



## Management's Discussion & Analysis

For the Years Ended November 30, 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 Jusu Bars Corp. ("Jusu Bars"), and our 100% owned subsidiary Jusu Wellness Inc. ("Jusu Wellness"), and our 100% owned subsidiary 1233392 B.C. Ltd. (formerly Jack n Jane Essentials Inc.) for the years ended November 30, 2021 and November 30, 2021. 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 audited annual consolidated financial statements for the years ended November 30, 2021 and 2020 (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 from continuing operations of \$5,046,144 and used \$1,897,411 of cash for operating activities from continuing operations during the year ended November 30, 2021. As at November 30, 2021, we had working capital of \$75,636 including cash of \$24,562 and had an accumulated deficit of \$37,924,622. 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.

On January 24, 2022, we effected a consolidation of all issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares. All share and per share amounts in this MD&A have been retroactively adjusted for the share consolidation.

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 year ended November 30, 2021 compared to 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.

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 wholesale sales and direct-to-consumer distribution of our products. Our all-natural products vary from home products to personal care products, all without chemicals or harmful ingredients. We currently have over 40 plant-based products which we manufacture (either ourselves or through co-packers) for sale through eCommerce and/or in retail stores under the brand Jusu. We also sell functional mushroom infused coffees in the U.S. under the brand NeonMind. We discontinued operations of Urban Juve in February 2022 and we sold our Wright & Well business on November 30, 2021. We also offer operational, marketing, corporate and other support services to companies who have similar goals in improving the planet.

### Our Brands

We own 100% of the Jusu wellness consumer products brand. We also hold the rights to the functional mushroom consumer product brand, NeonMind.

## **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 key categories:

1. Plant-based personal care products, including skin care, hair care and body care.
2. Plant-based all natural home cleaning products.

During the year ended November 30, 2021, through our wholly owned subsidiary Jusu Bars we sold cold-pressed juices, cleanses and booster shots. Through Jusu Bars we operated a quick-serve location in Victoria, British Columbia, and we manufactured (ourselves and through a co-packer) and distributed 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. In February 2022, we discontinued juice sales.

### *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. Jusu home also has ten 100% pure essential oils, 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.

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.

Subsequent to November 30, 2021, we have taken Urban Juve products offline and the brand Urban Juve has been discontinued.

### Reverse Merger Transaction with Metaverse Networks Inc. (“Metaverse”)

On February 15, 2022, we announced the execution of a binding letter agreement dated February 14, 2022 (the “Letter Agreement”) with respect to a reverse merger transaction with Metaverse Networks Inc. (“Metaverse”). The transaction is expected to be treated as a fundamental change in accordance with the policies of the CSE. As a result, trading in the common shares of the Company has been halted and will remain halted until such time as all required documentation in connection with the transaction has been filed with and accepted by the CSE and permission to resume trading has been obtained by the CSE.

Metaverse is a private corporation in the business of developing and acquiring assets in the Metaverse. Under the terms of the Letter Agreement, the Company will complete a 2:1 consolidation of shares, and then the transaction will be completed by way of a three-cornered amalgamation between the Company, Metaverse, and 1233392 B.C. Ltd., our wholly owned subsidiary. Metaverse and 1233392 B.C. Ltd. will amalgamate to form one corporation (“Amalco”) and we will acquire 100% of the issued and outstanding common shares of Metaverse from the holders of Metaverse shares in exchange for common shares of the Company on a 1:1 basis. Upon closing the transaction, Amalco will become a wholly-owned subsidiary of the resulting issuer. In connection with the transaction, we will reconstitute our board of directors and senior officers and promptly following the closing of the transaction, we will change our corporate name and the resulting issuer will conduct its business under the new name. This will be a related party transaction as our CEO and President, Penny White, is also the President, Director and a shareholder of Metaverse.

