line basis over an estimated useful life of 3 years.

Incremental borrowing rate

Judgment was used to determine the incremental borrowing rate for lease liabilities under IFRS 16. The incremental borrowing rate applied to the lease liabilities was 16%. The rate was estimated based on the Company's ability to source debt financing to fund its operations.

Fair value of investments in private companies

The fair value of shares and warrants held in private companies is determined by valuation techniques such as recent arm's-length transactions, option pricing models, or other valuation techniques commonly used by market participants. The investments in common shares and warrants are measured at fair value through profit or loss and unrealized gains and losses are recorded in the consolidated statement of operations.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

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2. Significant Accounting Policies (continued)

(d) Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the statement of financial position or the reported results of operations. An adjustment has been made to the condensed interim consolidated statements of operations and comprehensive loss to separate licensing revenue from product sales, to group distribution fees with consulting fees, and to reclassify loss on write-off of inventory from cost of product sales to a separate line item under other items.

(e) Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also defines a 'settlement' as the transfer to the counterparty of cash, equity instruments, other assets or services. In July 2020, due to the COVID-19 pandemic, the IASB deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from these amendments. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on the Company.

Management has assessed that there are no other future accounting pronouncements that are expected to have a material impact on the Company's financial statements in the current or future reporting periods.

3. Marketable Securities and Investments

Below is a summary of the Company's marketable securities and investments as of August 31, 2021 and 2020:

	Nov. 30, 2020 fair value	Additions	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	Aug. 31, 2021 fair value
Current Assets:						
Komo YUM-Shares	\$ 14,781	\$ 491,667	\$ (49,035)	\$ (3,665)	\$ 3,696	\$ 457,444
Komo YUM-Warrants	1,134	-	-	-	(1,091)	43
Total	\$ 15,195	\$ 491,667	\$ (49,035)	\$ (3,665)	\$ 2,605	\$ 457,487

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3. Marketable Securities and Investments (continued)

	Nov. 30, 2019 fair value	Additions	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	Aug. 31, 2020 fair value
Current Assets:						
Vert-Warrants	\$ 77	\$ –	\$ –	\$ –	\$ (77)	\$ –
Fobi (formerly Loop)	23,491	–	(19,198)	(4,293)	–	–
Komo YUM-Shares	95,000	19,123	–	–	(73,038)	41,085
Komo YUM-Warrants	12,046	13,438	–	–	(22,362)	3,122
	<u>\$ 130,614</u>	<u>\$ 32,561</u>	<u>\$ (19,198)</u>	<u>\$ (4,293)</u>	<u>\$ (95,477)</u>	<u>\$ 44,207</u>
Non-current assets:						
TLS	–	750,000	–	–	–	750,000
Total	<u>\$ 130,614</u>	<u>\$ 782,561</u>	<u>\$ (19,198)</u>	<u>\$ (4,293)</u>	<u>\$ (95,477)</u>	<u>\$ 794,207</u>

Marketable Securities

Komo Plant Based Foods Inc. (“Komo YUM”) (formerly Fasttask Technologies Inc.)

On December 7, 2020, Komo YUM effected a 5-for-1 consolidation of its issued and outstanding common shares. All common share amounts have been retroactively restated for the share consolidation.

During the year ended November 30, 2019, the Company received 200,000 units of Komo YUM at \$1.25 per unit, as a bonus for services rendered. Each unit consisted of one common share and one share purchase warrant exercisable at \$4.50 per share for a period of two years.

During the year ended November 30, 2020, the Company received 34,769 units of Komo YUM with a fair value of \$32,561 to settle accounts receivable of \$14,777, resulting in a gain on settlement of accounts receivable of \$17,784. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.60 per share for a period of two years. During the year ended November 30, 2020, the Company sold 50,000 Komo YUM shares for proceeds of \$6,041.

On May 31, 2021, Komo Plant Based Comfort Foods Inc. (“Komo Foods”) entered into a merger agreement with Komo YUM whereby Komo Foods became a wholly owned subsidiary of Komo YUM and all Komo Foods shares were exchanged 1-to-1 for Komo YUM shares. The transaction was deemed as a reverse acquisition under IFRS 3 *Business Combinations*. Komo YUM shares started trading on the Canadian Securities Exchange (“CSE”) on June 8, 2021.

The Company’s investment in Komo Foods was previously accounted for as an Investment in Associate (Note 6). As a result of the merger, the Company’s holdings of 4,916,666 shares of Komo Foods were exchanged for 4,916,666 shares of Komo YUM. Management performed an analysis to determine whether significant influence over Komo YUM remained after the merger. Management concluded that the Company no longer has significant influence over Komo YUM as its ownership decreased to 6% of the outstanding shares at May 31, 2021, the date of the merger. In addition to the decreased ownership, the Company does not have sufficient representation on the board of directors, having only one common director between the Company and Komo YUM. For the period ending August 31, 2021, the Company’s ownership of Komo YUM shares was accounted for as marketable securities.

During the nine months ended August 31, 2021, the Company disposed of 527,000 shares of Komo YUM with a fair value of \$52,700 for proceeds of \$49,035, resulting in a realized loss on sale of \$3,665. The Company did not dispose of any shares of Komo YUM during the nine months ended August 31, 2020.

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3. Marketable Securities and Investments (continued)

As at August 31, 2021, the Company holds 4,574,436 shares (August 31, 2020 – 373,843) of Komo YUM and 34,769 share purchase warrants (August 31, 2020 – 373,843).

Investments

Translational Life Science Inc.

On February 4, 2020, the Company's former subsidiary, NeonMind, entered into share purchase agreements for the purchase of 7,285,000 common shares of Translational Life Science Inc. ("TLS"), in exchange for 15,000,000 units of NeonMind with a fair value of \$750,000. During the year ended November 30, 2020, the Company recognized an unrealized loss of \$750,000 on its investment in TLS, bringing its carrying value down to \$nil, as TLS is still in the early stages of development in its business and there is material uncertainty on the going concern of TLS and the marketability and liquidity of the shares. On December 30, 2020, the Company deconsolidated NeonMind, which resulted in the investment in TLS being derecognized from the condensed interim consolidated financial statements.

4. Accounts Receivable

	August 31, 2021	November 30, 2020
Trade accounts receivable	\$ 74,942	\$ 256,057
Other receivables	153,568	256,698
Allowance for doubtful accounts	(7,773)	(131,244)
Total accounts receivable	\$ 220,737	\$ 381,511

The balance of other receivables includes GST receivable and accrued receivables.

5. Inventory

	August 31, 2021	November 30, 2020
Finished goods	\$ 356,438	\$ 382,155
Packaging and raw materials	345,134	788,334
	\$ 701,572	\$ 1,170,489

During the nine months ended August 31, 2021, the Company wrote down the value of inventory by \$437,671 (August 31, 2020 - \$69,467) to its net realizable value. On December 30, 2020, the Company deconsolidated its former subsidiary, NeonMind, which resulted in a decrease in inventory of \$17,155 on the condensed interim consolidated statement of financial position at August 31, 2021.

6. Investment in Associate

Komo Plant Based Comfort Foods Inc. ("Komo Foods") (formerly Kingdom Brands Inc.)

Komo Foods is a plant-based food company engaged in the development, production, marketing, and distribution of a variety of plant-based frozen meals. On December 1, 2020, Komo Foods entered into a 1-for-4 reverse stock split of its issued and outstanding common shares. All common share amounts have been retroactively restated for the reverse stock split.

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6. Investment in Associate (continued)

In prior periods, the Company entered into two licensing agreements with Komo Foods and Komo Foods' subsidiary, Kingdom Brands Management Inc. ("Kingdom Management"). As consideration for the licensing agreements, the Company received a total of 4,500,000 shares of Komo Foods with a fair value of \$1,492,466. On March 9, 2020, the Company purchased an additional 416,667 units of Komo Foods for \$200,000 in a private placement, where each unit consists of one common share and one warrant exercisable at \$0.56 for a period of 24 months. The Company's ownership interest in Komo Foods was increased to approximately 20% at this time.

On May 31, 2021, Komo Foods entered into a merger agreement with Komo YUM. Prior to the merger, the Company had determined that it had significant influence in Komo Foods as it held 20% of the voting rights in Komo Foods, the Company and Komo Foods shared a common CFO, and the President and CEO of the Company is the spouse of a director of Komo Foods. Effective May 28, 2019, the Company's investment in Komo Foods was accounted for as an investment in an associate using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's net assets, such as further investments or dividends.

During the nine months ended August 31, 2021, the Company recorded its proportionate loss from Komo Foods of \$213,234 (August 31, 2020 - \$196,409). During the year ended November 30, 2020, the Company recorded an impairment of \$1,073,263 on the value of its investment in Komo Foods. On December 30, 2020, the Company deconsolidated its former subsidiary NeonMind, which resulted in NeonMind's investment in Komo Foods with a carrying value of \$86,185 being derecognized from the condensed interim consolidated financial statements. The carrying value of the Company's investment in Komo Foods was \$125,437 prior to being reclassified as an investment recorded at fair value through profit and loss (Note 3) (November 30, 2020 - \$424,855). The difference between the carrying value of \$125,437 and the fair value of \$491,667 was recorded as a gain on reclassification of investment of \$366,260 on the condensed interim consolidated statement of operations and comprehensive loss.

Subsequent to the merger, the Company's shares of Komo Foods were exchanged one-to-one for Komo YUM shares and it was determined that the Company does not have significant influence over Komo YUM. As a result, the Company began accounting for the investment in Komo Foods at fair value through profit or loss (Note 3).

The following tables summarize the unaudited financial information of Komo Foods as of May 31, 2021 prior to the merger, and for the period then ended:

	May 31, 2021	November 30, 2020
Cash	\$ 384,995	\$ 21,157
Current assets	474,505	143,234
Total assets	477,734	143,234
Current and total liabilities	18,790	805,908

	Six months ended May 31, 2021 ¹	Nine months ended August 31, 2020	Three months ended August 31, 2020
Komo Foods net loss	\$ (1,955,755)	\$ (462,852)	\$ (70,394)

¹ Subsequent to May 31, 2021, the Company no longer recorded the investment in Komo Foods as an investment in associate using the equity method, therefore the net income subsequent to this period is not relevant to the measurement of the investment as it is recorded at fair value through profit and loss.

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6. Investment in Associate (continued)

NeonMind Biosciences Inc. ("NeonMind")

NeonMind is a company engaged in drug development research into potential therapeutic uses of psychedelic compounds and develops ready-to-consume packaged food products mixed with mushroom varieties.

On September 18, 2019, the Company purchased 1,000 common shares of NeonMind at \$0.005 per share for \$5.

On October 3, 2019, the Company received 30,000,000 common shares of NeonMind for the purchase of intangible assets with a fair value of \$32,400.

On October 18, 2019, the Company received 90,000,000 common shares of NeonMind pursuant to a license agreement with a fair value of \$97,200 whereby the Company granted a license for 128 product formulations to manufacture products infused with functional mushrooms for a term of 50 years.

On February 20, 2020, the Company's wholly owned subsidiary, Urban Juve, was issued 6,250,000 common shares of NeonMind pursuant to a license agreement, for a fair value of \$500,000. The license agreement granted NeonMind a license to use, modify and sublicense extraction technology for the purpose of developing an extraction process for mushroom extract for a term of 25 years. The \$500,000 was initially recorded as deferred revenue and has been recognized over a period of 18 months from the date of the agreement (Note 11).

On May 6, 2020, the Company entered into a share cancellation agreement with NeonMind for the purpose of NeonMind having the share structure of a company more likely to meet stock exchange listing standards in preparation for the planned initial public offering. Pursuant to the agreement, NeonMind cancelled 55,000,000 common shares owned by the Company in exchange for 55,000,000 warrants granted to the Company, exercisable at \$0.20 per share for a period of 24 months from the date of issuance.

On October 21, 2020, the Company entered into a share cancellation agreement with NeonMind for the purpose of having the share structure of a company more likely to meet stock exchange listing standards in preparation for the planned initial public offering. Pursuant to the agreement, NeonMind cancelled 37,000,000 common shares owned by the Company for no consideration.

On October 21, 2020, Urban Juve entered into a share cancellation agreement with NeonMind for the purpose of having the share structure of a company more likely to meet stock exchange listing standards in preparation for the planned initial public offering. Pursuant to the agreement, NeonMind cancelled 937,500 common shares owned by Urban Juve for no consideration.

As of November 30, 2020, the Company held, directly and indirectly through its wholly owned subsidiary Urban Juve, a total of 33,313,500 common shares and 55,000,000 common share purchase warrants of NeonMind. On November 30, 2020, NeonMind had 66,430,500 common shares outstanding, of which the Company owned 33,313,500 common shares, representing 50.1% of the total common shares outstanding.

On December 30, 2020, NeonMind completed an initial public offering ("IPO"), issuing 46,000,000 units at a price of \$0.10 per unit. NeonMind's shares became listed on the Canadian Securities Exchange under the ticker symbol "NEON" on January 4, 2021. After the IPO, NeonMind had 112,430,500 common shares outstanding, of which the Company owned 33,313,500, representing 29.7% of the total common shares outstanding. Throughout the period ended August 31, 2021, NeonMind issued additional common shares, further diluting the Company's ownership.

