



## Management's Discussion & Analysis

For the Years Ended November 30, 2020 and 2019

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Better Plant Sciences Inc. ("Better Plant") (formerly The Yield Growth Corp.), 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"), our 100% owned subsidiary Yield Botanicals Inc. ("Yield Botanicals"), our 100% owned subsidiary Jusu Wellness Inc. ("Jusu Wellness"), our 100% owned subsidiary W&W Manufacturing Inc. ("W&W Manufacturing"), our 100% owned Jack n Jane Essentials Inc. ("Jack n Jane"), and our majority owned subsidiary NeonMind Biosciences Inc. ("NeonMind") for the years ended November 30, 2020 and 2019. Collectively, Better Plant, Urban Juve, Wright & Well, Jusu Bars, Yield Botanicals, Jusu Wellness, W&W Manufacturing, Jack n Jane, and NeonMind 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, 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 incurred a net loss of \$9,911,844, and used \$6,370,427 of cash for operating activities during the year ended November 30, 2020 and incurred an accumulated deficit of \$34,283,361 as at November 30, 2020. 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 July 18, 2019, we filed a based shelf prospectus for up to \$10 million (the "Shelf Prospectus") to raise funds to support our cash requirements. By the end of December 2020, we raised approximately \$10 million in gross proceeds from the Shelf Prospectus. We plan to file another shelf prospectus in the near future to provide funding for future operations.

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 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, 2020, 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. We acquired this location as part of a business acquisition effective October 9, 2020, therefore, the impact for the year ended November 30, 2020 was not material. 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. During the year ended November 30, 2020, we impaired our investment in Translational Life Sciences Inc. ("TLS") due to slower than expected advancement in their business plans. We also 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. We raised \$5.6 million in fiscal 2020 through the Shelf Prospectus. We maintain zero commercial debt aside from a Canada Emergency Business Account loan of \$80,000 (of which only \$60,000 is repayable), 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 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 a vertically integrated company with a team whose complementary experience enables 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 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 in which we have an equity interest.

### *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. Our majority owned subsidiary, NeonMind, has launched functional mushroom products. 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 pave the way for a world filled with sustainable, environmentally friendly plant-based products that are better for you and better for the earth.

### Our Mission Statement

Our mission is to leverage plant-based ingredients and modern plant science to offer consumers optimal health and wellness products that are simply better.

### 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.

#### **Open**

With an open mind, anything is possible. We communicate openly with one another and support the unique ideas of every person on our team.

#### **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. At the end of fiscal 2020, we owned a majority of NeonMind. The following image illustrates our wholly owned and majority 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 and plant based.

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

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

Through Jusu Bar we are operating a Jusu Bar retail location at 2560B Sinclair Road, Cardoro 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.

### *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, preserving all the nutrients that are typically lost in the heat of traditional pasteurization.

We put most of our Jusu juices through HPP (High Pressure Processing) as a final step in the manufacturing process allowing an extended shelf life. Jusu is selling 6 original juices that can be combined to make 1, 3 or 5 day cleanses. We are currently in development to expand our beverage line with 3 new juices, 2 booster shots and larger size juices and 3 nut milks. We expect all of these products to be launched in the spring and summer of 2021.

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 campaign 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 and Multi-Surface Cleaner, Deodorizing Soft Scrub, Dish Soap, Stainless Steel Cleaner and Laundry Detergent.

#### *Plant-Based Personal Care Products*

Jusu Body products are plant-based, containing only natural ingredients. 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 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.

Jusu has approximately 87,000 followers on instagram @jusu, 1,400 followers on Facebook and has a subscription database of approximately 9,300 emails.

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.

#### *Future Product Development*

Jusu has more than 300 proprietary plant-based formulas in various stages of development. All products are made in the same way and meant to harness the power of plants to improve wellness and a healthy environment. We’re 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. In Q2, we plan on launching some extensions to our beverage line as well as an additional line of functional beverages in the second half of the year. In Q3 and Q4 we plan to roll out more products in the Jusu home and body categories.

On February 8, 2021 we took over operation of the juice business, although we were booking revenues for the juice business since October 2020. We are operating the Jusu Bar business, which consists of the operation of one Jusu

Bar retail and sit down location in Cadboro Bay, Victoria, as well as juice manufacturing and sales through retail and direct to consumer eCommerce platforms in Victoria, British Columbia and Calgary, Alberta. Since acquiring the assets of Jusu in October 2020, we have rebranded 44 products for home, body and baby and re-launched them for sale in a shopify based Jusu eCommerce site at getjusu.com and have rebranded and launched an additional 7 Jusu products for a total of 51 Jusu products. In addition to the current selection of Jusu products, we have plans to roll out another 21 products from the Jusu catalogue over the next 12 months. Our direct to consumer website at getjusu.com offers a 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.