Pursuant to the Letter Agreement, each of the Company and Metaverse is permitted to complete a pre-closing equity financing consisting of units for gross proceeds of up to \$3,000,000. In March 2022, Metaverse completed financing for gross proceeds of approximately \$2.1 million at a price of \$0.35 per unit. Each unit consisted of one share and one half warrant, with each whole warrant exercisable into one share at \$1 for a period of 2 years from issuance. All shares and warrants that may be issued by Metaverse in advance of the closing of the transaction will be exchanged into a corresponding number of units of the Company on a one-to-one basis. After the transaction, the Company intends to continue to provide services to other companies in the areas of brand development, marketing, design, bookkeeping and accounting.

## OVERALL PERFORMANCE

As of November 30, 2021, our total assets decreased to \$3.4 million from \$4.7 million at November 30, 2020. The decrease in total assets was mainly due to the write-off of inventory and the impairment of intangible assets and goodwill in the current year.

For the year ended November 30, 2021, product & formula sales were \$650,051, compared to \$248,443 in the prior year. During this period, we focused on building product sales, especially in the region of North America through ecommerce and retail distribution. We realized licensing revenue of \$336,038 for the year ended November 30, 2021, compared to licensing revenue of \$815,329 for the prior year. Consulting revenue was \$671,415 for the year ended November 30, 2021 as compared to \$51,198 for the prior year. The increase in consulting revenue was primarily related to the adoption of a shared service model with several of our affiliated companies, whereby our team provides them with bookkeeping, accounting, creative and marketing services. Our total revenue increased to \$1,657,504 for the year ended November 30, 2021, from \$1,114,970 in the prior year, as we increased consulting activities and increased product sales of our plant-based products.

We had a net loss from continuing operations of \$5,046,144 for the year ended November 30, 2021 as compared to \$9,681,960 for 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 \$3.9 million for the year ended November 30, 2021, as compared to negative adjusted EBITDA of \$5.7 million for the prior year. The decrease in negative adjusted EBITDA was achieved primarily by the increase in revenue and reduction in operating expenses.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected annual information from our audited financial statements for the years ended November 30, 2021, 2020 and 2019:

	For the year ended November 30,		
	2021	2020	2019
Licensing revenue	\$ 336,038	\$ 815,329	\$ 2,659,717
Product sales	650,051	248,443	341,539
Consulting revenue	671,415	51,198	1,017,988
	1,657,504	1,114,970	4,019,244
Gross profit	811,995	847,626	2,944,424
Gross margin	49%	76%	73%
Total expenses	5,073,568	8,005,546	16,130,177
Loss from continuing operations	(5,046,144)	(9,681,960)	(15,713,655)
Loss from discontinued operations	(45,676)	(229,884)	(307,333)
Net loss	(5,091,820)	(9,911,844)	(16,020,988)
Adjusted EBITDA <sup>1</sup>	(3,855,344)	(5,728,252)	(10,385,662)
Basic and diluted loss per share:			
From continuing operations	(0.25)	(0.72)	(1.75)
From discontinued operations	(0.00)	(0.02)	(0.03)

<sup>1</sup> 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.

	November 30, 2021	November 30, 2020	November 30, 2019
Current assets	\$ 1,057,907	\$ 1,903,383	\$ 1,883,936
Total assets	3,355,181	4,658,389	3,430,103
Current liabilities	982,271	1,114,191	1,975,633
Total liabilities	1,903,463	1,378,331	2,150,975

## 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.

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 years ended November 30, 2021, 2020 and 2019:

	For the year ended November 30,		
	2021	2021	2019
Net income (loss) for the period	\$ (5,091,820)	\$ (9,911,844)	\$ (16,020,988)
Add:			
Depreciation & Amortization	308,126	176,692	90,393
Adjustments:			
Share-based compensation	1,010,974	1,426,855	2,728,834
Loss (gain) on sale of marketable securities	(103,132)	55,569	(492,378)
Unrealized loss (gain) on marketable securities	(198,216)	816,452	2,410,654
Gain on reclassification of investment	(366,230)	-	-
Gain on sale of equity accounted investee	(9,925)	-	-
Dilution gain on equity accounted investee	(355,688)	-	-
Share of net loss of equity accounted investees	2,099,214	356,833	252,465
Gain on loss of control and disposal of subsidiary	(3,530,416)	-	-
Loss on impairment of intangible assets	1,237,409	129,406	-
Loss on impairment of goodwill	534,558	-	-
Loss on impairment of equity accounted investee	-	1,073,263	-
Loss on settlement of promissory note	576,383	-	-
Gain on settlement of accounts receivable	-	(17,784)	-
Loss (gain) on settlement of accounts payable	(12,257)	(63,575)	338,025
Loss from discontinued operations	45,676	229,884	307,333
Adjusted EBITDA	\$ (3,855,344)	\$ (5,728,252)	\$ (10,385,662)

During the year, we incurred expenses primarily in wages, 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 the prior year.