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6. Investment in Associate (continued)

As a result of the completion of NeonMind's IPO, the Company assessed its ownership of NeonMind in accordance with *IFRS 10 Consolidated Financial Statements* and reached the conclusion that the Company had lost control of NeonMind. The conclusion was reached based on several factors, primarily the decrease in ownership of NeonMind from 50.1% to 29.7%, as well as changes in rights due to changes in key management personnel. As a result, the Company performed a deconsolidation of NeonMind as at December 30, 2020, the date when control was lost. The fair value of the investment retained in NeonMind was calculated at the fair value at the date when control was lost, which was \$0.10 per share in alignment with the price of the IPO units issued on the same date.

The Company has determined that it has significant influence in NeonMind as it held 30% of the voting rights in NeonMind at December 31, 2020, and the Company and NeonMind share a common CFO. Effective December 31, 2020, the Company's investment in NeonMind was accounted for as an investment in associate using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's net assets, such as further investments or dividends.

The Company has the same reporting date as NeonMind and was provided with the unaudited financial information of NeonMind for the period from December 31, 2020 to August 31, 2021 to calculate the portion of net loss attributable to the Company. During the period ended August 31, 2021, the Company sold 82,500 NeonMind shares which had a book value of \$8,250 for net proceeds of \$18,175, resulting in a gain on sale of \$9,925. During the period ended August 31, 2021, the Company recorded its proportionate loss from NeonMind of \$1,669,380.

As of August 31, 2021, the Company held 33,231,000 shares of NeonMind, which represented 27% ownership in NeonMind. The carrying value of the Company's investment in NeonMind as at August 31, 2021 was \$1,653,720. The Company's investment in NeonMind was recorded as a subsidiary at November 30, 2020.

The following tables summarize the unaudited financial information of NeonMind as of August 31, 2021 and for the period then ended:

	August 31, 2021
Cash	\$ 850,501
Current assets	1,351,146
Total assets	1,379,433
Current and total liabilities	942,167

	For the three months ended August 31, 2021	For the period from December 31, 2020 to August 31, 2021 ¹
Net loss and comprehensive loss for the period	\$ (1,433,437)	\$ (6,098,055)

¹ The net loss and comprehensive loss for the period from December 1 to December 30, 2020 was consolidated on the Company's condensed interim consolidated statements of operations and comprehensive loss for the period ended August 31, 2021.

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6. Investment in Associate (continued)

The following table outlines the carrying amount of the investments in Komo Foods and NeonMind as at August 31, 2021:

	Komo Foods	NeonMind	Total
Carrying value of investment, November 30, 2019	\$ 1,240,001	\$ –	\$ 1,240,001
Additions	615,000	–	615,000
Proportionate net loss	(356,883)	–	(356,883)
Impairment	(1,073,263)	–	(1,073,263)
Carrying value of investment, November 30, 2020	\$ 424,855	\$ –	\$ 424,855
Additions	–	3,331,350	3,331,350
Disposals	–	(8,250)	(8,250)
Proportionate net loss	(213,234)	(1,669,380)	(1,882,614)
Deconsolidation of NeonMind	(86,185)	–	(86,185)
Reclassification of Komo Foods	(125,436)	–	(125,436)
Carrying value of investment, August 31, 2021	\$ –	\$ 1,653,720	\$ 1,653,720

7. Right-of-use Assets and Lease Liabilities

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to a lease for its office space which had previously been classified as an operating lease under the principles of *IAS 17 Leases* whereby lease payments were recorded as expenses as they were incurred. Under IFRS 16, the lease liability was measured at the present value of the remaining lease payments as at December 1, 2019, discounted using the Company's incremental borrowing rate. The incremental borrowing rate applied to the lease liability on December 1, 2019 was 16%, which is the rate estimated by management on the Company's ability to source debt financing to fund its operations. The associated lease liability recognized on December 1, 2019 was \$229,117, and was applied using the modified retrospective approach in accordance with IFRS 16.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on December 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company entered into a second lease agreement for a warehouse facility commencing on March 1, 2020. The associated lease liability and right-of-use asset recognized upon commencement of the warehouse lease was \$100,130. The Company entered into a third lease agreement for a warehouse facility commencing on June 1, 2020. The associated lease liability and right-of-use asset recognized upon commencement of the warehouse lease was \$127,807.

	Office lease	Warehouse leases	Total
Right of Use Asset:			
Value of right of use asset, December 1, 2019	\$ 182,362	\$ –	\$ 182,362
Additions	–	100,130	100,130
Amortization	(54,709)	(15,019)	(69,728)
Right of use asset, November 30, 2020	\$ 127,653	\$ 85,111	\$ 212,764
Additions	–	127,807	127,807
Amortization	(41,031)	(21,411)	(62,442)
Right of use asset, August 31, 2021	\$ 86,622	\$ 191,507	\$ 278,129

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7. Right-of-use Assets and Lease Liabilities (continued)

	Office lease	Warehouse leases	Total
Lease Liabilities:			
Lease liabilities recognized, December 1, 2019	\$ 229,117	\$ –	\$ 229,117
Additions	–	100,130	100,130
Lease payments	(83,474)	(21,915)	(105,389)
Lease interest	33,590	11,471	45,061
Lease liabilities, November 30, 2020	\$ 179,233	\$ 89,686	\$ 268,919
Additions	–	127,807	127,807
Lease payments	(69,411)	(31,239)	(100,650)
Lease interest	18,872	15,205	34,077
Lease liabilities, August 31, 2021	\$ 128,694	\$ 201,459	\$ 330,153
Current portion	77,475	36,911	114,386
Non-current portion	51,219	164,548	215,767
	\$ 128,694	\$ 201,459	\$ 330,153

At August 31, 2021, the Company's future lease payment obligations are as follows:

	Office lease	Warehouse leases	Total
Year ended November 30, 2021	\$ 92,548	\$ 66,516	\$ 159,064
Year ended November 30, 2022	53,986	66,516	120,502
Year ended November 30, 2023	–	66,516	66,516
Year ended November 30, 2024	–	51,906	51,906
Year ended November 30, 2025	–	27,972	27,972
	\$ 146,534	\$ 279,426	\$ 425,960

8. Equipment

	Computers	Furniture and display	Phone equipment	Leasehold Equipment improvements	Total
Cost:					
Balance, November 30, 2019	\$ 97,552	\$ 112,339	\$ 2,378	\$ 13,807	\$ 229,826
Additions	1,375	48,270	–	23,250	72,844
Balance, November 30, 2020	\$ 98,927	\$ 160,609	\$ 2,378	\$ 37,057	\$ 375,565
Additions	3,696	–	–	2,650	6,346
Balance, August 31, 2021	\$ 102,623	\$ 160,609	\$ 2,378	\$ 39,707	\$ 381,911
Accumulated depreciation:					
Balance, November 30, 2019	\$ 61,112	\$ 21,435	\$ 754	\$ 1,927	\$ 85,463
Additions	26,263	48,173	477	3,866	77,779
Balance, November 30, 2020	\$ 87,375	\$ 69,608	\$ 1,231	\$ 5,793	\$ 181,737
Additions	13,596	32,708	357	8,111	54,772
Balance, August 31, 2021	\$ 100,971	\$ 102,316	\$ 1,588	\$ 13,904	\$ 255,505
Carrying amounts:					
As at November 30, 2020	\$ 11,552	\$ 91,001	\$ 1,147	\$ 31,264	\$ 193,828
As at August 31, 2021	\$ 1,652	\$ 58,293	\$ 790	\$ 25,803	\$ 126,406

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9. Intangible Assets

	Product Formulations	Customer Relationships	Brand Name	Website Development Costs	Total
Cost:					
Balance, November 30, 2019	\$ 32,400	\$ –	\$ –	\$ 155,557	\$ 187,957
Additions	720,000	81,000	510,000	65,012	1,376,012
Impairment	–	–	–	(155,557)	(155,557)
Balance, November 30, 2020	752,400	81,000	510,000	65,012	1,408,412
Deconsolidated (Note 6)	(32,400)	–	–	–	(32,400)
Balance, August 31, 2021	<u>\$ 720,000</u>	<u>\$ 81,000</u>	<u>\$ 510,000</u>	<u>\$ 65,012</u>	<u>\$ 1,376,012</u>
Accumulated depreciation:					
Balance, November 30, 2019	\$ –	\$ –	\$ –	\$ 26,154	\$ 26,154
Additions	16,872	1,649	–	890	19,411
Impairment	–	–	–	(26,154)	(26,154)
Balance, November 30, 2020	16,872	1,649	–	890	19,411
Additions	67,500	8,678	–	16,268	92,446
Deconsolidated (Note 6)	(4,050)	–	–	–	(4,050)
Balance, August 31, 2021	<u>\$ 80,322</u>	<u>\$ 10,327</u>	<u>\$ –</u>	<u>\$ 17,158</u>	<u>\$ 107,807</u>
Carrying amounts:					
As at November 30, 2020	\$ 735,528	\$ 79,351	\$ 510,000	\$ 64,122	\$ 1,389,001
As at August 31, 2021	<u>\$ 639,678</u>	<u>\$ 70,673</u>	<u>\$ 510,000</u>	<u>\$ 47,854</u>	<u>\$ 1,268,205</u>

During the year ended November 30, 2020, additions to product formulations, customer relationships and brand name were related to the Company's business combination (Note 10). There were no additions to product formulations, customer relationships, or brand name during the nine months ended August 31, 2021.

Product formulations are amortized over an estimated useful life of 8 years. Customer relationships are amortized over an estimated useful life of 7 years. The Company will periodically evaluate these assets to assess whether their value has become impaired over time.

Brand name is determined to have an indefinite useful life. The Company will periodically evaluate these assets to assess whether any evidence arises to support a determinable useful life, or whether their value has become impaired over time.

Website development costs are related to the development of e-commerce websites for the sale of products. Website development costs are amortized over a useful life of 3 years upon website launch. During the year ended November 30, 2020, the Company assessed impairment on two e-commerce websites and recognized impairment loss on website development costs of \$129,403. There was no impairment loss recorded during the nine months ended August 31, 2021.

10. Business Combination and Goodwill

On September 1, 2020, the Company entered into an agreement with Jusu Body Inc. and Jusu Life Inc. to lease its e-commerce website for monthly fees of \$100, and to purchase all of their finished goods inventory for distribution through its e-commerce website and wholesale channels. Pursuant to the agreement, the Company issued 277,777 share units with a fair value of \$23,810. Each share unit is comprised of one common share and one share purchase warrant exercisable at \$0.11 for a period of two years.

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10. Business Combination and Goodwill (continued)

On October 9, 2020, the Company entered into an acquisition agreement with Jusu Body Inc., Jusu Bars Inc. and Jusu CBD Inc. (collectively, "Jusu") for the purchase of Jusu's remaining inventory, equipment for its retail location in Victoria, BC, and other intangible assets including primarily the brand names, product formulas and customer lists. Pursuant to the agreement, the Company issued 22,000,000 share units which were comprised of one common share and one share purchase warrant exercisable at \$0.10 per share for a period of two years. The total fair value of the share units was \$2,196,066, of which \$1,355,700 was allocated to the fair value of common shares and \$840,366 was allocated to the fair value of the warrants. 3,000,000 of the share units were subject to holdback conditions for the purpose of ensuring that Jusu was discharged from certain security registrations. As of August 31, 2021, the holdback amount had not been released to Jusu.

In addition, there is a contingent consideration payable of an additional 2,500,000 units of the Company if within three years, the quarterly or annual financial statements for any period indicate that the Company has generated \$5 million in gross revenues through the sale of Jusu products. Each unit will be comprised of one common share and one share purchase warrant exercisable at a price equal to the closing price of the shares on the date of issuance. The fair value of the contingent consideration was \$31,420 and was determined by an independent valuation.

The Company has determined this transaction is a business combination as the assets and processes acquired from Jusu constitute a business. The transaction was accounted for using the acquisition method of accounting, whereby the assets acquired were recorded at their estimated fair value at the acquisition date.

The allocation of the purchase price to the total fair value of net assets acquired is as follows:

	<u>Fair value</u>
Consideration paid:	
Common shares issued pursuant to Sep 1, 2020 agreement	\$ 23,810
Common shares issued pursuant to Oct 9, 2020 agreement	1,355,700
Warrants issued pursuant to Oct 9, 2020 agreement	840,366
Fair value of contingent consideration	<u>31,420</u>
Gross consideration	2,251,296
Amount allocated to GST	<u>(107,205)</u>
Net consideration	<u>\$ 2,144,091</u>
Net identifiable assets acquired:	
Inventory	\$ 275,283
Equipment	23,250
Intangible assets – customer relationships	81,000
Intangible assets – brand name	510,000
Intangible assets – product formulations	<u>720,000</u>
	<u>\$ 1,609,533</u>
Purchase price allocation:	
Net identifiable assets acquired	1,609,533
Goodwill	<u>534,558</u>
	<u>\$ 2,144,091</u>

Goodwill arising from the acquisition represents expected synergies, future income, and growth potential of Jusu.