In addition to acquiring wellness formulas for body care, facial care and therapeutic products, we have also developed products through our in-house research and development team. We have launched the following products under the Urban Juve brand:

### Face Care:

- Skin Awakening Serum
- Ultra-Hydrating Lip Balm
- Total Fresh Face & Body Mist
- Skin Calming Face & Body Mist
- Skin Balancing Face & Body Mist
- Balance Terpene-Rich Face Moisturizer
- Align Terpene-Rich Face Moisturizer
- Vitalize Terpene-Rich Face Moisturizer

### Body Care:

- Energizing Body Oil
- Nurturing Body Oil
- Hydrating Body Oil
- Ultra-Nourishing Hand Sanitizer Spray
- Hand Sanitizer Gel

## **WRIGHT & WELL**

Wright & Well is a cannabis wellness brand that launched in Oregon, United States in December 2019. 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 & Well branded products serve the growing number of wellness-minded people in Oregon's legal cannabis market. 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.

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



We are a significant and controlling shareholder of NeonMind. At November 30, 2020 we owned a majority of NeonMind's outstanding shares and as at the date of this MD&A, we own approximately 27% of its issued and outstanding shares of NeonMind (we own 33,313,500 shares out of 121,617,883 outstanding shares).

The NeonMind shares owned by us are subject to an escrow agreement whereby they are released in tranches over a 35-month period, beginning on January 29, 2021. We support the operations of NeonMind through an operating agreement whereby our team provides services to NeonMind as needed in the areas of marketing, product development, administration, accounting, legal and sales.

NeonMind is engaged in research and development of products to optimize human health and performance. NeonMind has two divisions, a consumer products division with a focus on mushroom infused products, and a pharmaceutical division engaged in drug development of psychedelic compounds. NeonMind's consumer division currently sells 4 NeonMind branded coffee products in Canada through NeonMind's direct to consumer eCommerce platform, and it has plans to launch products in Canada as natural health products if Health Canada approves its recent applications. NeonMind also plans to launch mushroom infused dietary supplements in the United States this spring.

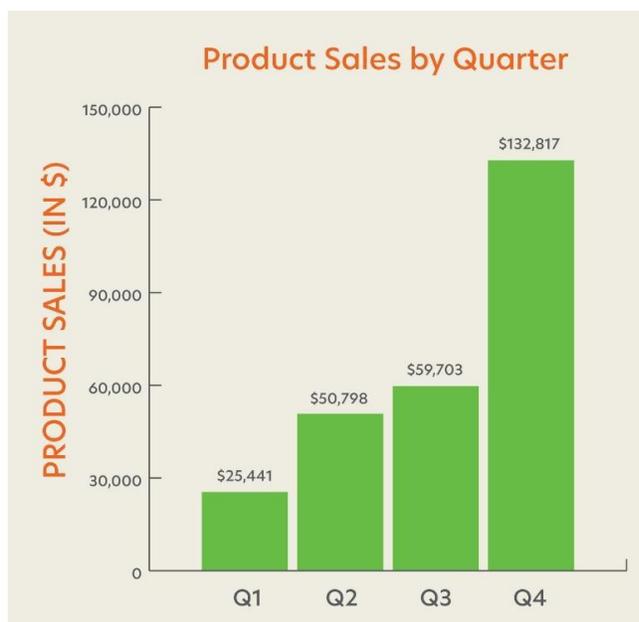
In its pharmaceutical division, NeonMind has two distinct psilocybin drug development programs targeting obesity. NeonMind's first drug candidate aims to use synthetic psilocybin to enhance a patient's ability to adopt behaviours that cause weight loss through psychedelic-assisted cognitive therapy. The second drug candidate offers low dose synthetic psilocybin as a treatment to suppress appetite.

NeonMind's first drug candidate employs psilocybin as an agonist to the serotonin receptor 5-HT<sub>2A</sub>, which is involved in the hallucinogenic effect of psychedelics, and the second drug candidate employs psilocybin as an agonist to the 5-HT<sub>2C</sub> receptor, which controls appetite.