## DISCUSSION ON OPERATIONS

### Revenues

Our total revenue increased to \$1,657,504 for the year ended November 30, 2021, from \$1,114,970 for the prior year, as we increased consulting activities and product sales of our plant-based products. For the year ended November 30, 2021, product & formula sales were \$650,051, compared to \$248,443 in the prior year.

During this period, we focused on building product sales through ecommerce and retail customers, especially in the region of North America. We realized licensing revenue of \$336,038 for the year ended November 30, 2021, compared to licensing revenue of \$815,329 for the prior year.

Consulting revenue was \$671,415 for the year ended November 30, 2021 as compared to \$51,198 for the prior year. The increase in consulting revenue was primarily related to the adoption of a shared service model with several companies, whereby our team provides them with bookkeeping, accounting, creative and marketing services. We anticipate future fluctuations in our consulting activities.

### Advertising, Marketing and Media

Advertising, marketing and media expenses are related to our activities in promoting our corporate brand, 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 our websites. For the year ended November 30, 2021, we incurred \$1,125,394, as compared to \$1,724,097 in the prior year. The reduction in advertising, marketing and media expenses was due to larger investments in the prior year in launching new brands.

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

	For the year ended	
	November 30, 2021	November 30, 2020
Promotions & Events	\$ 7,022	\$ 29,109
Marketing Expenses	310,308	204,262
Marketing Materials	8,895	32,740
Public Relations	34,883	75,676
Media & influencers	669,647	1,325,139
Product Samples and other	94,639	57,171
Total advertising, marketing and media	\$ 1,125,394	\$ 1,724,097

### Amortization & Depreciation

Depreciation and amortization are related to computer equipment, furniture, telephone equipment, leasehold improvements and website development costs. For the year ended November 30, 2021, we incurred depreciation and amortization expenses of \$308,126, as compared to \$176,692 for the prior year. The increase in depreciation expenses was driven by expanded office and staffing.

### 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 year ended November 30, 2021, we incurred consulting expenses of \$446,811, as compared to \$1,465,766 for the prior year. The decrease in consulting fees was a result of tightened expense policies at 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 year ended November 30, 2021, we incurred expenses in information systems of \$6,125, as compared to \$117,488 for 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. For the year ended November 30, 2021, we incurred \$80,837, as compared to \$107,800 for the prior year.

### Office and Administrative Expenses

For the year ended November 30, 2021, we incurred office and administrative expenses of \$275,681, as compared to \$388,009 for the prior year. The breakdown of office and administrative expenses was as follows:

	For the year ended November 30,	
	2021	2020
Dues and subscriptions	\$ 90,458	\$ 87,188
Insurance	112,854	99,314
Office rent	5,287	52,415
Telephone	14,201	28,885
Travel	2,637	17,344
Other expenses	50,244	102,863
Total office and administrative	\$ 275,681	\$ 388,009

### Product Development, Research and Registration

Product development, research and registration expenses are related to product testing, research and regulatory registrations. For the year ended November 30, 2021, we incurred product testing costs of \$188,045 as compared to \$366,028 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.

### Professional Fees

Professional fees are primarily related to legal, accounting, recruiting and audit services. For the year ended November 30, 2021, we incurred professional fees of \$273,583 as compared to \$388,220 for the prior year. The decrease in professional fees were mainly related to increased reliance on internal resources to drive efficiency.