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11. Deferred Revenue

The Company recorded the following deferred revenue pursuant to licensing agreements and client deposits and retainers:

	Balance, November 30, 2020	Additions	Recognized in profit and loss	Balance, August 31, 2021
Current liabilities:				
Vert Infrastructure Ltd.	\$ 175,342	\$ –	\$ (175,342)	\$ –
NeonMind Biosciences Inc.	–	160,695	(160,695)	–
Client deposits & retainers	21,661	60,415	(9,284)	72,792
Loyalty program & gift cards	–	305	(156)	149
Total deferred revenue	<u>\$ 197,003</u>	<u>\$ 221,415</u>	<u>\$ (345,477)</u>	<u>\$ 72,941</u>

On February 12, 2020, the Company's wholly owned subsidiary, Urban Juve, entered into a license agreement with NeonMind whereby Urban Juve granted NeonMind a license to use, modify and sublicense extraction technology for the purpose of developing an extraction process for mushroom extract for a term of 25 years. Pursuant to the agreement, NeonMind issued 6,250,000 common shares with a fair value of \$500,000 to Urban Juve. The fair value of the shares received has been recognized as revenue over a period of eighteen months. During the nine months ended August 31, 2021, the final portion of revenue was recognized with \$nil remaining in deferred revenue at period-end. As at August 31, 2021, the Company's ownership in NeonMind was recorded as an investment in associate using the equity method (Note 6). As at November 30, 2020, NeonMind was recorded as a consolidated subsidiary of the Company, and therefore the balance of deferred revenue was eliminated upon consolidation at year-end.

On June 11, 2018, the Company entered into a license and distribution agreement with Vert Infrastructure Ltd. ("Vert"), whereby the Company granted an exclusive right to sell certain proprietary wellness products in Italy, and a license to use certain related trademarks and other intellectual property owned by the Company, for a term of three years. In consideration for the license and distribution rights, Vert paid an initial fee of \$1,000,000 through the issuance of 2,500,000 units, with each unit consisting of one common share of Vert and one-half of one share purchase warrant. Each share purchase warrant is exercisable into one common share of Vert at an exercise price of \$0.55 per share for a period of eighteen months. The initial fee of \$1,000,000 has been recognized as revenue over the 3-year term of the agreement. During the nine months ended August 31, 2021, the final portion of revenue was recognized with \$nil remaining in deferred revenue at period-end.

12. Convertible Debentures

Proceeds from issue of convertible debentures (900 at \$1,000)	\$ 900,000
Transaction costs – cash	(166,840)
Net proceeds	<u>733,160</u>
Transaction costs – non-cash	(36,195)
Amount classified as equity	(34,041)
Fair value of warrants attached to units	(72,440)
Accrued interest	-
Carrying amount of liability at August 31, 2021	<u>\$ 590,484</u>

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12. Convertible Debentures (continued)

On August 31, 2021, the Company issued 900 convertible debenture units at a price of \$1,000 per unit for gross proceeds of \$900,000. Each unit consists of a repayable note with a value of \$1,000 (the “Debentures”) and 12,500 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year with each such payment commencing on November 30, 2021.

The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders’ option, into common shares of the Company at a price of \$0.08 per common share, at any time prior to their redemption. Each warrant will entitle the holder thereof to acquire one common share of the Company at a price of \$0.11 per share for a period of 36 months from the date of issue.

In connection with the issuance of the convertible debentures, the Company paid broker fees of \$85,840, commission fees of \$81,000 and granted 1,012,500 agent’s options (the “Agent’s Options”) with a fair value of \$36,195 entitling the holder to purchase a unit of the Company (the “Agent’s Option Unit”) at \$0.08 per Agent’s Option until August 31, 2024. Each Agent’s Option Unit consists of one common share of the Company (each, an “Agent’s Option Share”) and one share purchase warrant (each, an “Agent’s Option Warrant”). Each Agent’s Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of \$0.11 for a period of 36 months from the Agent’s Options issue date of August 31, 2021. The estimated fair value associated with the Agent’s Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of \$0.055; an annualized volatility of 120%; an expected life of 3 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 0.53%.

13. Related Party Transactions

During the three and nine months ended August 31, 2021 and 2020, compensation of key management personnel and directors were as follows:

	Three months ended		Nine months ended	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
Consulting fees	\$ 97,576	\$ 40,550	\$ 267,094	\$ 146,659
Share-based compensation	60,938	209,176	681,194	887,683
Wages	67,712	166,900	192,545	665,415
	<u>\$ 226,226</u>	<u>\$ 416,626</u>	<u>\$ 1,140,833</u>	<u>\$ 1,699,757</u>

During the nine months ended August 31, 2021, the Company recognized consulting revenue of \$315,870 (August 31, 2020 - \$nil) from an associated company, Komo YUM and its subsidiary, Komo Foods. As at August 31, 2021, the Company was owed \$12,823 (November 30, 2020 – \$55,722) from Komo YUM, which was included in accounts receivable, and is unsecured, non-interest bearing, and due on demand. At August 31, 2021, the Company held \$60,000 in deposits from Komo YUM and Komo Foods (November 30, 2020 - \$16,525), which is included in deferred revenue and deposits.

On February 20, 2020, the Company entered into a license agreement with Komo Foods (a subsidiary of Komo YUM) whereby the Company granted a non-exclusive license to the Company’s proprietary mushroom extraction technology to Komo Foods for use in the United States. Pursuant to the license agreement, the Company received 1,250,000 common shares of Komo Foods, with a fair value of \$415,000, which was recognized in licensing and product sales revenue during the year ended November 30, 2020.

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13. Related Party Transactions (continued)

During the nine months ended August 31, 2021, the Company recognized licensing revenue of \$160,695 (August 31, 2020 - \$nil), consulting revenue of \$270,982 (August 31, 2020 - \$nil) and interest income of \$26,814 (August 31, 2020 - \$nil) from an associated company, NeonMind. As at August 31, 2021, the Company was owed \$744,804 from NeonMind, of which \$692,044 was included in due from related parties and \$52,760 was included in accounts receivable. This balance in due from related parties includes a promissory note balance of \$691,245 for previously advanced payment which is unsecured, bears interest at 5% compounded annually, and is due on February 28, 2022. The remaining \$800 is unsecured, non-interest bearing, and due on demand. The balance in accounts receivable is comprised of interest receivable of \$52,760 relating to the promissory note. At August 31, 2021, the Company held \$10,000 in deposits from NeonMind (November 30, 2020 - \$nil), which is included in deferred revenue and deposits. During the year ended November 30, 2020, NeonMind was a consolidated subsidiary of the Company and therefore the balance owed from NeonMind at year-end was eliminated upon consolidation.

On February 12, 2020, the Company's wholly owned subsidiary, Urban Juve entered into a license agreement with NeonMind whereby Urban Juve granted NeonMind a license to use, modify and sublicense extraction technology for the purpose of developing an extraction process for mushroom extract. Pursuant to the agreement, NeonMind issued 6,250,000 common shares with a fair value of \$500,000 to Urban Juve. The fair value of the shares received has been recognized as revenue over a period of eighteen months, which is the expected period of completion of the Company's performance obligation under IFRS 15. During the nine months ended August 31, 2021, \$160,695 was recognized as revenue on the condensed interim consolidated statement of operations and comprehensive loss. During the period from December 1, 2020 to December 30, 2020 and the nine months ended August 31, 2020, NeonMind was a consolidated subsidiary of the Company and therefore the revenue recorded during these prior periods was eliminated upon consolidation.

At August 31, 2021, the Company owed \$130,445 (November 30, 2020 - \$nil) to directors and officers of the Company, \$70,776 of which is included in accounts payable and accrued liabilities and \$59,669 of which is included in due to related parties. These amounts are unsecured and non-interest bearing.

14. Share Capital

Authorized: unlimited number of common shares without par value.

During the nine months ended August 31, 2021, the Company completed the following transactions:

- (a) Issuance of 400,000 common shares for proceeds of \$40,000 pursuant to the exercise of stock options. The fair value of the stock options of \$29,271 was transferred from equity reserves to share capital upon exercise.
- (b) Issuance of 10,140,569 common shares for proceeds of \$826,342 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants of \$34,850 was transferred from equity reserves to share capital upon exercise.
- (c) Issuance of 2,613,635 common shares pursuant to the conversion of 2,613,635 special warrants. The fair value of the warrants of \$143,750 was transferred from special warrants reserve to share capital upon conversion.
- (d) Issuance of 500,000 common shares with a fair value of \$60,000 in exchange for advertising services.
- (e) Issuance of 2,344,629 common shares with a fair value of \$216,593 for the settlement of debt of \$227,463, resulting in a gain on settlement of accounts payable of \$10,870.

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14. Share Capital (continued)

- (f) Issuance of 937,499 units with a fair value of \$64,088 to settle debt of \$64,728, resulting in a gain on settlement of accounts payable of \$640. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.08 per share for a period of twelve months.

During the nine months ended August 31, 2020, the Company completed the following transactions:

- (g) Issuance of 1,000,000 units at \$0.25 per unit for proceeds of \$250,000 pursuant to the completion of a non-brokered private placement. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.265 per share for a period of one year.
- (h) Issuance of 120,000 common shares for proceeds of \$12,000 pursuant to the exercise of stock options. The fair value of the stock options of \$8,194 was transferred from equity reserves to share capital upon exercise.
- (i) Issuance of 2,803,332 common shares for proceeds of \$564,320 pursuant to the exercise of share purchase warrants.
- (j) Issuance of 33,299,681 common shares pursuant to the conversion of 33,299,681 special warrants. The fair value of the warrants of \$4,299,436 was transferred from special warrants reserve to share capital and equity reserves upon conversion.
- (k) Issuance of 156,250 units at \$0.16 per unit for proceeds of \$25,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.16 per share for a period of one year.
- (l) Issuance of 200,000 units in exchange for consulting services with a fair value of \$32,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.16 per share for a period of one year.
- (m) Issuance of 7,000,000 units at \$0.10 per unit for proceeds of \$700,000 pursuant to the completion of a non-brokered private placement. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.11 per share for a period of two years.

15. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2019	39,795,907	\$ 1.25
Issued	70,296,894	0.13
Exercised	(2,803,332)	0.20
Expired	(20,319,032)	1.89
Balance, November 30, 2020	86,970,437	\$ 0.23
Issued	15,813,634	0.10
Exercised	(10,140,569)	0.08
Expired	(37,154,728)	0.31
Balance, August 31, 2021	55,488,774	\$ 0.16

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15. Share Purchase Warrants (continued)

As at August 31, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price	Expiry date
1,400,000	\$ 0.37	September 13, 2021
2,090,500	\$ 0.30	October 7, 2021
7,000,000	\$ 0.11	June 29, 2022
937,499	\$ 0.08	July 14, 2022
13,000	\$ 0.10	July 29, 2022
6,847,498	\$ 0.11	July 29, 2022
277,777	\$ 0.11	September 8, 2022
19,000,000	\$ 0.10	October 9, 2022
5,460,000	\$ 0.50	October 30, 2023
200,000	\$ 0.34	January 3, 2024
1,012,500	\$ 0.08	August 31, 2024
11,250,000	\$ 0.11	August 31, 2024
<u>55,488,774</u>		

Special Warrants

During the nine months ended August 31, 2021, the Company completed the following transactions:

- (a) On December 3, 2020, the Company closed a non-brokered private placement of 2,295,454 special warrants at \$0.055 per special warrant for proceeds of \$126,250 and 318,181 special warrants issued for services with a fair value of \$17,500. Each special warrant entitles the holder to acquire, without additional payment, one common share and one share purchase warrant of the Company on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.07 per share for a period of six months from the date of the issuance.

During the nine months ended August 31, 2020, the Company completed the following transactions:

- (b) On December 6, 2019, the Company closed a non-brokered private placement of 1,262,500 units at \$0.20 per unit for proceeds of \$252,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.25 per share for a period of six months from the date of the issuance.
- (c) On December 20, 2019, the Company closed a non-brokered private placement of 1,731,291 units at \$0.25 per unit for proceeds of \$432,823. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.265 per share for a period of six months from the date of the issuance.

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15. Share Purchase Warrants (continued)

- (d) On January 3, 2020 and January 7, 2020, the Company closed a non-brokered private placement of 2,133,332 units at \$0.15 per unit for proceeds of \$320,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.195 per share for a period of six months from the date of the issuance.
- (e) On January 3, 2020, the Company issued 350,000 units at \$0.15 per unit to settle accounts payable of \$52,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.195 per share for a period of six months from the date of the issuance.
- (f) On February 6, 2020, the Company closed a non-brokered private placement of 226,071 units at \$0.28 per unit for proceeds of \$63,300. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.29 per share for a period of 12 months from the date of the issuance.
- (g) On February 14, 2020, the Company closed a non-brokered private placement of 1,363,300 units at \$0.20 per unit for proceeds of \$272,660. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.26 per share for a period of 4 months from the date of the issuance.
- (h) On March 6, 2020, the Company closed a non-brokered private placement of 3,840,625 units at \$0.16 per unit for proceeds of \$614,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.20 per share for a period of 9 months from the date of the issuance.
- (i) On April 2, 2020, the Company closed a non-brokered private placement of 5,000,000 units at \$0.10 per unit for proceeds of \$500,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.13 per share for a period of 12 months from the date of the issuance.