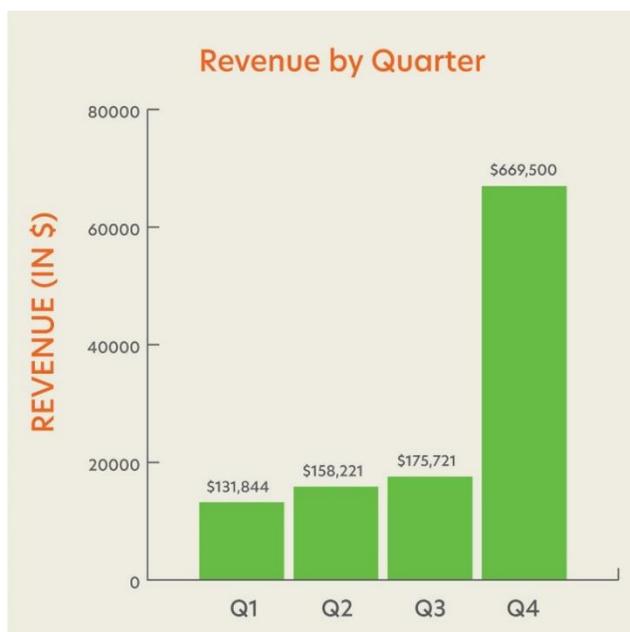
Through an operating agreement, Better Plant provides NeonMind with marketing and product development services for its consumer products division. More information on NeonMind can be found on SEDAR under the issuer profile for NeonMind Biosciences Inc.

## FINANCIAL HIGHLIGHTS

- We achieved 422% growth in product sales from Q1 to Q4, averaging 141% growth per quarter.



- Our total revenue grew 407% from Q1 to Q4, averaging growth of 136% per quarter



- Our total assets grew by 36% from \$3.4 million to \$4.7 million
- Our current ratio improved from 1.0 to 1.71
- We have no commercial debt (excluding \$80,000 CEBA of which \$60,000 is repayable)
- We raised \$5.6 million in funding through a shelf prospectus after \$4.4 million during the previous fiscal year for a total of \$10 million. In addition, we raised \$0.6 million in funding through the exercise of options and warrants.

## OVERALL PERFORMANCE

For the year ended November 30, 2020, our total assets grew to \$4.7 million from \$3.4 million for the prior year. The majority of the growth was contributed by the acquisition of Jusu assets through the issuance of share units,

including plant-based product formulas, brand names, customer lists, and other related intellectual property offset by an impairment of investment in associates. The acquisition added significant breadth to our plant-based product offering to include house cleaning products, baby products and cold-pressed juices.

Product sales were \$266,299 including \$130,287 achieved in the fourth quarter of the year with the inclusion of Jusu product sales. We anticipate significant growth potential in the Jusu brand products going forward. 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 \$415,000 as we delivered the know-how of an extraction technology that we licensed out during the prior year, compared to licensing revenues of \$2,659,717 for the prior year. We also significantly reduced our consulting activities and reallocated resources to growing our own brands. Consulting revenue was \$51,198 for the year ended November 30, 2020 as compared to \$1,017,988 for the prior year. Our total revenue decreased from \$4.0 million to \$1.1 million as we scaled back licensing and consulting activities and refocused on product sales of our plant based products.

We incurred a net loss of \$9.9 million for the year ended November 30, 2020 as compared to a net loss of \$16.0 million for prior year. The net loss was primarily driven by an impairment of the investment in an associate of \$1.1 million and the operating expenses incurred in brand building activities during the year. Our adjusted EBITDA loss decreased from \$10.7 million to \$6.0 million. Decrease in losses and adjusted EBITDA loss were achieved primarily by the reduction in operating expenses.

## SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings/loss per share. The following information was derived from our audited financial statements for the year ended November 30, 2020 and 2019.

	2020	2019
Revenues	\$ 1,135,286	\$ 4,019,244
Net loss	9,911,844	16,020,988
Basic and diluted loss per share	0.07	0.18
Total assets	4,658,389	3,430,103
Dividends declared and paid out	-	-

## 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, 2020 and 2019:

	For the years ended November 30,	
	2020	2019
Net loss for the year	\$ (9,911,844)	\$ (16,020,988)
Add:		
Depreciation & Amortization	176,692	90,393
Adjustments:		
Share-based compensation	1,426,855	2,728,834
Loss (gain) on sale of marketable securities	55,569	(492,378)
Unrealized loss (gain) on investment and marketable securities	816,452	2,410,654
Loss from investment in associate	356,833	252,465
Impairment of intangible assets	129,403	-
Impairment of investment in associates	1,073,263	-
Gain on settlement of accounts receivable	(17,784)	-
Gain on settlement of accounts payable	(63,575)	338,025
Adjusted EBITDA	\$ (5,958,136)	\$ (10,692,995)

As aforementioned, we incurred expenses in brand building activities including advertising, marketing and media and information systems, and increased spend in product development, research and registration. The negative EBITDA was primarily driven by these expenses. The decrease in the negative EBITDA was achieved by expenses reductions.