### Selling Expenses

Selling expenses consisted of logistics costs including product storage, order processing and freight, as well as fees from e-commerce platforms. For the year ended November 30, 2021, we incurred selling expenses of \$351,995 as compared to \$107,599 in the prior year. The increase in selling expenses was directly related to the increase in product sales during the year.

### 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 year ended November 30, 2021, we incurred share-based compensation expense of \$1,010,974 compared to \$1,426,855 in the prior year. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

### Wages

Wages for the year ended November 30, 2021 were \$988,745, as compared to \$1,693,632 for the prior year. The decrease in wages was due to reduced staff and subsidies received from the Canada Emergency Wage Subsidy (CEWS), a government assistance program introduced during the COVID-19 pandemic.

### Realized Gain (Loss) on Sale of Marketable Securities

We incurred a gain on sale of marketable securities of \$103,132 during the year ended November 30, 2021, as compared to a loss of \$55,569 for the prior year.

### Unrealized Gain (Loss) on Marketable Securities and Investments

During the year ended November 30, 2021, we incurred unrealized gain on marketable securities of \$198,216 as compared to unrealized loss of \$66,452 for the prior year. The difference was due to fluctuations in market price of our holdings in publicly-traded companies.

### Gain on Reclassification of Investment

We recorded a gain on reclassification of investment of \$366,230 for the year ended November 30, 2021, relating to the reclassification of our investment 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 the investee during the year ended November 30, 2021. We did not incur such gains in the prior year.

### Share of Net Loss of Equity Accounted Investees

During the year ended November 30, 2021, we incurred losses from investment in associates of \$2,099,214, as compared to \$356,883 for the prior year. The increase in share of net loss of equity accounted investees was mainly 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 year ended November 30, 2021, we recognized a gain on loss of control of subsidiary of \$3,530,416, 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, 2021. As a result, we deconsolidated NeonMind on December 30, 2021. 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.

### Impairment of Intangible Assets and Goodwill

In the prior year, we acquired assets of Jusu Wellness and Jusu Bars, which included the following intangible assets: product formulations, customer relationships, brand names, and website development costs. In addition, we recognized goodwill arising from the asset acquisition which represented expected synergies, future income, and growth potential of Jusu. As at November 30, 2021, we assessed impairment of intangible assets and goodwill in accordance with IAS 36 *Impairment of Assets*. During the year ended November 30, 2021, despite the increase in product sales compared to the prior year, the increase was not as high as forecasted and there was a decline in sales per quarter relating to the Jusu assets. Additionally, the Jusu Bar business was discontinued subsequent to year-end. As management's sales forecast had previously been used as a basis for the original valuation of the Jusu assets upon its acquisition in the prior year, this led management to conclude that there were observable indications that the Jusu assets value had declined during the period significantly more than would be expected as a result of the passage of time. As a result, we recognized an impairment loss on intangible assets of \$1,237,409 and impairment loss on goodwill of \$534,558 in the current year, as compared to \$129,403 and \$nil respectively in the prior year.

### Loss on Write-off of Inventory

We incurred losses from inventory write-offs of \$794,392 for the years ended November 30, 2021, as compared to \$106,187 for the prior year. Of the total inventory written off, \$379,407 was related to old packaging and \$76,691 was related to raw materials that we no longer plan to use, and \$338,294 was related to finished goods that were expired or no longer for sale.

### Loss from Continuing Operations

Loss from continuing operations for the year ended November 30, 2021 was \$5,046,144 and \$0.25 per share, basic and diluted, as compared to \$9,681,960 and \$0.72 per share, basic and diluted, in the prior year.

### Loss from Discontinued Operations

We entered into a purchase of business agreement dated November 30, 2021 with AREV Life Sciences Global Corp. in which we agreed to sell all of the issued and outstanding shares of Wright & Well Essentials Inc. ("Wright & Well") in consideration for \$20,000. On April 6, 2021, we wound up our inactive subsidiary UJ Asia Limited ("UJ Asia") and on November 30, 2021, we wound up our inactive subsidiary Yield Botanicals Inc. ("Yield Botanicals"). As a result of the purchase of business agreement and wound-up subsidiaries, Wright & Well, Yield Botanicals, and UJ Asia meet the criteria to be classified as discontinued operations at November 30, 2021 and therefore, the results of operations of these three entities for all periods have been classified as discontinued operations on the consolidated statements of operations and comprehensive loss. Loss from discontinued operations for the year ended November 30, 2021 was \$45,676 and \$0.00 per share, basic and diluted, as compared to \$229,884 and \$0.02 per share, basic and diluted, in the prior year.