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15. Share Purchase Warrants (continued)

- (j) On May 1, 2020, the Company closed a non-brokered private placement of 5,000,000 units at \$0.10 per unit for proceeds of \$500,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.13 per share for a period of 12 months from the date of the issuance.
- (k) On June 9, 2020, the Company closed a non-brokered private placement of 4,556,817 units at \$0.11 per unit for proceeds of \$501,250. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.135 per share for a period of six months from the date of the issuance.
- (l) On June 9, 2020, the Company issued 835,747 units at \$0.11 per unit to settle accounts payable of \$91,934. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.135 per share for a period of six months from the date of the issuance.
- (m) On July 29, 2020, the Company closed a non-brokered private placement of 3,798,221 units at \$0.10 per unit for proceeds of \$379,822. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.11 per share for a period of six months from the date of the issuance. Pursuant to the special warrant issuance, the Company paid finder's fees of \$1,300 and issued 13,000 finder's options with a fair value of \$730. Each finder's option is exercisable without payment of additional consideration for one finder's warrant, exercisable at \$0.10 per unit for a period of two years. The estimated fair value associated with the finder's options granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of \$0.10; an annualized volatility of 109%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0%; and a risk-free rate of 0.23%.
- (n) On July 29, 2020, the Company issued 3,201,777 units at \$0.10 per unit to settle accounts payable of \$320,178. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at \$0.11 per share for a period of six months from the date of the issuance.

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16. Stock Options

On May 15, 2017, the Company adopted an incentive stock option plan. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Outstanding, November 30, 2019	13,597,828	\$ 0.46
Granted	6,528,000	0.17
Exercised	(120,000)	0.10
Expired/cancelled	(2,774,167)	0.39
Outstanding, November 30, 2020	17,231,661	\$ 0.37
Granted	9,135,000	0.15
Exercised	(400,000)	0.10
Expired/cancelled	(3,306,833)	0.23
Outstanding, August 31, 2021	22,659,828	\$ 0.31
Exercisable, August 31, 2021	19,781,904	\$ 0.33

Additional information regarding stock options outstanding and exercisable as at August 31, 2021, is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
\$ 0.10 – 0.17	10,555,000	8,282,000	3.94
\$ 0.20 – 0.29	4,317,500	3,790,000	2.66
\$ 0.31 – 0.40	2,610,000	2,603,333	1.02
\$ 0.50 – 0.58	1,370,028	1,338,771	0.57
\$ 0.62 – 0.69	2,263,000	2,236,000	2.08
\$ 0.70 – 0.78	1,544,300	1,531,800	2.46
	22,659,828	19,781,904	2.87

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
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16. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended August 31, 2021, the Company recognized share-based compensation expense of \$964,291 (August 31, 2020 - \$1,231,489) in equity reserves, of which \$681,194 (August 31, 2020 - \$887,683) pertains to directors and officers of the Company. The weighted average fair value of options granted during the nine months ended August 31, 2021, was \$0.10 (August 31, 2020 - \$0.12) per share. The weighted average share price for stock options exercised was \$0.13 (August 31, 2020 - \$0.26). Weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no expected dividends or forfeitures, are as follows:

	2021	2020
Risk-free interest rate	0.75%	0.84%
Dividend yield	0%	0%
Expected volatility	122%	109%
Expected life (years)	4.88	4.79

As at August 31, 2021, there was \$111,864 (November 30, 2020 - \$195,213) of unrecognized share-based compensation related to unvested stock options.

17. Loss of Control and Disposal of Subsidiary

On December 30, 2020, the Company concluded that control over its former subsidiary, NeonMind, had been lost (Note 6). As a result, the Company deconsolidated NeonMind on the date when control was lost. The Company consolidated NeonMind's income statement from December 1 to December 30, 2020. The deconsolidation consisted of the Company derecognizing the assets and liabilities of NeonMind at the date when control was lost, derecognizing the carrying amount of the non-controlling interest in NeonMind, recognizing the fair value of the investment retained in NeonMind, and recognizing the resulting difference as a gain in the condensed interim consolidated statement of operations and comprehensive loss. The fair value of the investment retained in NeonMind was calculated at the fair value at the date when control was lost, which was \$0.10 per share in alignment with the price of the IPO units issued on the same date.

The gain on loss of control of the subsidiary was calculated as follows:

	December 30, 2020
Fair value of retained investment	\$ 3,331,350
Less: carrying value of net assets	(2,932,367)
Less: adjustment to carrying value of retained investment	2,536,748
Less: accumulated non-controlling interest	747,057
Total gain on loss of control of subsidiary	<u>\$ 3,682,788</u>
The gain is comprised of:	
Gain on loss of control of subsidiary	\$ 2,876,016
Gain on retained investment	806,772
Total gain on loss of control of subsidiary	<u>\$ 3,682,788</u>

On December 15, 2020, the Company dissolved its wholly owned subsidiary, UJ Asia Limited ("UJ Asia"). As a result of deregistering the former subsidiary, the Company derecognized the net liability of UJ Asia of \$2,623. As there were no proceeds received upon the disposal of the subsidiary to offset the value of UJ Asia's net assets, the Company recorded a loss of \$2,623 on the condensed interim consolidated statement of operations and comprehensive loss for the nine months ended August 31, 2021.

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18. Non-controlling Interest

The following table presents the summarized financial information about the Company's subsidiary, NeonMind, that had a non-controlling interest of 50% at November 30, 2020. During the nine months ended August 31, 2021, the Company lost control of NeonMind and deconsolidated the entity on December 30, 2020 (Notes 6 and 17). As at August 31, 2021, NeonMind is recorded using the equity method of accounting. This information represents amounts before intercompany eliminations.

	December 30, 2020	November 30, 2020
Summarized statement of financial position:		
Current assets	\$ 3,815,574	\$ 95,364
Current liabilities	997,742	296,067
Current net assets (liabilities)	2,817,832	(200,703)
Non-current assets	114,535	114,535
Non-current liabilities	-	691,245
Non-current net assets (liabilities)	114,535	(576,710)
Net assets (liabilities)	\$ 2,932,367	\$ (777,413)
Accumulated non-controlling interest	\$ (747,057)	\$ (548,080)

NeonMind was incorporated under the laws of the province of British Columbia, Canada, on September 18, 2019.

	For the period from December 1 to December 30, 2020 ¹	Nine months ended August 31, 2020
Summarized statement of comprehensive loss:		
Net loss and comprehensive loss	\$ (399,135)	\$ (845,237)
Loss allocated to non-controlling interests	\$ (198,977)	\$ (93,285)

¹ The Company performed a deconsolidation of NeonMind on December 30, 2020 (Note 6).

19. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital, special warrant reserve, and equity reserves.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended August 31, 2021. The Company is not subject to externally imposed capital requirements.

BETTER PLANT SCIENCES INC.

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20. Supplemental Disclosures

	August 31, 2021	August 31, 2020
Non-cash investing and financing activities:		
Fair value of broker's warrants issued as finder's fees	\$ -	\$ 42,424
Special warrants issued for settlement of accounts payable	17,500	464,611
Shares issued for services and to settle accounts payable	276,593	-
Units received for settlement of accounts receivable	-	32,561
Units issued for investment	-	750,000
Units issued for settlement of accounts payable	64,088	-
Reclassification of equity reserves for exercise of options and warrants	64,121	8,194
Convertible debenture issuance costs	36,195	-
Warrants attached to convertible debentures	72,440	-

21. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at August 31, 2021, as follows:

	Fair Value Measurements Using			Balance August 31, 2021
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Marketable securities	\$ 457,444	\$ 43	\$ -	\$ 457,487
Investment in associate	-	1,653,720	-	1,653,720
	\$ 457,444	\$ 1,653,763	\$ -	\$ 2,111,207

The fair values of other financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities, loans payable, and amounts due from and to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to accounts receivable. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada, and has no other significant concentration of credit risk arising from operations. Accounts receivable is primarily comprised of trade accounts receivable. For accounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. The carrying amount of financial assets represents the maximum credit exposure.

BETTER PLANT SCIENCES INC.

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21. Financial Instruments and Risk Management (continued)

Foreign Exchange Rate and Interest Rate Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

	August 31, 2021 USD	August 31, 2020 USD
Cash	\$ 4,291	\$ 668
Accounts receivable	-	1,816
Accounts payable and accrued liabilities	(100,759)	(89,061)
Net exposure	<u>\$ (96,468)</u>	<u>\$ (86,577)</u>
Canadian dollar equivalent	<u>\$ (121,714)</u>	<u>\$ (112,914)</u>

A 10% change in the foreign exchange rate of US dollars is not expected to have a material impact on the condensed interim consolidated financial statements. The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares and warrants held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

22. Commitments and Contingencies

Commitments

The Company has entered into multiple non-cancellable binding purchase orders for operational items that have yet to be fulfilled as of August 31, 2021, as well as various agreements for warehousing and consulting. The Company's annual contractual commitments for the next five years related to these items are as follows:

	Payments Due by Period			
	1 Year	2-3 Years	4-5 Years	Total
Lease payment obligations	\$ 159,064	\$ 187,018	\$ 79,878	\$ 425,960
Services contracts	3,000	-	-	3,000
Loans	-	80,000	-	80,000
Convertible debentures	-	900,000	-	900,000
	<u>\$ 162,064</u>	<u>\$ 1,167,018</u>	<u>\$ 79,878</u>	<u>\$ 1,408,960</u>

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
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22. Commitments and Contingencies (continued)

Loan:

The Company received an interest free Canada Emergency Business Account loan of \$120,000. If the Company repays \$80,000 by December 31, 2022, the remaining \$40,000 will be forgiven. If any portion of the loan is unpaid by December 31, 2022, the balance of the loan will convert to a 5% interest term loan with extended maturity to December 31, 2025.

Convertible debentures:

The debenture holders have the option at any time prior to the maturity date on August 31, 2023, to convert in whole or in part being \$1,000 or an integral multiple thereof, of the principal amount of the Debenture into common shares of the Company (Note 12). On maturity, the Company shall satisfy its obligation to pay the principal amount of the Debentures which have matured in cash.

Other Commitments:

On January 22, 2021, the Company's wholly-owned subsidiary, Urban Juve, entered into an agreement with a sales broker to represent the brand and all products sold by Urban Juve. The agreement appointed the broker as a sales representative agent to solicit orders for the products in the U.S.A., Australia, Japan and any additional regions mutually agreed to by both parties. For the first nine months of the agreement, Urban Juve will compensate the broker in the amount of the higher of: 8% of gross retailer generated sales or USD\$6,800. From the tenth month onward, Urban Juve will compensate the broker in the amount of 8% of gross retailer generated sales. The contract shall continue for an indefinite term until terminated by either party. If the agreement is terminated without cause, Urban Juve shall pay to the broker the amount equal to the last three months compensation due during the ninety-day written notice period.

On September 2, 2017, the Company's wholly-owned subsidiary, Urban Juve, entered into an Asset Purchase and Distribution Agreement whereby Urban Juve was granted exclusive and international distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, the Company issued 3,600,000 common shares with a fair value of \$180,000, paid an initial payment of \$6,000 on the effective date of the agreement, and paid a second payment of \$30,000 upon completion of the initial public offering by the Company. Urban Juve will also pay a royalty fee of 10% of the net revenues from the sale of any products under the agreement.

On December 30, 2017, Urban Juve entered into an Asset Purchase and Distribution Agreement whereby Urban Juve would be granted exclusive Canadian distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, the Company paid \$50,000 on the effective date of the agreement. Urban Juve will also pay a royalty fee of 10% of the net revenues (as defined in the agreement) from the sale of any products under the agreement.

Contingencies:

On February 26, 2021, a claim was commenced against the Company and 8931429 Canada Inc. (formerly Jusu Bars Inc.), which sold its assets to the Company during the year ended November 30, 2020 (see Note 10), regarding the failure of 8931429 Canada Inc., to pay rent on its retail unit located in Calgary, Alberta. The landlord is seeking payment for the amounts owing in arrears and damages for breach of contract. The Company believes this claim lacks merit and intends to defend this claim. Due to the uncertainty of timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized.

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23. Segmented Information

The Company has two reporting segments: Licensing and product sales, and corporate and consulting. Licensing and product sales are aggregated as one segment as they are focused around the same product line and share similar economic characteristics. Performance is measured based on operating income (loss) and net income (loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments relative to other entities that operate within these industries. Operating income (loss) is calculated as revenue less operating expenses.