## DISCUSSION ON OPERATIONS

### Revenues

Product sales were \$266,299, including \$130,287 achieved in the fourth quarter of the year with the inclusion of Jusu brand sales. Product sales were \$341,539 for the prior year which included one-time promotional orders and test orders to certain European markets. 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, babe care, and cold pressed juices. We plan to build on the existing foundation and bring additional new products to market, especially in areas on house cleaning and juices.

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 \$415,000 as we delivered the know-how of an extraction technology that we licensed out during the prior year, compared to licensing revenues of \$2,659,717 for the prior year, compared to licensing revenues of \$2,659,717 for the prior year.

We also significantly reduced our consulting activities and reallocated resources to growing our own brands. Consulting revenue was \$51,198 for the year ended November 30, 2020 as compared to \$1,017,988 for the prior year. 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.

Our total revenue decreased from \$4.0 million to \$1.1 million as we scaled back licensing and consulting activities and refocused on product sales of our plant based products.

### 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 year ended November 30, 2020, we incurred \$1,858,630 as compared to \$6,586,032 for 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 years ended November 30,	
	2020	2019
Promotions & Events	\$ 29,109	\$ 311,829
Marketing Expenses	239,590	886,352
Marketing Materials	131,778	172,948
Public Relations	75,689	78,285
Media & influencers	1,325,139	5,002,421
Product Samples and other	57,325	134,197
Total advertising, marketing and media	\$ 1,858,630	\$ 6,586,032

#### 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, 2020, we incurred depreciation and amortization expenses of \$176,692 as compared to \$90,393 for 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 year ended November 30, 2020, we incurred consulting expenses of \$1,491,453 as compared to \$1,416,060 for the prior year. We anticipate consulting fees to be consistent going forward.

#### Distribution & Licensing Fees

Distribution fees were related to distribution rights to various plant-based product formulations from third parties and licensing fees to gain access to third parties brands and products and information technology. We paid distribution fees of \$1,500 as compared to \$318,303 for the prior year. Distribution fees of \$1,500 was an adjustment of unclaimable taxes. In the prior year, we paid distribution fees of \$30,000 as progressive payment stated in the contract and this contract was concluded as at the period ended February 28, 2019. We also incurred licensing fees of \$283,303 related to licensing of product formulations during the prior year

#### 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, 2020, we incurred expenses in information systems of \$133,331 as compared to \$732,738 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. Investor relations expenses increased to support ongoing efforts to expand visibility within the North American and European investment community. Such activities were not material for the prior year. For the year ended November 30, 2020, we incurred \$107,800 as compared to \$430,531 for the prior year. The decrease in investor relations was due to normalization of such activities as compared to larger spend in the prior year following our listing 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 \$43,360 for the year ended November 30, 2020 as compared to \$190,024 for the prior year, which included a one-time listing expense during our initial public offering in December 2019.

### Office and Administrative Expenses

For the year ended November 30, 2020, we incurred office and administrative expenses of \$577,053 as compared to \$990,544 for the prior year. The decrease in office and administrative expenses was achieved through strict cost control measures.

Breakdown of office and administrative expenses is as follows:

	For the years ended November 30,	
	<u>2020</u>	<u>2019</u>
Dues and subscriptions	\$ 87,188	\$ 61,060
Insurance	99,314	277,078
Office rent	52,622	103,463
Office expenses	103,842	66,699
Logistics	75,919	71,477
Selling costs	38,986	20,863
Telephone	28,885	38,515
Travel	17,344	170,187
Other expenses	72,953	181,202
Total office and administrative	<u>\$ 577,053</u>	<u>\$ 990,544</u>

### 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, 2020, we incurred product testing costs of \$366,028 as compared to \$627,938 for the prior year. The decrease in product development, research and registration was driven by reduced activities in the development of new products including skincare products and wellness products.