## Net Loss

We incurred a net loss of \$5,091,820 for the year ended November 30, 2021, as compared to net loss of \$9,911,844 for 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.

## Comprehensive Loss

For the year ended November 30, 2021, we had a comprehensive loss of \$5,110,849 as compared to a comprehensive loss of \$9,910,376 for the prior year.

## Dividends

No dividends were declared or paid for the years ended November 30, 2021 and 2020.

## **SUMMARY OF QUARTERLY RESULTS**

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	\$ 284,701	\$ 339,575	\$ 543,856	\$ 489,372
Net income (loss) from continuing operations	(3,300,673)	(1,593,228)	648,609	(800,852)
Net income (loss) from discontinued operations	3,872	(18,009)	(26,499)	(5,040)
Basic & diluted income (loss) per share:				
From continuing operations	(0.17)	(0.08)	0.03	(0.04)
From discontinued operations	0.00	(0.00)	(0.00)	(0.00)

	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	\$ 662,205	\$ 174,159	\$ 143,351	\$ 135,255
Net income (loss) from continuing operations	(3,026,423)	(1,666,749)	(2,415,804)	(2,572,984)
Net income (loss) from discontinued operations	(7,646)	(45,818)	(50,465)	(125,955)
Basic & diluted income (loss) per share:				
From continuing operations	(0.18)	(0.12)	(0.20)	(0.23)
From discontinued operations	(0.00)	(0.00)	(0.00)	(0.01)

## **RESULTS OF THE FOURTH QUARTER**

Our business is generally non-seasonal and our licensing revenue is highly driven by transactions which do not have a seasonal pattern. For the fourth quarter ended November 30, 2021, we generated revenue of \$284,701 as compared to \$662,205 for the same period of the prior year. During the three months ended November 30, 2021, we incurred a net loss from continuing operations of \$3,300,673 as compared to \$3,026,423 for the same period of the prior year. The net loss for the quarter was primarily due to operating expenses to expand and develop our product lines, and to promote and increase awareness for our corporate brand and our new product lines, losses on impairment of intangible assets and goodwill, and loss on write-off of inventory.

## 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 years ended November 30, 2021 and 2020:

	Licensing and product sales	Corporate and consulting	Total
For the year ended November 30, 2021:			
Revenue – Licensing	\$ 336,038	\$ -	\$ 336,038
Revenue – Product sales	650,051	-	650,051
Revenue – Consulting	-	671,415	671,415
Net income (loss) before taxes from continuing operations	(5,844,679)	798,535	(5,046,144)
Net loss before taxes from discontinued operations	(44,276)	(1,400)	(45,676)
As at November 30, 2021:			
Total assets	\$ 1,235,988	\$ 2,119,193	\$ 3,355,181
Total liabilities	473,144	1,430,319	1,903,463
	Licensing and product sales	Corporate and consulting	Total
For the year ended November 30, 2020:			
Revenue – Licensing	\$ 815,329	\$ -	\$ 815,329
Revenue – Product sales	248,443	-	248,443
Revenue – Consulting	-	51,198	51,198
Net income (loss) before taxes from continuing operations	(3,883,277)	(5,798,683)	(9,681,960)
Net income (loss) before taxes from discontinued operations	(216,849)	(13,035)	(229,884)
As at November 30, 2020:			
Total assets	\$ 3,094,906	\$ 1,563,483	\$ 4,658,389
Total liabilities	564,764	813,567	1,378,331

### Significant customers

For the year ended November 30, 2021, we had two significant customers relating to licensing revenue, comprising 20% of total revenue, and two significant customers in the corporate and consulting segment, comprising 34% of total revenue.