The following is a summary of the Company's results by operating segment for the three and nine months ended August 31, 2021 and 2020:

	Licensing and product sales	Corporate and consulting	Total
For the three months ended August 31, 2021			
Revenue – Licensing	\$ 9,132	\$ -	\$ 9,132
Revenue – Product sales	139,618	-	139,618
Revenue – Consulting	-	195,251	195,251
Net income (loss) before taxes	(781,838)	(829,399)	(1,611,237)
For the nine months ended August 31, 2021:			
Revenue – Licensing	\$ 336,038	\$ -	\$ 336,038
Revenue – Product sales	451,980	-	451,980
Revenue – Consulting	-	591,164	591,164
Net income (loss) before taxes	(3,430,768)	1,635,749	(1,795,019)
As at August 31, 2021:			
Total assets	\$ 2,880,600	\$ 3,757,156	\$ 6,637,756
Total liabilities	545,060	1,548,762	2,093,822
	Licensing and product sales	Corporate and consulting	Total
For the three months ended August 31, 2020			
Revenue – Licensing	\$ 104,977	\$ -	\$ 104,977
Revenue – Product sales	59,703	-	59,703
Revenue – Consulting	-	11,041	11,041
Net income (loss) before taxes	(284,285)	(1,428,282)	(1,712,567)
For the nine months ended August 31, 2020:			
Revenue – Licensing	\$ 319,801	\$ -	\$ 319,801
Revenue – Product sales	135,942	-	135,942
Revenue – Consulting	-	12,620	12,620
Net income (loss) before taxes	(878,798)	(5,998,977)	(6,877,775)
As at August 31, 2020:			
Total assets	\$ 2,601,271	\$ 2,211,284	\$ 4,812,555
Total liabilities	593,666	1,044,523	1,638,189

BETTER PLANT SCIENCES INC.

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23. Segmented Information (continued)

Significant customers

For the three months ended August 31, 2021, the Company had three significant customers in the corporate and consulting segment, comprising 57% of the Company's total revenue.

For the nine months ended August 31, 2021, the Company had two significant customers relating to licensing revenue, comprising 24% of the Company's total revenue, and two significant customers in the corporate and consulting segment, comprising 37% of the Company's total revenue.

As at August 31, 2021, the Company had one significant accounts receivable balance outstanding relating to the corporate and consulting segment, comprising 23% of the Company's total accounts receivable.

For the three months ended August 31, 2020, the Company had three significant customers relating to licensing revenue, comprising 83% of the Company's total revenue.

For the nine months ended August 31, 2020, the Company had two significant customers relating to licensing revenue, comprising 70% of the Company's total revenue.

As at August 31, 2020, the Company had one significant accounts receivable balance outstanding relating to the consulting segment and one significant accounts receivable balance outstanding relating to licensing revenue, comprising 57% and 18% of the Company's total accounts receivable respectively.

24. Subsequent Events

On September 10, 2021, the Company entered into an agreement with NeonMind for the purchase of functional food assets related to the NeonMind's consumer division. The following assets were transferred by NeonMind to the Company: four mushroom coffee products currently being sold in Canada and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products.

In consideration for the assets, the Company paid \$645,000 including taxes, which was offset by the balance due on a promissory note of \$645,000 owed by NeonMind to the Company which had a maturity date in February 2022. In addition, a 3% royalty of net product sales for a term of 25 years will be payable to NeonMind after the Company reaches cumulative net product sales of over \$1,000,000.

Schedule "B"

Supplementary Information

[included in Schedule "A"]

Schedule "C"

Management's Discussion & Analysis

[inserted as following pages]



Management's Discussion & Analysis

For the Three and Nine Months Ended August 31, 2021 and 2020

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Better Plant Sciences Inc. ("Better Plant"), and all our subsidiaries, including our 100% owned subsidiary Urban Juve Provisions Inc. ("Urban Juve"), our 100% owned subsidiary Wright & Well™ Essentials Inc. ("Wright & Well"), our 100% owned subsidiary Jusu Bars Corp. ("Jusu Bars"), and our 100% owned subsidiary Jusu Wellness Inc. ("Jusu Wellness"), for the three and nine months ended August 31, 2021 and August 31, 2020. Collectively, Better Plant and all our subsidiaries are referred to as the "Company". All references to "us" "we" and "our" refer to the Company. All intercompany balances and transactions have been eliminated.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our unaudited condensed interim financial statements for the three and nine months ended August 31, 2021 and August 31, 2020 and audited annual consolidated financial statements for the years ended November 30, 2020 and 2019 (collectively referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making our going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

We had a net loss of \$1,611,237 and \$1,795,019, respectively, for the three and nine months ended August 31, 2021, and used \$1,260,645 of cash for operating activities during the nine months ended August 31, 2021. As at August 31, 2021, we had working capital of \$907,123 including cash of \$596,997 and had an accumulated deficit of \$34,638,263. Our continued operations are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

The COVID-19 pandemic has led to broad adverse impacts on the Canadian and global economies. The COVID-19 pandemic has impacted and could further impact our operations and the operations of our suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. As a result of the pandemic, we experienced delays in certain planned projects and product launches. Our associates and investment companies may have experienced the adverse impact of COVID-19 as well. Below is an analysis the impact of COVID-19 on our business:

Revenue generation

While we achieved significant revenue growth during the nine months ended August 31, 2021 compared to the same period of the prior year, certain revenue generating areas were negatively impacted by COVID-19 restrictions. Specifically, our brick-and-mortar retail location in Victoria, British Columbia, as a juice bar, experienced, and is still experiencing, reduced traffic and sales. Depending on the further development of the COVID-19 pandemic, its future impact on sales at this location is uncertain, although our management believes that such impact is manageable and will not be significant to our total revenues.

Productivity

We have adopted a remote work policy and our team has been working remotely since March 2020. We have been able to keep our office open and functional with minimal staff presence, and have assessed that working remotely has not materially impacted the team's overall productivity or our general financial position.

Impairment

Due to the outbreak of COVID-19, many companies are experiencing delays in projects and in their business in general. We incurred larger than expected losses from our investment in an associate, due to a restructuring process in their business. However, without availability of quantifiable information, our management cannot conclude if, and how much of, such losses were caused by the COVID-19 pandemic.

Suppliers' and vendors' contracts

We experienced slightly increased lead times of production and services with certain suppliers and vendors. However, such delays were not considered to have caused any material impact on our business and financial position. We did not have to cancel any contracts with suppliers and vendors and did not incur any cancellation penalties during the year.

Funding

The general sentiment in the capital market caused difficulties in some fund-raising activities, but we were able to overcome the difficulties and obtain the amount of funding required to support operations.

With the COVID-19 pandemic still developing and the resurgence of new cases recently, the extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on our suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Over the past year, we have been closely following the progression of COVID-19 and its potential impact on us and have been working on alternative measures and resources to minimize the impact on us. Even after the COVID-19 pandemic has subsided, we may experience adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, we cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results going forward.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

CORPORATE OVERVIEW

Our Business

We offer plant-based products for optimum health and wellness. We are engaged in product development, manufacturing, marketing and retail sales and direct-to-consumer distribution of our products. Our all-natural products vary from juice cleanses to home products to personal care products, all without chemicals or harmful ingredients. We currently have over 70 plant-based products which we manufacture (either ourselves or through co-packers) for sale through eCommerce and/or in retail stores under the brands Jusu, Urban Juve, and Wright & Well. Our direct-to-consumer platforms offer over 70 of our branded products for international distribution through 3 Shopify enabled eCommerce sites, as well as direct to consumer distribution for refrigerated goods in Victoria and Vancouver, British Columbia and Calgary, Alberta. We have one quick-serve retail location of a Jusu juice bar in Victoria, British Columbia where we sell Jusu branded products and other food items. We also offer operational, marketing, corporate and other support services to companies who have similar goals in improving the planet.

Evolving for Tomorrow

We continuously evolve our business and product commercialization plan to stay relevant to consumers. We intend to increase revenues by offering new products that are in high and sustainable consumer demand. We draw on existing, often stability-tested formulas to bring these to market under new and existing brands. Our wholly owned active brands include Jusu Bars, Jusu Wellness, Urban Juve and Wright & Well. All of the products we develop are plant-based and created to improve lives through enhanced wellness.

Plant-Based Bioscience

We take care to protect our intellectual property, which includes formulas and processes for our catalogue of more than 400 product formulas. We have conducted research into plant-based medicines to create natural health products and we have received approvals from Health Canada for 4 natural health products - 2 hand sanitizers, one product to treat pain and one plant-based healing skin ointment intended to fight against infectious diseases. We sell a hand sanitizer gel in the United States (the "U.S.") which we have listed for sale with the U.S. Food and Drug Administration (the "FDA").

Our plan is to harness plant intelligence to lead the way in making plant-based products that are better for you and better for the earth.

Our Mission Statement

Bringing better product experiences to our customers through better ingredients and innovative plant intelligence.

Our Core Values

We communicate our core values through the acronym GROW:

Gusto

We are driven, passionate and committed. We truly love what we do, which is why we're always eager to learn new things and take on any challenges with gusto.

Respect

We treat our peers, partners, and our community with honesty and respect. We also respect our planet, which is why we're very conscious of the environmental impact we have and our duty to protect the earth.

Openness

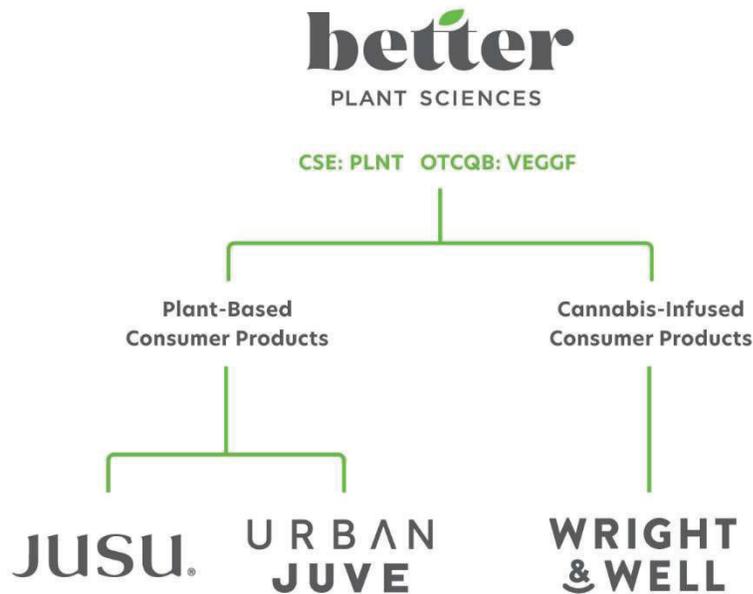
With an open mind, anything is possible. We communicate openly with one another and support the unique ideas of every person on our team. We are constantly evaluating the way we operate to see if there are better, regenerative ways we can develop and deliver our products and services.

Wonderment

We are forever curious, inviting new discoveries and embracing new ideas. We're constantly looking for ways to innovate and do things better.

Our Brands

We own 100% of the Jusu, Urban Juve and Wright & Well Brands. The following image illustrates our wholly owned brands.



JUSU.

Jusu offers plant-based wellness products with the goal to holistically improve life and improve sustainability, for ourselves, for our families, and for our planet. Every ingredient in all Jusu products is 100% naturally sourced.

Our Jusu products consist of products in the following three key categories:

1. Plant-based beverages consisting of cold-pressed juices, cleanses and booster shots with nut milks in development.
2. Plant-based personal care products, including skin care, hair care and body care.
3. Plant-based all natural home cleaning products.

Through Jusu Bars we are operating a quick-serve location at 2560B Sinclair Road, Cadboro Bay, Victoria, British Columbia, and we manufacture (ourselves and through a co-packer) and distribute Jusu juices to our Jusu Bar location as well as through our direct to consumer eCommerce platform to consumers in Calgary, Alberta and Victoria, British Columbia and Vancouver, British Columbia, and through a retail network of grocery stores and restaurants.

Plant-Based Beverages

Jusu cold pressed juices are made with a hydraulic press that uses thousands of pounds of pressure to extract the maximum amount of liquid from fresh fruits and vegetables. No heat or oxygen is used in the process.

We put most of our Jusu juices through high pressure processing as a final step in the manufacturing process allowing an extended shelf life. Jusu is selling 13 original juices that can be combined to make 1, 3 or 5 day cleanses. In June 2021, we expanded our beverage line with five new juices and two booster shots, and we continuously develop new products to expand our product line.

Jusu employs the following marketing and sales strategies for the sale of juices through sales to retail and through our direct to consumer eCommerce platform:

- local campaigns to boost both awareness of the brand and online sales including social media advertising and guerilla marketing tactics such as posters in targeted neighborhoods;
- enhancements to our eCommerce platform with updated creative assets, copy and functionality like subscriptions and newsletter signups; and
- leveraging social media channels such as Facebook and Instagram to showcase our products, interact with our customers, make announcements and partner with “influencers” to drive revenue.

Plant-Based Home Products

Jusu home products support the wellness of the home by replacing regular home products with natural, plant-based ones. As of the date of this MD&A, Jusu has seven home products on the market: All Purpose Cleaner, Concentrated Cleaner + Degreaser, Glass + Multi-Surface Cleaner, Deodorizing Soft Scrub, Dish Soap, Stainless Steel Cleaner and Laundry Detergent. During this quarter, we also relaunched ten 100% pure essential oils, and six pure essential oil blends, and six essential oil spritzers.