### Professional Fees

Professional fees are primarily related to legal, accounting, recruiting and audit services. For the year ended November 30, 2020, we incurred professional fees of \$412,818 as compared to \$675,840 for the prior year. The decrease in professional fees were mainly related to higher legal fees in the prior year to support the activities of our initial public offering (the "IPO").

### Share-based Compensation

Share-based compensation is related to stock options granted to our directors, officers, employees and consultants. For the year ended November 30, 2020, we incurred share-based compensation expense of \$1,426,855 as compared to \$2,728,834 for the prior year. The overall decrease in share-based compensation expenses was driven by the vesting schedule of underlying stock options as certain options granted in the early years were fully vested.

### Wages

Wages expenses for the year ended November 30, 2020 was \$1,693,632 as compared to \$1,650,270 for the prior year. We anticipate wage expenses to be consistent with our revenue activities going forward.

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

We incurred a loss of \$55,569 on sales of marketable securities during the year ended November 30, 2020, as compared to a gain of \$492,378 for the prior year, which was primarily related to the disposition of shares of Loop Insights Inc.

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

During the year ended November 30, 2020, we incurred unrealized loss on marketable securities of \$66,452 and unrealized loss on investments of \$750,000, as compared to \$1,480,654 and \$930,000 respectively for the prior year. During the year ended November 30, 2020, investments of \$750,000 were written down as investments in Translational Life Sciences Inc. ("TLS") due to a lack of financial information and uncertainty on the marketability of the shares.

#### Loss from investment in associate and impairment of investment in associate

During the year ended November 30, 2020, we incurred loss from investment in an associate of \$356,833 as compared to \$252,465 for the prior year. We also incurred impairment of investment in an associate of \$1,073,263 as compared to \$nil in the prior year.

#### Loss on impairment of intangible assets

During the year ended November 30, 2020, we incurred loss on impairment of intangible assets of \$129,403 related to an ecommerce website that was not generating sufficient sales to support their capitalized value. We did not incur such a loss during the prior year.

#### Gain on Settlement of Accounts Receivable

During the year ended November 30, 2020, we received 173,843 units of Fasttask Technologies Inc. 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. We did not incur such gains in the prior year.

#### Gain (Loss) on Settlement of Accounts Payable

We regularly settle accounts payable amounts with shares or share units which generate gain or loss based on the share price at the time of issuance as compared to original amounts. During the year ended November 30, 2020, we generated a gain of \$63,575 as compared to a loss of \$338,025 for the prior year.

#### Net Loss

We incurred a net loss of \$9,911,844 for the year ended November 30, 2020 as compared to \$16,020,988 for the prior year. The decrease in loss was primarily driven by expense reductions.

Net loss per share was \$0.07 as compared to \$0.18 for the prior year.

#### Comprehensive Loss

For the year ended November 30, 2020, we had a comprehensive loss of \$9,911,202 as compared to \$16,021,814 for the prior year.

#### Dividends

No dividends were declared or paid for the years ended November 30, 2020 and 2019.

## SUMMARY OF QUARTERLY RESULTS

	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	\$ 666,923	\$ 175,721	\$ 160,798	\$ 131,844
Net loss	(3,034,069)	(1,712,567)	(2,462,858)	(2,702,350)
Basic & diluted loss per share	0.02	(0.01)	(0.02)	(0.02)

	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue	\$ 146,365	\$ 1,895,751	\$ 1,176,629	\$ 800,499
Net loss	(6,215,389)	(1,869,647)	(4,146,172)	(3,789,780)
Basic & diluted loss per share	0.07	0.02	0.05	0.04

## 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, 2020, we generated revenue of \$666,923 as compared to \$146,365 of the prior year. We incurred net loss of \$3,034,069 which is primarily due to impairments and operating expenses to expand and develop our product lines, and to promote and increase awareness for our corporate brand and our new product lines, as compared to \$6,215,389 for the prior year.

## SEGMENTED INFORMATION

We have two reporting segments: Licensing and Product Sales, 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. We report activities not directly attributable to an operating segment under Corporate.