As at November 30, 2021, we had one significant accounts receivable balance outstanding relating to the corporate and consulting segment, comprising 14% of total accounts receivable.

For the year ended November 30, 2020, we had one significant customer relating to licensing revenue, comprising 46% of total revenue.

As at November 30, 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 39% and 13% of total accounts receivable respectively.

## LIQUIDITY

	November 30, 2021	November 30, 2020
Current ratio <sup>(1)</sup>	1.08	1.71
Cash	\$ 24,562	\$ 181,293
Working capital surplus <sup>(2)</sup>	\$ 75,636	\$ 789,192
Government loan <sup>(3)</sup>	\$ 101,019	\$ 80,000
Convertible debentures <sup>(4)</sup>	\$ 627,614	\$ -
Equity attributable to Shareholders	\$ 1,451,718	\$ 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 November 30, 2023.

### Cash Position

As at November 30, 2021, we had \$24,562 of cash as compared to \$181,293 at November 30, 2020. For the year ended November 30, 2021, cash used in operating activities for continuing operations was \$1,897,411, consisting of operating expenditures during the year to support brand development activities and the acquisition of Jusu, as compared to \$6,063,461 for the prior year to support Urban Juve products and the development of other product lines and formulas. Cash provided by investing activities was \$205,951 for the year ended November 30, 2021, from proceeds from sale of investments, as compared to cash used in investing activities of \$362,262 for the prior year driven by purchases of equipment and investments. Cash provided by financing activities was \$1,599,399 for the year ended November 30, 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 \$6,767,374 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 \$75,636 as at November 30, 2021 as compared to a working capital of \$789,192 as at November 30, 2020. The decrease in working capital was primarily due to a decrease in cash and inventory, offset by an increase in marketable securities.

## CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at November 30, 2021, there were 19,917,970 common shares issued and outstanding. We also had 5,576,840 share purchase warrants with weighted average exercise price of \$1.40 and 1,966,983 stock options with weighted average exercise price of \$2.79.

## Reconciliation of use of proceeds of base shelf prospectus

We filed a base shelf prospectus (“Shelf Prospectus”) on July 18, 2019 to raise funds of \$10,000,000. The Shelf Prospectus was completed in December 2020 with gross proceeds of \$9,997,794 raised. We incurred brokers’ commissions of \$106,668, resulting in a net of \$9,891,126 funds available to the Company. The following table outlines the anticipated use of proceeds and compares this with how the proceeds were actually applied.

	Disclosed \$	Actual \$	Variance \$
Media, advertising, promotions, and product packaging and design	2,193,369	2,435,157	241,788
Branding and creatives	70,000	145,397	75,397
Wages and contractors	1,346,989	1,195,691	(151,298)
Corporate finance	349,500	349,500	–
Initial cost in the development of hemp root extraction facility	290,498	73,807	(216,691)
Production of inventory	1,747,055	1,522,450	(224,606)
Product development, formulation and testing	250,715	292,313	41,598
Improvement in technology systems	312,625	326,968	14,343
Professional fees and other general and administrative expenses	193,866	193,866	–
General working capital	1,966,000	2,196,971	230,971
Investment in subsidiary	200,000	200,000	–
Leasehold improvement	139,500	127,997	(11,503)
Payment of debt for previously received services	831,008	831,008	–
Total	9,891,126	9,891,126	–

Due to difficulty in sourcing of key product ingredients and the onset of COVID-19 pandemic, our plan in the development of hemp root oil-based products was put on hold. As of the date of this MD&A, we have discontinued our line of hemp root oil products and we will no longer be pursuing this activity. The unused portion of the budget for the development of hemp root extraction facility was \$216,691.

We were able to achieve savings of \$151,298 in our budget for wages and contractors, and our inventory levels were lower than expected, resulting in savings on inventory production of \$224,606. We also spent \$11,503 less on leasehold improvements than budgeted.