Plant-Based Personal Care Products

Jusu Body products are plant-based, containing only natural ingredients, and are free from harmful chemicals. The Jusu body line encompasses products ranging from babies to adults and includes hair, skin, body and face products. Jusu personal care products use pure ingredients for vitality and healthy skin. Jusu products are free from: parabens, fragrance, 4-Dioxane, SLS/SLES, triclosan, aluminum, DMDM Hydantoin, mineral oil, phthalates, PEG, and petroleum.

Jusu Wellness employs the following marketing strategies to sell its home and personal care products:

- paid ads through the Google network, video advertising on channels such as YouTube and improvements to the organic listings on Google search engine optimization;
- enhancement of email marketing strategy through testing and learning what messages resonate with customers and where improvements can be made;
- using customer data to launch ‘bundles’ of products, subscriptions and referral programs, all with a goal of improving the customer experience online;
- leveraging other opportunities to showcase our products such as advertising on podcasts and researching additional affiliate networks that align with the brand and can drive revenue; and
- leveraging social media channels such as Facebook, Instagram, Pinterest and Tik Tok to showcase our products, interact with our customers, make announcements and partner with “influencers” to drive revenue.

We distribute Jusu home and body products through retail outlets that offer goods and services in health and wellness, food, pharmacy, beauty, recreation and luxury goods, and through recently appointed sales agents, we plan to continue to expand this network.

In the past few financial quarters, we have been successful in building the retail distribution platform for Jusu products and there are now over 60 retailers that carry the products, including 7 Whole Foods locations in Ontario, Canada. Our plan is to continue to build our retail customers by actively targeting multi-chain retailers and larger online health & wellness companies. We will continue to focus on supporting our current brick & mortar stores with new JUSU products to help build out the JUSU line in their retail space.

Future Product Development

Jusu has more than 300 proprietary plant-based formulas in its library. All products are made in the same way and meant to harness the power of plants to improve wellness and a healthy environment. We are also engaged in constant research and development monitoring both consumer trends and customer feedback to launch, test and learn what new products can be launched to enhance the brand.

We are operating the Jusu Bar business, which consists of the operation of one Jusu Bar quick-serve location in Cadboro Bay, Victoria, as well as juice manufacturing and sales through retail and direct to consumer eCommerce platforms and delivery services of refrigerated cold-pressed juices in Victoria, British Columbia and Calgary, Alberta.

Since acquiring the assets of Jusu in October 2020, we have rebranded 76 wellness products and re-launched them for sale in a Shopify based Jusu eCommerce site at getjusu.com. Our direct-to-consumer website at getjusu.com offers a Shopify-powered mobile first experience that is designed to increase conversions and improve the customer experience. This is complemented by improved navigation and a customer-centric approach that creates a seamless shopping experience across the entire Jusu product catalogue.

U R B A N J U V E™

Urban Juve is a personal care line with hemp root oil as our hero ingredient. We currently have eleven products on the market, being sold in the U.S. and Canada through eCommerce as well as product sets. In the Spring of 2020, we brought to market a refined and more sophisticated packaging collection, which meets U.S., Canada and European labelling standards and requirements.

We have acquired the rights to and have developed the Urban Juve products through our wholly owned subsidiary, Urban Juve. We have acquired and developed body care and therapeutic products primarily using plant-based ingredients and inspiration from the ancient medical science of Ayurveda. Our products contain predominantly natural ingredients and minimal preservatives.

We have completed stability testing to establish either a one-year or two-year shelf life with certain packaging for approximately 50 products. These products include deodorant, body exfoliants, facial masks, sexual lubricant, sports spray, sunscreen, body oils, lip products, cleansers, facial oils, eye cream, essential oil roll-ons, perfumes, colognes, hair pomade, beard oil, shaving creams, pain balm, pain gel, mists, moisturizers, hand cream and foot cream.

W R I G H T & W E L L

Wright & Well is a cannabis wellness brand that launched in Oregon, United States in early 2020. The Wright & Well products are intended to help relieve pain and anxiety and are sold through Nova Path's distribution network of retail cannabis stores. The initial five products to market include two CBD tinctures, an analgesic topical gel with CBD and THC, a pain balm with CBD and THC, and a massage oil with CBD and THC.

Wright and Well products are formulated with proprietary formulas using carefully selected cannabis strains, and the balm, topical gel and massage oil contain our proprietary hemp root oil. There are approximately 15 licensed Cannabis dispensaries selling the products in Oregon, and we are slowly growing the business by adding several dispensaries each month. Nova Paths produced a second run in May 2021 of our top selling product, which is a cannabis infused topical gel. We have 19 retailers now carrying the Wright & Well brand in Oregon, USA.

At this time we are not pursuing further product development of cannabis infused products.

OVERALL PERFORMANCE

As of August 31, 2021, our total assets grew to \$6.6 million from \$4.7 million at November 30, 2020. The majority of the growth was due to the deconsolidation of a previously majority-owned subsidiary, NeonMind Biosciences Inc. ("NeonMind") after its initial public offering ("IPO") in December 2020, and the recognition of our investment in NeonMind as an associate under the equity method thereafter.

For the three and nine months ended August 31, 2021, product sales were \$139,618 and \$451,980 respectively, compared to \$59,703 and \$135,942 in the same periods of the prior year. During this period, we focused on building product sales, especially in the region of North America through ecommerce and retail distribution. Licensing is no longer our strategic focus and we realized licensing revenues of \$9,132 and \$336,038 for the three and nine months

ended August 31, 2021, compared to licensing revenues of \$104,977 and \$319,801 for the same periods of the prior year. Consulting revenue was \$195,251 and \$591,164 for the three and nine months ended August 31, 2021 as compared to \$11,041 and \$12,620 for the same periods of the prior year. The increase in consulting revenue was primarily related to the adoption of a shared service model with two of our affiliated companies, whereby our team provides them with finance, legal, investor relations, creative & marketing services. Our total revenue increased to \$344,001 and \$1,379,182 for the three and nine months ended August 31, 2021, from \$175,721 and \$468,363 in the same periods of the prior year, as we increased consulting activities and refocused on product sales of our plant-based products.

We had a net loss of \$1,611,237 and \$1,795,019 for the three and nine months ended August 31, 2021 as compared to a net loss of \$1,712,567 and \$6,877,775 for the same periods of the prior year. The decrease in net loss was primarily driven by an increase in revenue, decrease in operating expenses, and gain on deconsolidation of NeonMind. We had a negative adjusted EBITDA of \$1.2 million and \$2.8 million for the three and nine months ended August 31, 2021, as compared to negative adjusted EBITDA of \$1.2 million and \$5.3 million for the same periods of the prior year. The decrease in negative adjusted EBITDA was achieved primarily by the increase in revenue and reduction in operating expenses.

FINANCIAL HIGHLIGHTS

The following table summarized our recent results of operations for the periods indicated. The following information was derived from our unaudited condensed interim financial statements for the three and nine months ended August 31, 2021 and August 31, 2020, and as of August 31, 2021 and November 30, 2020.

	Three months ended August 31,			Nine months ended August 31,		
	2021	2020	% chg	2021	2020	% chg
Licensing revenue	\$ 9,132	\$ 104,977	(91)	\$ 336,038	\$ 319,801	5
Product sales	139,618	59,703	134	451,980	135,942	232
Consulting revenue	195,251	11,041	1668	591,164	12,620	4584
	344,001	175,721	96	1,379,182	468,363	194
Gross profit	145,278	100,632	44	699,574	366,081	108
Gross margin	42%	57%	(26)	51%	72%	(29)
Total expenses	1,040,377	1,578,722	(34)	4,248,370	6,906,238	(38)
Net income (loss)	(1,611,237)	(1,478,090)	9	(1,795,019)	(6,877,775)	74
Adjusted EBITDA ¹	(1,169,463)	(1,212,279)	(4)	(2,786,228)	(5,266,992)	(47)
Basic income (loss) per share	(0.01)	(0.02)	50	(0.01)	(0.06)	83

	August 31, 2021	November 30, 2020	% change
Current assets	\$ 2,027,193	\$ 1,903,383	7
Total assets	6,637,756	4,658,389	42
Current liabilities	1,120,070	1,114,191	1
Total liabilities	2,093,822	1,378,331	52

ADJUSTED EBITDA

Adjusted EBITDA, a measure used by management to indicate operating performance, is defined as earnings before interest, taxes, depreciation and amortization, excluding certain non-operating amounts as shown below. Adjusted EBITDA is not a recognized term under IFRS and is not intended to be an alternative either to gross profit or income before taxes as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

¹ Adjusted EBITDA is a non-GAAP measure and should not be considered a substitute or alternative for GAAP measures. Adjusted EBITDA is not a recognized, defined or standardized term under IFRS, and may not be a reliable way to compare us to other companies. See "Adjusted EBITDA" section for more information about this measure and details on how it was calculated.

Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. We use Adjusted EBITDA to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business than IFRS results alone. Because not all companies use identical calculations, the presentation of Adjusted EBITDA may not be comparable to other similarly titled measurements used by other companies. Readers should not consider Adjusted EBITDA in isolation or as a substitute for profit (loss) for the year as determined by IFRS, or as a substitute for an analysis of our Financial Statements.

Reconciliation of Adjusted EBITDA for the three and nine months ended August 31, 2021 and August 31, 2020:

	For the three months ended		For the nine months ended	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
Net income (loss) for the period	\$(1,611,237)	\$ (1,712,567)	\$ (1,795,019)	\$ (6,877,775)
Add:				
Depreciation & Amortization	79,517	55,773	228,656	147,268
Adjustments:				
Share-based compensation	(23,029)	267,091	964,291	1,231,489
Loss on sale of marketable securities	3,665	-	3,665	4,293
Unrealized loss (gain) on marketable securities	499	46,088	(2,605)	95,477
Gain on reclassification of investment	-	-	(366,230)	-
Gain on sale of equity accounted investee	-	-	(9,925)	-
Share of net loss of equity accounted investees	381,762	114,130	1,882,614	196,409
Gain on loss of control and disposal of subsidiary	-	-	(3,680,165)	-
Loss on impairment of intangible assets	-	17,206	-	17,206
Gain on settlement of accounts receivable	-	-	-	(17,784)
Gain on settlement of accounts payable	(640)	-	(11,510)	(63,575)
Adjusted EBITDA	<u>\$(1,169,463)</u>	<u>\$ (1,212,279)</u>	<u>\$ (2,786,228)</u>	<u>\$ (5,266,992)</u>

In the current quarter, we incurred expenses primarily in brand building activities including advertising, marketing and media, and in office and administrative expenses which includes logistics, selling costs and general operational costs. The decrease in negative adjusted EBITDA was primarily driven by an increase in product sales and consulting revenue and by expenses reductions compared to prior year.

DISCUSSION ON OPERATIONS

Revenues

Our total revenue increased to \$344,001 and \$1,379,182 for the three and nine months ended August 31, 2021, from \$175,721 and \$468,363 for the same periods of the prior year, as we increased consulting activities and product sales of our plant-based products. For the three and nine months ended August 31, 2021, product sales were \$139,618 and \$451,980 respectively, compared to \$59,703 and \$135,942 in the same periods of the prior year. The increase in product sales was largely due to Jusu brand sales, and we anticipate significant growth potential in the Jusu brand products going forward. The addition of Jusu brands expanded our offering of plant-based products in the areas of face and body care, house cleaning, baby care, and cold pressed juices. We plan to build on the existing foundation and introduce additional new products to the market, especially in the house cleaning and cold-pressed juice product lines.

During this period, we focused on building product sales through ecommerce and retail customers, especially in the region of North America. Licensing is no longer our strategic focus and we realized licensing revenues of \$9,132 and \$336,038 for the three and nine months ended August 31, 2021, compared to licensing revenues of \$104,977 and \$319,801 for the same periods of the prior year.

Consulting revenue was \$195,251 and \$591,164 for the three and nine months ended August 31, 2021 as compared to \$11,041 and \$12,620 for the same periods of the prior year. The increase in consulting revenue was primarily related to the adoption of a shared service model with two of our affiliated companies, whereby our team

provides them with finance, legal, investor relations, creative & marketing services. We anticipate future fluctuations in our consulting activities, which will depend on how active we are in supporting our affiliated companies on bringing in new projects that add to our future growth.

Advertising, Marketing and Media

Advertising, marketing and media expenses are related to our activities in promoting our corporate brand name, our plant-based line of products, which includes market studies, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for the website. For the three and nine months ended August 31, 2021, we incurred \$169,441 and \$971,091, as compared to \$312,869 and \$1,601,498 for the same periods of the prior year. The reduction in advertising, marketing and media expenses was due to larger investments in the prior year in launching new brands. Moving forward, we intend to keep advertising, marketing and media expenses consistent with the current reduced levels as we have built up a strong marketing team and are taking marketing activities in-house rather than through third-party agents.