The following is a summary of our results by operating segment for the years ended November 30, 2020 and 2019:

	Licensing and product sales	Consulting	Corporate and product development	Total
For the year ended November 30, 2020:				
Revenue	\$ 1,084,088	\$ 51,198	\$ –	\$ 1,135,286
Net income (loss) before taxes	(1,607,244)	(36,160)	(8,268,440)	(9,911,844)
As at November 30, 2020:				
Total assets	3,094,906	60,590	1,502,893	4,658,389
Total liabilities	564,764	16,525	797,042	1,387,331

	Licensing and product sales	Consulting	Corporate and product development	Total
For the year ended November 30, 2019:				
Revenue	\$ 3,001,256	\$ 1,017,988	\$ –	\$ 4,019,244
Net income (loss) before taxes	(1,556,969)	232,210	(14,696,229)	(16,020,988)
As at November 30, 2019:				
Total assets	2,502,044	154,445	773,614	3,430,103
Total liabilities	1,088,964	28,102	1,033,909	2,150,975

## Significant customers

For the year ended November 30, 2020, we had one significant customer in the licensing and product sales segment, comprising 46% of our 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 the licensing and product sales segment, comprising 39% and 13% of our total accounts receivable respectively.

For the year ended November 30, 2019, we had two significant customers in the licensing and product sales segment and one significant customer in the consulting segment, comprising 37%, 21% and 25% of our total revenue respectively.

As at November 30, 2019, we had one accounts receivable balance relating to the licensing and product sales segment, and one accounts receivable balance relating to the consulting segment, comprising 71% and 20% of our total accounts receivable from customers respectively.

## LIQUIDITY

	November 30, 2020	November 30, 2019
Current ratio <sup>(1)</sup>	1.71	0.95
Cash	\$ 181,293	\$ 145,140
Working capital surplus (deficit) <sup>(2)</sup>	\$ 789,192	\$ (91,697)
Debt <sup>(3)</sup>	\$ -	\$ -
Equity attributable to Shareholders	\$ 3,828,138	\$ 1,172,925

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

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

(3) Debt is defined as any commercial debt and excludes Covid related government loan, CEBA.

## Cash Position

As at November 30, 2020, we had \$181,293 of cash as compared to \$145,140 at November 30, 2019. For the year ended November 30, 2020, cash used in operating activities was \$6,370,427, 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 \$11,974,532 for the prior year which was driven by operating expenses and amounts related to the IPO and listing with the CSE. Cash used in investing activities was \$362,262 for the year ended November 30, 2020, driven by additional investment in Komo Foods and operating equipment as compared to cash provided by investing activities of \$597,627 for the prior year driven by proceeds from the sale of marketable securities. Cash provided by financing activities was \$6,767,374 for the year ended November 30, 2020, which was primarily from proceeds received from the issuance of special warrants on a shelf prospectus and exercise of warrants and options, as compared to \$11,486,660 for the prior year, consisting mainly of proceeds of the IPO and exercise of warrants and options.

## Working Capital

We had a working capital of \$789,192 as at November 30, 2020 as compared to a working capital deficit of \$91,697 as at November 30, 2019. The increase in working capital was primarily due to an increase in inventory and decrease in accounts payable and deferred revenues.

## CAPITAL RESOURCES AND MANAGEMENT

As at November 30, 2020, we had cash of \$181,293. We are authorized to issue an unlimited number of common shares. As at November 30, 2020, there were 178,473,245 common shares issued and outstanding. We also had

86,970,437 share purchase warrants with weighted average exercise price of \$0.23 and 17,231,661 stock options with weighted average exercise price of \$0.37.

Our objective is to maintain a strong capital base to support the development of the business especially to grow the newly acquired Jusu brand products.

#### 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 \$9,891,126 raised. 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	–
<b>Total</b>	<b>9,891,126</b>	<b>9,891,126</b>	<b>–</b>

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 are on hold for the foreseeable future. The unused portion of the budget for the development of hemp root extraction facility was \$216,691.

We diligently managed our budget for wages and contractors and were able to achieve significant efficiency resulting savings of \$151,298.

Our inventory levels have been lower than the previous year, resulting in savings of funds of \$224,606.

We had reduced costs in leasehold improvement of \$11,503.

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, 2020 and 2019, we had no off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

During the years ended November 30, 2020, and 2019, compensation of key management personnel and related parties were as follows:

	November 30, 2020	November 30, 2019
Consulting fees	\$ 187,899	\$ 350,675
Wages	758,148	718,966
Share-based compensation	931,208	1,306,909
	<b>\$ 1,877,255</b>	<b>\$ 2,376,550</b>

During the year ended November 30, 2020, we recognized consulting revenue of \$24,076 (2019 - \$3,564), product sales revenue of \$40,233 (2019 - \$nil) from an associated company, Komo Foods. As at November 30, 2020, we were owed \$55,722 (November 30, 2019 - \$nil) from Komo Foods, which was included in accounts receivable, and is unsecured, non-interest bearing, and due on demand.