The above savings in budget were re-deployed to the following areas:

Media, Advertising, Promotions, and Product Packaging and Design	\$ 241,788
Branding and Creatives	\$ 75,397
Product Development, Formulation and Testing	\$ 41,598
Improvement in Technology Systems	\$ 14,343
General Working Capital	\$ 230,971

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## RELATED PARTY TRANSACTIONS

During the years ended November 30, 2021 and 2020, compensation of key management personnel and directors were as follows:

	For the year ended November 30,	
	2021	2020
Consulting fees	\$ 315,694	\$ 187,899
Share-based compensation	710,060	758,148
Wages	301,055	931,208
	<u>\$ 1,326,809</u>	<u>\$ 1,877,255</u>

During the year ended November 30, 2021, we recognized consulting revenue of \$331,809 (November 30, 2020 - \$24,076), rent recovery of \$16,000 (November 30, 2020 - \$nil) and product sales of \$nil (November 30, 2020 - \$40,233) from an associated company, Komo YUM and its subsidiary, Komo Foods. As at November 30, 2021, we owed \$3,423 (November 30, 2020 - was owed \$55,722) to Komo YUM, which is included in due to related parties, and is unsecured, non-interest bearing, and due on demand. At November 30, 2021, we held \$14,831 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, we entered into a license agreement with Komo Foods (a subsidiary of Komo YUM) whereby we 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, we 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 year ended November 30, 2021, we recognized licensing revenue of \$160,695, consulting revenue of \$302,711, rent recovery of \$16,000 and interest income of \$27,709 from an associated company, NeonMind. During the year ended November 30, 2020, NeonMind was a consolidated subsidiary of the Company and therefore all intercompany transactions were 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 has been 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 year ended November 30, 2021, \$160,695 was recognized as revenue on the consolidated statement of operations and comprehensive loss. During the period from December 1, 2020 to December 30, 2020 and the year ended November 30, 2020, NeonMind was a consolidated subsidiary of the Company and therefore the revenue recorded during these prior periods was eliminated upon consolidation.

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. The fair value of the assets received was determined to be \$68,617, resulting in a loss on settlement of the promissory note of \$576,383. 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.

As at November 30, 2021, we owed \$16,948 to NeonMind which is included in due to related parties, and held a \$10,000 deposit from NeonMind, 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.

During the year ended November 30, 2021, we recognized consulting revenue of \$32,583 (2020 - \$nil) and \$59,500 (2020 - \$nil) of product and formula sales revenue from an associated company, The Mylk Cart Corporation (“Mylk Cart”). The Company’s President and CEO is an officer and shareholder of Mylk Cart and the Company’s corporate secretary is a director of Mylk Cart. As at November 30, 2021, we were owed \$10,325 (2020 - \$nil) from Mylk Cart, which is included in due from related parties, and we held a \$50,000 (2020 - \$nil) deposit from Mylk Cart, which is included in deferred revenue and deposits.

On October 21, 2021, our wholly owned subsidiary, Jusu Bars, purchased 3,000,000 common shares of Mylk Cart at \$0.02 per share for a total cost of \$60,000, which has been accounted for as an investment in associate. On October 22, 2021, Jusu Bars entered into an asset purchase agreement with Mylk Cart whereby it sold certain formulas and know how for non-dairy beverages to Mylk Cart for \$60,000, which has been included in product and formula sales revenue.

At November 30, 2021, we owed \$26,740 (November 30, 2020 - \$nil) to directors and officers of the Company, \$22,861 of which is included in accounts payable and accrued liabilities and \$3,879 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:

- 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 were 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 the change in fair value is 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.

### Restatement and Reclassification of Prior Year Presentation

The Company identified an accounting error in relation to its prior year consolidated financial statements. The error was due to a subsidiary's share capital was incorrectly included in the share capital of the Company. The error has resulted in an overstatement of \$959,141 in share capital and an understatement of retained earnings of \$959,141 for the year ended November 30, 2020. The error was corrected in the current year. The effects of the restatement are as follows:

	November 30, 2020	Restatement	November 30, 2020
	Original		Restated
Share capital	\$ 27,954,370	\$ (959,141)	\$ 26,995,229
Deficit	(34,283,361)	959,141	(33,324,220)

This restatement has no effects to the consolidated statements of loss and comprehensive loss and consolidated statement of cashflows for the year ended November 30, 2020.