The following is a breakdown of advertising, marketing and media expenses:

	For the three months ended		For the nine months ended	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
Promotions & Events	\$ 2,248	\$ 4,834	\$ 4,527	\$ 28,326
Marketing Expenses	80,856	50,155	285,497	190,604
Marketing Materials	1,895	23,191	6,551	148,667
Public Relations	-	12,000	34,883	57,689
Media & influencers	42,277	225,462	581,650	1,162,510
Product Samples and other	42,165	(2,773)	57,983	13,702
Total advertising, marketing and media	\$ 169,441	\$ 312,869	\$ 971,091	\$ 1,601,498

Amortization & Depreciation

Depreciation and amortization are related to computer equipment, furniture, telephone equipment, leasehold improvements and website development costs. For the three and nine months ended August 31, 2021, we incurred depreciation and amortization expenses of \$79,517 and \$228,656, as compared to \$55,773 and \$147,268 for the same periods of the prior year. The increase in depreciation expenses was driven by expanded office and staffing, and the development of an e-commerce website.

Consulting Fees

We engage consultants regularly to obtain expertise in various business areas to limit our fixed commitments on staffing and salaries expenses including but not limited to marketing, technology, finance and accounting. Consulting services provided consisted primarily of corporate finance, CFO services, director services, and regulatory advisory services. For the three and nine months ended August 31, 2021, we incurred consulting expenses of \$122,076 and \$361,857, as compared to \$229,555 and \$1,299,664 for the same periods of the prior year. The decrease in consulting fees was a result of tightened expense policies in the company.

Information System

We incurred expenses on Information Systems, primarily to establish our ERP system and ecommerce website and related backend transaction processing and support systems, as well as supporting our consulting services provided to third parties. During the three and nine months ended August 31, 2021, we incurred expenses in information systems of \$nil and \$1,700, as compared to \$25,568 and \$116,618 for the same periods of the prior year. The decrease in information systems expenses during the year compared to the prior year was due to one-time costs incurred in setting up information systems and creating new websites in the prior year, which were not required in the current year.

Investor Relations

Investor relations expenses were incurred to enhance our investor relations program and included investor relations consulting services and fees paid for news releases. Investor relations expenses increased to support ongoing efforts to expand visibility within the investment community. For the three and nine months ended August 31, 2021, we incurred \$18,137 and \$60,637, as compared to \$nil and \$107,800 for the same periods of the prior year. The increase in investor relations during the three months ended August 31, 2021, was due to ongoing efforts to expand visibility within the North American investment community. The decrease in investor relations during the nine months ended August 31, 2021, was due to normalization of such activities as compared to larger spend in the prior year to support our fundraising efforts and our stock on the Canadian Securities Exchange, the OTCQB Venture Market in the United States and The Frankfurt Stock exchange in Germany during the year.

Listing fees

We incurred listing fees of \$3,000 and \$14,252 for the three and nine months ended August 31, 2021 as compared to \$18,250 and \$38,739 for the same periods of the prior year.

Office and Administrative Expenses

For the three and nine months ended August 31, 2021, we incurred office and administrative expenses of \$225,215 and \$592,638, as compared to \$116,185 and \$455,966 for the same periods of the prior year. The increase in office and administrative expenses was related to the increase in office expenses and selling costs, which is directly related to the increase in revenue and business activity.

Breakdown of office and administrative expenses is as follows:

	For the three months ended		For the nine months ended	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
Dues and subscriptions	\$ 20,908	\$ 19,421	\$ 70,999	\$ 62,463
Insurance	33,262	19,606	84,280	72,808
Office rent	17,715	17,790	22,189	46,926
Office expenses	39,840	18,150	118,207	78,856
Logistics	24,820	14,230	76,179	55,669
Selling costs	3,506	116	46,026	116
Telephone	3,389	6,609	9,346	23,401
Travel	1,037	74	2,104	17,236
Other expenses	80,738	20,189	163,308	98,491
Total office and administrative	\$ 225,215	\$ 116,185	\$ 592,638	\$ 455,966

Product Development, Research and Registration

Product development, research and registration expenses are related to product testing, research and regulatory registrations. For the three and nine months ended August 31, 2021, we incurred product testing costs of \$4,970 and \$167,764 as compared to \$40,829 and \$214,463 for the prior year. The decrease in product development, research and registration was driven by decreased product development activities as the bulk of the research was performed in the prior year, and we have a developed catalogue of products that is sufficient to support our short and mid-term development goals.

Professional Fees

Professional fees are primarily related to legal, accounting, recruiting and audit services. For the three and nine months ended August 31, 2021, we incurred professional fees of \$76,794 and \$232,749 as compared to \$89,285 and \$293,343 for the same periods of the prior year. The decrease in professional fees were mainly related to increased reliance on internal resources to drive efficiency.

Share-based Compensation

Share-based compensation granted to our directors, officers, employees and consultants included stock options in the Company, and stock options and restricted share units of NeonMind up to the date of deconsolidation. For the three ended August 31, 2021, we incurred negative share-based compensation expense of \$23,029 primarily due to the cancellation of unvested stock options relating to the termination of a consultant. For the nine months ended August 31, 2021, we incurred share-based compensation of \$964,291. In the prior year, we incurred share-based compensation of \$267,091 and \$1,231,489 for the three and nine months ended August 31, 2020. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Wages

Wages expenses for three and nine months ended August 31, 2021 were \$364,256 and \$652,735, as compared to \$423,317 and \$1,399,390 for the same periods of the prior year. The decrease in wages was due to subsidies received from the Canada Emergency Wage Subsidy (CEWS), a government assistance program introduced during the COVID-19 pandemic. We anticipate wage expenses to be consistent with our revenue activities going forward.

Loss on Sale of Marketable Securities

We incurred a loss on sale of marketable securities of \$3,665 during both the three and nine months ended August 31, 2021, related to the disposition of shares of Komo Plant Based Foods Inc. (formerly Fasttask Technologies Inc.) ("Komo YUM"), as compared to a loss of \$nil and \$4,293 for the same periods of the prior year, which was primarily related to the disposition of shares of Fobi AI Inc. (formerly Loop Insights Inc.).

Unrealized Gain (Loss) on Marketable Securities and Investments

During the three and nine months ended August 31, 2021, we incurred unrealized loss on marketable securities of \$499 and unrealized gain of \$2,605, as compared to unrealized loss of \$46,088 and \$95,477 for the same periods of the prior year.

Loss on Write-off of Inventory

We incurred losses from inventory write-offs of \$325,265 and \$437,671 for the three and nine months ended August 31, 2021, as compared to \$69,467 for both the same periods of the prior year. Of the total inventory written off, \$353,567 was related to old packaging and \$50,031 was related to raw materials that we no longer plan to use, and \$34,073 was related to finished goods that were expired.

Gain on Reclassification of Investment

We recorded a gain on reclassification of investment of \$nil and \$366,230 for the three and nine months ended August 31, 2021, relating to the reclassification of our investment in Komo YUM from an investment in associate using the equity method to an investment at fair value through profit or loss. The reclassification resulted from a loss of significant influence over Komo YUM during the nine months ended August 31, 2021. We did not incur such gains in the same periods of the prior year.

Share of Net Loss of Equity Accounted Investees

During the three and nine months ended August 31, 2021, we incurred loss from investment in associates of \$381,762 and \$1,882,614, as compared to \$114,130 and \$196,409 for the same periods of the prior year. The increase in share of net loss of equity accounted investees was due to the deconsolidation of a previously majority-owned subsidiary, NeonMind, after its IPO in December 2020, and the recognition of our investment in NeonMind as an associate under the equity method thereafter.

Gain on Loss of Control and Disposal of Subsidiary

During the three and nine months ended August 31, 2021, we recognized a gain on loss of control of subsidiary of \$nil and \$3,680,165, primarily relating to the deconsolidation of NeonMind.

Our control over our former subsidiary, NeonMind, had been lost after NeonMind closed its IPO on December 30, 2020. As a result, we deconsolidated NeonMind on December 30, 2020. The deconsolidation consisted of derecognizing the assets and liabilities of NeonMind at the date when control was lost, derecognizing the carrying amount of the non-controlling interest in NeonMind, recognizing the fair value of the investment retained in NeonMind, and recognizing the resulting difference as a gain on loss on control of subsidiary. The fair value of the investment retained in NeonMind was calculated at the fair value at the date when control was lost.

We did not incur such gains in the prior year.

Net Loss

We incurred a net loss of \$1,611,237 and \$1,795,019 for the three and nine months ended August 31, 2021, as compared to net loss of \$1,712,567 and \$6,877,775 for the same periods of the prior year. The decrease in net losses were primarily driven by an increase in product sales and consulting revenue, expense reductions, and gain on deconsolidation of NeonMind.

Net loss per share was \$0.01 for both the three and nine months ended August 31, 2021, as compared to net loss per share of \$0.01 and \$0.06 for the same periods of the prior year.

Comprehensive Loss

For the three and nine months ended August 31, 2021, we had a comprehensive loss of \$1,611,551 and \$1,795,368 as compared to a comprehensive loss of \$1,711,376 and \$6,876,745 for the same periods of the prior year.

Dividends

No dividends were declared or paid for the three and nine months ended August 31, 2021 and August 31, 2020.

SUMMARY OF QUARTERLY RESULTS

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	\$ 344,001	\$ 543,856	\$ 491,325	\$ 666,923
Net profit (loss)	(1,611,237)	622,110	(805,892)	(3,034,069)
Basic income (loss) per share	(0.01)	0.00	(0.00)	(0.02)
Diluted income (loss) per share	(0.01)	0.00	(0.00)	(0.02)

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	\$ 175,721	\$ 160,798	\$ 131,844	\$ 146,365
Net loss	(1,712,567)	(2,462,858)	(2,702,350)	(6,215,389)
Basic income (loss) per share	(0.01)	(0.02)	(0.02)	(0.07)
Diluted income (loss) per share	(0.01)	(0.02)	(0.02)	(0.07)

SEGMENTED INFORMATION

We have two reporting segments: Licensing and product sales, and corporate and consulting. Licensing and product sales are aggregated as one segment as they are focused around the same product line and share similar economic characteristics. Performance is measured based on operating income (loss) and net income (loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments

relative to other entities that operate within these industries. Operating income (loss) is calculated as revenue less operating expenses.

The following is a summary of our results by operating segment for the three and nine months ended August 31, 2021 and 2020:

	Licensing and product sales	Corporate and consulting	Total
For the three months ended August 31, 2021			
Revenue – Licensing	\$ 9,132	\$ -	\$ 9,132
Revenue – Product sales	139,618	-	139,618
Revenue – Consulting	-	195,251	195,251
Net income (loss) before taxes	(781,838)	(829,399)	(1,611,237)
For the nine months ended August 31, 2021:			
Revenue – Licensing	\$ 336,038	\$ -	\$ 336,038
Revenue – Product sales	451,980	-	451,980
Revenue – Consulting	-	591,164	591,164
Net income (loss) before taxes	(3,430,768)	1,635,749	(1,795,019)
As at August 31, 2021:			
Total assets	\$ 2,880,600	\$ 3,757,156	\$ 6,637,756
Total liabilities	545,060	1,548,762	2,093,822
	Licensing and product sales	Corporate and consulting	Total
For the three months ended August 31, 2020			
Revenue – Licensing	\$ 104,977	\$ -	\$ 104,977
Revenue – Product sales	59,703	-	59,703
Revenue – Consulting	-	11,041	11,041
Net income (loss) before taxes	(284,285)	(1,428,282)	(1,712,567)
For the nine months ended August 31, 2020:			
Revenue – Licensing	\$ 319,801	\$ -	\$ 319,801
Revenue – Product sales	135,942	-	135,942
Revenue – Consulting	-	12,620	12,620
Net income (loss) before taxes	(878,798)	(5,998,977)	(6,877,775)
As at August 31, 2020:			
Total assets	\$ 2,601,271	\$ 2,211,284	\$ 4,812,555
Total liabilities	593,666	1,044,523	1,638,189

Significant customers

For the three months ended August 31, 2021, we had three significant customers in the corporate and consulting segment, comprising 57% of total revenue.

For the nine months ended August 31, 2021, we had two significant customers relating to licensing revenue, comprising 24% of our total revenue, and two significant customers in the corporate and consulting segment, comprising 37% of total revenue.

As at August 31, 2021, we had one significant accounts receivable balance outstanding relating to the corporate and consulting segment, comprising 23% of our total accounts receivable.

For the three months ended August 31, 2020, we had three significant customers relating to licensing revenue, comprising 83% of our total revenue.

For the nine months ended August 31, 2020, we had two significant customers relating to licensing revenue, comprising 70% of our total revenue.

As at August 31, 2020, we had one significant accounts receivable balance outstanding relating to the consulting segment and one significant accounts receivable balance outstanding relating to licensing revenue, comprising 57% and 18% of our total accounts receivable respectively.

LIQUIDITY

	August 31, 2021	November 30, 2020
Current ratio ⁽¹⁾	1.81	1.71
Cash	\$ 596,997	\$ 181,293
Working capital surplus (deficit) ⁽²⁾	\$ 907,123	\$ 789,192
Government loan ⁽³⁾	\$ 97,083	\$ 80,000
Convertible debentures ⁽⁴⁾	\$ 590,484	\$ -
Equity attributable to Shareholders	\$ 4,543,934	\$ 3,828,138

(1) Current ratio is current assets divided by current liabilities.

(2) Working capital is current assets minus current liabilities.