On February 20, 2020, we entered into a license agreement with Komo Foods whereby the Company granted a 25-year non-exclusive license to our 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 licensing and product sales revenue during the year ended November 30, 2020.

## 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
- impairment of investments 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 e-commerce websites for Urban Juve and Jusu Wellness. Management's judgment is used in determining that we will realize significant economic benefit from the websites to

justify the capitalization of all costs relating to their development. All operational website costs incurred after their launch will be 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.

#### Application of New and Revised Accounting Standards

##### IFRS 16 - Leases ("IFRS 16")

We adopted all the requirements of IFRS 16 on December 1, 2019. IFRS 16 replaces IAS 17 Leases ("IAS 17"). IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. We applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard recognized as an adjustment of \$43,661 to the opening balance of deficit on December 1, 2019.

The adoption of IFRS 16 resulted in the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the condensed interim consolidated statements of financial position for our office rental lease that was considered as an operating lease under IAS 17.

Depreciation expense on the right-of-use asset and an interest expense on the lease liability replaced the operating lease expense. IFRS 16 changes the presentation of cash flows relating to leases in our condensed interim consolidated statements of cash flows, but does not cause a difference in the amount of cash transferred between the parties of a lease.

##### Amendment to IFRS 16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions received as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendment is effective June 1, 2020, but to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements not yet authorized for issue. We applied for this amendment during the year ended November 30, 2020, however it did not have a material impact to our consolidated financial statements.

## 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 November 30, 2019, as follows:

	Fair Value Measurements Using			Balance November 30, 2020
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Marketable securities	\$ 14,781	\$ 1,134	\$ –	\$ 15,915
Investment in associate	–	424,855	–	424,855
	<u>\$ 14,781</u>	<u>\$ 425,989</u>	<u>\$ –</u>	<u>\$ 440,770</u>

The fair values of other financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, 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 and harmonized sales tax due from the Canadian government. 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 is mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

	2020 USD	2019 USD
Cash	\$ 1,373	\$ 5,633
Accounts receivable	13,762	–
Accounts payable and accrued liabilities	(53,771)	(237,126)
Net exposure	<u>\$ (38,636)</u>	<u>\$ (231,493)</u>
Canadian dollar equivalent	<u>\$ (50,092)</u>	<u>\$ (307,631)</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 November 30, 2020, 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			
	1 Year	2-3 Years	4-5 Years	Total
Purchase Commitments	\$ 21,058	\$ –	\$ –	\$ 21,058
Lease Payment Obligations	121,768	181,837	36,525	340,130
Services Contracts	153,300	–	–	153,300
	<u>\$ 296,126</u>	<u>\$ 181,837</u>	<u>\$ 36,525</u>	<u>\$ 514,488</u>

#### Other Commitments:

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 March 3, 2021, a claim was commenced against us regarding the failure of Jusu Bars Inc. (now called 8931429 Canada Inc.), a company from whom we purchased assets, to pay rent on its retail unit. The landlord is seeking payment for the amounts owing in arrears and damages for breach of contract. We 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. Management believes that the probably ultimate resolution of the claim will not have a material adverse effect on our financial condition.

## **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 ICOFR 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 December 3, 2020, we issued 2,613,635 special warrants at a price of \$0.055 per unit for aggregate proceeds of \$143,750. Each special warrant is exercisable without payment of additional consideration for one unit, where

each unit consisted of one common share and one share purchase warrant exercisable at \$0.07 for a period of six months from the date of issuance for an additional common share.

Subsequent to November 30, 2020, we issued 9,940,569 common shares pursuant to the exercise of warrants for total proceeds of \$810,342.

Subsequent to November 30, 2020, we issued 400,000 common shares pursuant to the exercise of options for total proceeds of \$40,000.

On February 19, 2021, we issued 500,000 shares in exchange for consulting services with a total fair value of \$60,000.