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. 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 consolidated statements of operations and comprehensive loss to separate licensing revenue from product sales, to group distribution fees with consulting fees, to separate out selling expenses from office and administrative expenses, and to reclassify loss on write-off of inventory from cost of product sales to

a separate line item under other items. An adjustment has been made to the prior year share capital and deficit balances in order to remove the share capital of NeonMind, a former subsidiary of the Company which was deconsolidated when the Company lost control on December 30, 2020.

#### 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 2021, 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 November 30, 2021, as follows:

	Fair Value Measurements Using			Balance November 30, 2021
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Marketable securities	\$ 550,782	\$ 216	\$ –	\$ 550,998

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:

	November 30, 2021 USD	November 30, 2020 USD
Cash	\$ 4,415	\$ 1,373
Accounts receivable	-	13,762
Accounts payable and accrued liabilities	(65,779)	(53,771)
Net exposure	\$ (61,364)	\$ (38,636)
Canadian dollar equivalent	\$ (78,497)	\$ (50,092)

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 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			
	1 Year	2-3 Years	4-5 Years	Total
Lease payment obligations	\$ 159,064	\$ 163,881	\$ 63,249	\$ 386,194
Services contracts	4,000	-	-	4,000
Loans	-	80,000	-	80,000
Convertible debentures	-	900,000	-	900,000
	\$ 163,064	\$ 1,143,881	\$ 63,249	\$ 1,370,194

Loan:

We received an interest free Canada Emergency Business Account loan of \$120,000. If we repay \$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. On maturity, we shall satisfy our 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.A., Australia, Japan and any additional regions mutually agreed to by both parties. For the first nine months of the agreement, Urban Juve compensated 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 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, 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. As the damages claimed by the plaintiff were not directly against the Company, 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 (“ICFR”)

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 ICFR

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 January 24, 2022, we effected a consolidation of all issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares. All share and per share amounts in this MD&A have been retroactively adjusted for the share consolidation.

Subsequent to November 30, 2021, we discontinued the Urban Juve brand and the Jusu Bar juice business. Urban Juve, our wholly owned subsidiary, has taken its products offline and the brand Urban Juve will be discontinued.

Operations of Jusu Bar at Cadboro Bay in Victoria, British Columbia, ceased in February 2022. The manufacturing of new juice products has ceased, and the online platform stopped selling juices in January 2022.

On February 15, 2022, we announced the execution of a binding Letter Agreement dated February 14, 2022 with respect to a reverse merger transaction with Metaverse Networks Inc. (“Metaverse”). The transaction is expected to be treated as a fundamental change in accordance with the policies of the CSE. As a result, trading in the common shares of the Company has been halted and will remain halted until such time as all required documentation in connection with the transaction has been filed with and accepted by the CSE and permission to resume trading has been obtained by the CSE.

Under the terms of the Letter Agreement, the transaction will be completed by way of a three-cornered amalgamation between the Company, Metaverse, and 1233392 B.C. Ltd., our wholly owned subsidiary. Metaverse and 1233392 B.C. Ltd. will amalgamate to form one corporation ("Amalco") and we will acquire 100% of the issued and outstanding common shares of Metaverse from the holders of Metaverse shares in exchange for common shares of the Company on a 1:1 basis. Upon closing the transaction, Amalco will become a wholly-owned subsidiary of the resulting issuer. In connection with the transaction, we will reconstitute our board of directors and senior officers and promptly following the closing of the transaction, we will change our corporate name and the resulting issuer will conduct its business under the new name.

Pursuant to the Letter Agreement, each of the Company and Metaverse is permitted to complete a pre-closing equity financing consisting of units for gross proceeds of up to \$3,000,000. Each unit will consist of one share and one half warrant, with each whole warrant exercisable into one share at \$1 for a period of 2 years from issuance. All units that may be issued by Metaverse in advance of the closing of the transaction will be exchanged into a corresponding number of units of the resulting issuer on a one-to-one basis. Since entering into the Letter Agreement, Metaverse has completed approximately \$2.1 million of pre-closing equity financing.