(3) We obtained a \$120,000 Canada Emergency Business Account (CEBA) interest-free loan provided by the Canadian government to help businesses operate during the COVID-19 pandemic. If \$80,000 of the loan is repaid by December 31, 2022, the remaining \$40,000 will be forgiven. If any portion of the loan is unpaid by December 31, 2022, the balance of the loan will convert to a 5% interest term loan with extended maturity to December 31, 2025.

(4) We issued convertible debentures with face value of \$900,000, bearing interest at 10% per annum, convertible in full or in part at the holders' option into common shares of the Company at \$0.08 per common share, at anytime up to maturity date of August 31, 2023.

Cash Position

As at August 31, 2021, we had \$596,997 of cash as compared to \$181,293 at November 30, 2020. For the nine months ended August 31, 2021, cash used in operating activities was \$1,260,645, consisting of operating expenditures during the year to support brand development activities and the acquisition of Jusu, as compared to cash used in operating activities of \$5,982,966 for the same period of the prior year to support our Urban Juve and Wright & Well product lines, and development of other product lines and formulas. Cash provided by investing activities was \$60,863 for the nine months ended August 31, 2021, from proceeds from sale of investments, as compared to cash used in investing activities of \$303,291 for the prior year driven by purchases of equipment and investments. Cash provided by financing activities was \$1,615,102 for the nine months ended August 31, 2021, which was primarily from proceeds received from the issuance of convertible debentures, issuance of special warrants on a shelf prospectus and exercise of warrants and options, as compared to \$6,222,816 for the prior year, primarily from proceeds received from the issuance of common shares and special warrants through private placements, as well as the exercise of warrants and options by investors.

Working Capital

We had a working capital of \$907,123 as at August 31, 2021 as compared to a working capital of \$789,192 as at November 30, 2020. The increase in working capital was primarily due to an increase in cash and marketable securities, and a decrease in deferred revenue and deposits.

CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at August 31, 2021, there were 195,409,577 common shares issued and outstanding. We also had 55,488,774 share purchase warrants with weighted average exercise price of \$0.16 and 22,659,828 stock options with weighted average exercise price of \$0.31.

OFF-BALANCE SHEET ARRANGEMENTS

As at August 31, 2021 and November 30, 2020, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and nine months ended August 31, 2021 and August 31, 2020, compensation of key management personnel and directors were as follows:

	Three months ended		Nine months ended	
	August 31, 2021	August 31, 2020	August 31, 2021	August 31, 2020
Consulting fees	\$ 97,576	\$ 40,550	\$ 267,094	\$ 146,659
Share-based compensation	60,938	209,176	681,194	887,683
Wages	67,712	166,900	192,545	665,415
	\$ 226,226	\$ 416,626	\$ 1,140,833	\$ 1,699,757

During the nine months ended August 31, 2021, we recognized consulting revenue of \$315,870 (August 31, 2020 - \$nil) from an associated company, Komo YUM and its subsidiary, Komo Foods. As at August 31, 2021, we were owed \$12,823 (November 30, 2020 - \$55,722) from Komo YUM, which was included in accounts receivable, and is unsecured, non-interest bearing, and due on demand. At August 31, 2021, we held \$60,000 in deposits from Komo YUM and Komo Foods (November 30, 2020 - \$16,525), which is included in deferred revenue and deposits.

On February 20, 2020, our subsidiary entered into a license agreement with Komo Foods (a subsidiary of Komo YUM) whereby we granted a non-exclusive license to our proprietary mushroom extraction technology to Komo Foods for use in the United States. Pursuant to the license agreement, our subsidiary received 1,250,000 common shares of Komo Foods, with a fair value of \$415,000, which was recognized in licensing and product sales revenue during the year ended November 30, 2020.

During the nine months ended August 31, 2021, we recognized licensing revenue of \$160,695 (August 31, 2020 - \$nil), consulting revenue of \$270,982 (August 31, 2020 - \$nil) and interest income of \$26,814 (August 31, 2020 - \$nil) from an associated company, NeonMind. As at August 31, 2021, we were owed \$744,804 from NeonMind, of which \$692,044 was included in due from related parties and \$52,760 was included in accounts receivable. This balance in due from related parties includes a promissory note balance of \$691,245 for previously advanced payment which is unsecured, bears interest at 5% compounded annually, and is due on February 28, 2022. The remaining \$800 is unsecured, non-interest bearing, and due on demand. The balance in accounts receivable is comprised of interest receivable of \$52,760 relating to the promissory note. At August 31, 2021, we held \$10,000 in deposits from NeonMind (November 30, 2020 - \$nil), which is included in deferred revenue and deposits.

During the year ended November 30, 2020, NeonMind was a consolidated subsidiary of the Company and therefore the balance owed from NeonMind at year-end was eliminated upon consolidation.

On February 12, 2020, our wholly owned subsidiary, Urban Juve entered into a license agreement with NeonMind whereby Urban Juve granted NeonMind a license to use, modify and sublicense extraction technology for the purpose of developing an extraction process for mushroom extract. Pursuant to the agreement, NeonMind issued 6,250,000 common shares with a fair value of \$500,000 to Urban Juve. The fair value of the shares received is being recognized as revenue over a period of eighteen months, which is the expected period of completion of our performance obligation under IFRS 15. During the nine months ended August 31, 2021, \$160,695 was recognized as revenue on the condensed interim consolidated statement of operations and comprehensive loss. During the period from December 1, 2020 to December 30, 2020 and the nine months ended August 31, 2020, NeonMind was a consolidated subsidiary of the Company and therefore the revenue recorded during these prior periods was eliminated upon consolidation.

At August 31, 2021, the Company owed \$130,445 (November 30, 2020 - \$Nil) to directors and officers of the Company, \$70,776 of which is included in accounts payable and accrued liabilities and \$59,669 of which is included in due to related parties. These amounts are unsecured and non-interest bearing.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include:

- collectability of accounts receivable
- impairment of inventory
- useful lives and carrying values of equipment and intangible assets
- carrying value of goodwill
- impairment of investments in associates and marketable securities
- deferred revenue
- fair value of share-based compensation
- measurement of unrecognized deferred income tax assets

Significant judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include the following:

Going concern

The factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the year end of the reporting period.

Licensing revenues

In recognizing licensing revenue from contracts with multiple obligations, management's judgment with respect to contracts with multiple performance obligations are determined based on identifying distinct goods or services and uses judgment to estimate the proportion of each distinct good or service within a contract.

Website development costs

Website development costs related to the development of an e-commerce website for Jusu Wellness. Management's judgment is used in determining that we will realize significant economic benefit from the website to justify the capitalization of all costs relating to its development. All operational website costs incurred after its launch was expensed as incurred. Website costs are being amortized on a straight-line basis over an estimated useful life of 3 years.

Incremental borrowing rate

Judgment was used to determine the incremental borrowing rate for lease liabilities under IFRS 16. The incremental borrowing rate applied to the lease liabilities was 16%. The rate was estimated based on our ability to source debt financing to fund our operations.

Fair value of investments in private companies

The fair value of shares and warrants held in private companies is determined by valuation techniques such as recent arm's-length transactions, option pricing models, or other valuation techniques commonly used by market participants. The investments in common shares and warrants are measured at fair value through profit or loss and unrealized gains and losses are recorded in the consolidated statement of operations.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the statement of financial position or the reported results of operations. An adjustment has been made to the condensed interim consolidated statements of operations and comprehensive loss to separate licensing revenue from product sales, to group distribution fees with consulting fees, and to reclassify loss on write-off of inventory from cost of product sales to a separate line item under other items.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also defines a 'settlement' as the transfer to the counterparty of cash, equity instruments, other assets or services. In July 2020, due to the COVID-19 pandemic, the IASB deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from these amendments. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on us.

Management has assessed that there are no other future accounting pronouncements that are expected to have a material impact on us in the current or future reporting periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on our consolidated statement of financial position as at August 31, 2021, as follows:

	Fair Value Measurements Using			Balance August 31, 2021
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Marketable securities	\$ 457,444	\$ 43	\$ –	\$ 457,487
Investment in associate	–	1,653,720	–	1,653,720
	<u>\$ 457,444</u>	<u>\$ 1,653,763</u>	<u>\$ –</u>	<u>\$ 2,111,207</u>

The fair values of other financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. Our credit risk is primarily attributable to accounts receivable. We minimize our credit risk associated with our cash balance by dealing with major financial institutions in Canada, and have no other significant concentration of credit risk arising from operations. Accounts receivable primarily consists of trade accounts receivable. For accounts receivable, we limit our exposure to credit risk by dealing with what management believes to be financially sound counter parties. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. We are mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

	August 31, 2021 USD	August 31, 2020 USD
Cash	\$ 4,291	\$ 668
Accounts receivable	-	1,816
Accounts payable and accrued liabilities	(100,759)	(89,061)
Net exposure	<u>\$ (96,468)</u>	<u>\$ (86,577)</u>
Canadian dollar equivalent	<u>\$ (121,714)</u>	<u>\$ (112,914)</u>

A 10% change in the foreign exchange rate of US dollars is not expected to have a material impact on the consolidated financial statements. We are not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting our operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

We are exposed to price risk with respect to our marketable securities, which consists of common shares and warrants held in publicly-traded companies and are dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

COMMITMENTS AND CONTINGENCIES

Commitments

We have entered into multiple non-cancellable binding purchase orders for operational items that have yet to be fulfilled as of August 31, 2021, as well as various agreements for warehousing and consulting. Our annual contractual commitments for the next five years related to these items are as follows:

	Payments Due by Period			Total
	1 Year	2-3 Years	4-5 Years	
Lease payment obligations	\$ 159,064	\$ 187,018	\$ 79,878	\$ 425,960
Services contracts	3,000	–	–	3,000
Loans	–	80,000	–	80,000
Convertible debentures	–	900,000	–	900,000
	<u>\$ 162,064</u>	<u>\$ 1,167,018</u>	<u>\$ 79,878</u>	<u>\$ 1,408,960</u>

Loan:

We received an interest free CEBA loan of \$120,000. If \$80,000 of the loan is repaid by December 31, 2022, the remaining \$40,000 will be forgiven. If any portion of the loan is unpaid by December 31, 2022, the balance of the loan will convert to a 5% interest term loan with extended maturity to December 31, 2025.

Convertible debentures:

The debenture holders have the option at any time prior to the maturity date on August 31, 2023, to convert in whole or in part being \$1,000 or an integral multiple thereof, of the principal amount of the Debenture into common shares of the Company at \$0.08 per share. On maturity, the Company shall satisfy its obligation to pay the principal amount of the Debentures which have matured in cash.

Other Commitments:

On January 22, 2021, our wholly-owned subsidiary, Urban Juve, entered into an agreement with a sales broker to represent the brand and all products sold by Urban Juve. The agreement appointed the broker as a sales representative agent to solicit orders for the products in the U.S., Australia, Japan and any additional regions mutually agreed to by both parties. For the first nine months of the agreement, Urban Juve will compensate the broker in the amount of the higher of: 8% of gross retailer generated sales or USD\$6,800. From the tenth month onward, Urban Juve will compensate the broker in the amount of 8% of gross retailer generated sales. The contract shall continue for an indefinite term until terminated by either party. If the agreement is terminated without cause, Urban Juve shall pay to the broker the amount equal to the last three months compensation due during the ninety-day written notice period.

On September 2, 2017, our wholly-owned subsidiary, Urban Juve, entered into an Asset Purchase and Distribution Agreement whereby Urban Juve was granted exclusive and international distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, we issued 3,600,000 common shares with a fair value of \$180,000, paid an initial payment of \$6,000 on the effective date of the agreement, and paid a second payment of \$30,000 upon completion of the initial public offering by us. Urban Juve will also pay a royalty fee of 10% of the net revenues from the sale of any products under the agreement.

On December 30, 2017, Urban Juve entered into an Asset Purchase and Distribution Agreement whereby Urban Juve would be granted exclusive Canadian distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for 20 years and will be automatically renewed for 20 additional years unless terminated by the parties. As consideration for the distribution rights, we paid \$50,000 on the effective date of the agreement. Urban Juve will also pay a royalty fee of 10% of the net revenues (as defined in the agreement) from the sale of any products under the agreement.

Contingencies

On February 26, 2021, a claim was commenced against us and 8931429 Canada Inc. (formerly Jusu Bars Inc.), a company from whom we purchased assets during the year ended November 30, 2020, regarding the failure of 8931429 Canada Inc. to pay rent on its retail unit in Calgary, Alberta. The landlord is seeking payment for the amounts owing in arrears and damages for breach of contract. We believe this claim lacks merit and intend to defend this claim. Due to the uncertainty of timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to us, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting (“ICOFR”)

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENTS

On September 10, 2021, we entered into an agreement with NeonMind for the purchase of functional food assets related to the NeonMind’s consumer division. The following assets were transferred by NeonMind to us: four mushroom coffee products currently being sold in Canada and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products.

In consideration for the assets, we paid \$645,000 including taxes, which was offset by the balance due on a promissory note of \$645,000 owed by NeonMind to us which had a maturity date in February 2022. In addition, a 3% royalty of net product sales for a term of 25 years will be payable to NeonMind after we reach cumulative net product sales of over \$1,000,000.