Subsequent to November 30, 2020, we granted the following stock options:

- On December 17, 2020, we granted 4,110,000 stock options to directors, officers, employees and consultants, which are exercisable at \$0.17 per share for a period of five years. 100% of the stock options vest four months after the grant date.
- On December 17, 2020, we granted 50,000 stock options to an employee, which are exercisable at \$0.17 per share for a period of five years. The stock options vest over 24 months in eight equal tranches commencing four months after the grant date.
- On February 17, 2021, we granted 2,850,000 stock options to consultants, which are exercisable at \$0.15 per share for a period of five years. 100% of the stock options vest four months after the grant date.
- On February 17, 2021, we granted 350,000 stock options to employees, which are exercisable at \$0.15 per share for a period of five years. The stock options vest over 30 months in ten equal tranches commencing four months after the grant date.
- On February 26, 2021, we granted 1,200,000 stock options to directors and officers, which are exercisable at \$0.13 per share for a period of five years. The stock options vest over 12 months in four equal tranches commencing four months after the grant date.
- On February 26, 2021, we granted 75,000 stock options to directors and officers, which are exercisable at \$0.13 per share for a period of five years. The stock options vest over 30 months in ten equal tranches commencing four months after the grant date.
- On February 26, 2021, we granted 400,000 stock options to a consultant and an officer, which are exercisable at \$0.13 per share for a period of five years. The stock options vest over 24 months in eight equal tranches commencing four months after the grant date.

The following events were subsequent to November 30, 2020 and relate to our subsidiary, NeonMind:

- Effective December 30, 2020, NeonMind completed its initial public offering of 46,000,000 units at \$0.10 per unit for gross proceeds of \$4,600,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.20 per share until December 30, 2021. In connection with the IPO, we paid broker fees of \$45,000 and issued 4,600,000 broker warrants which are exercisable at \$0.20 per share until December 30, 2022.
- Subsequent to November 30, 2020, NeonMind issued 610,000 common shares pursuant to the exercise of stock options for total proceeds of \$61,000.
- Subsequent to November 30, 2020, NeonMind issued 6,955,500 common shares pursuant to the exercise of warrants for total proceeds of \$1,213,700.

- Subsequent to November 30, 2020, NeonMind issued 1,621,883 common shares pursuant to the vesting of restricted share units.
- Subsequent to November 30, 2020, NeonMind granted the following stock options:
  - i) On January 7, 2021, NeonMind granted 1,640,000 stock options to a director, officers and consultants, which are exercisable at \$0.25 per share for a period of five years. The stock options vest over 24 months in 8 equal tranches, with the first vesting period commencing four months after the grant date.
  - ii) On January 7, 2021, NeonMind granted 4,100,000 stock options to its officers, which are exercisable at \$0.25 per share for a period of five years, and vests four months after the grant date.
  - iii) On January 7, 2021, NeonMind granted 200,000 stock options to a consultant, which are exercisable at \$0.25 per share for a period of five years. The stock options vest over 12 months in 4 equal tranches, with the first vesting period commencing four months after the grant date.
  - iv) On January 19, 2021, NeonMind granted 200,000 stock options to a consultant, which are exercisable at \$0.25 per share for a period of five years. The stock options vest over 12 months in four equal tranches, with the first vesting period commencing four months after the grant date.
  - v) On January 19, 2021, the Company granted 20,000 stock options to a consultant, which are exercisable at \$0.25 per share for a period of five years. The stock options vest over 24 months in 8 equal tranches, with the first vesting period commencing four months after the grant date.
  - vi) On January 27, 2021, NeonMind granted 4,000,000 stock options to an officer, which are exercisable at \$0.28 per share for a period of five years. The stock options vest over 30 months in 10 equal tranches, with the first vesting period commencing four months after the grant date.
  - vii) On February 24, 2021, NeonMind granted 25,000 stock options to a consultant, which are exercisable at \$0.32 per share for a period of five years, and vests four months after the grant date.
  - viii) On March 9, 2021, NeonMind granted 100,000 stock options to a consultant, which are exercisable at \$0.29 per share for a period of five years, and vests four months after the grant date.
  - ix) On March 9, 2021, NeonMind granted 100,000 stock options to a consultant, which are exercisable at \$0.29 per share for a period of five years. The stock options vest over 12 months in 4 equal tranches, with the first vesting period commencing four months after the grant date.
- Subsequent to November 30, 2020, NeonMind granted the following restricted share units:
  - i) On January 7, 2021, NeonMind granted 300,000 restricted share units to an officer. The restricted share units vest over 24 months in 8 equal tranches, with the first vesting period commencing four months after the grant date.
  - ii) On January 27, 2021, NeonMind granted 300,000 restricted share units to an officer. The restricted share units vest over 30 months in 10 equal tranches, with the first vesting period commencing four months after the grant date.