better

PLANT SCIENCES

(formerly The Yield Growth Corp.)

Management's Discussion & Analysis

For the Three and Nine months Ended August 31, 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 UJ Beverages Inc. ("UJ Beverages"), our 100% owned subsidiary Yield Botanicals Inc. ("Yield Botanicals"), our 100% owned subsidiary Jusu Wellness Inc. ("Jusu Wellness") (formerly Thrive Activations Inc.), our 100% owned subsidiary W&W Manufacturing Inc. ("W&W Manufacturing"), our 100% owned Jack n Jane Essentials ("Jack n Jane"), and our 50% owned subsidiary NeonMind Biosciences Inc. ("NeonMind") (formerly Flourish Mushroom Labs Inc.) for the three and nine months ended August 31, 2020 and 2019. Collectively, Better Plant, Urban Juve™, Wright & Well™, UJ Beverages, 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 the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended August 31, 2020 and 2019 and audited annual consolidated financial statements for the years ended November 30, 2019 and 2018 (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 its 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 $6,877,775 and used $5,982,966 of cash for operating activities during the nine months ended August 31, 2020. As at August 31, 2020, we had an accumulated deficit of $32,444,298. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the condensed interim consolidated statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

Since Fiscal 2019, we have relied on financing qualified through a shelf prospectus to fund our cash requirements. As of August 31, 2020, we have raised and registered $9.2 million of capital through our shelf prospectus, and we had $0.8 million remaining on the shelf prospectus to qualify future capital raises. We intend to file a second shelf prospectus for future financings to expand our product offerings and increase direct to consumer sales through e-commerce and digital marketing.

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

FINANCIAL HIGHLIGHTS

We refer the reader to the sections entitled "Overall Performance", "Discussion on Operations" and "Summary of Quarterly Results" of the MD&A for details on the items discussed below.

Select financial highlights for three and nine months ended August 31, 2020 include the following:

- We continued to grow our assets and total assets increased by 40% to $4.8 million from $3.4 million at November 30, 2019.
- We increased our working capital to $928,155 as at August 31, 2020 as compared to a working capital deficit of $91,697 at November 30, 2019. The increase in working capital was primarily due to an increase in inventory and a decrease in accounts payable and accrued liabilities.
- Other than a non-interest bearing COVID-19 related government loan of $80,000, we have no commercial loans, no short-term loans, no long-term loans, and we have no outstanding convertible debentures.

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to our supply chain and operations. 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 product launches. 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. The management team is closely following the progression of COVID-19 and its potential impact on the Company, and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, we may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, we cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

CORPORATE OVERVIEW

Better Plant is a plant-based consumer packaged goods company. We develop and acquire intellectual property for plant-based products and therapeutics, and develop, test, manufacture, market and distribute plant-based products designed to improve lives. We also offer business incubation services to new companies with promising business plans. These services have included technology development support, accounting, management, and administrative.

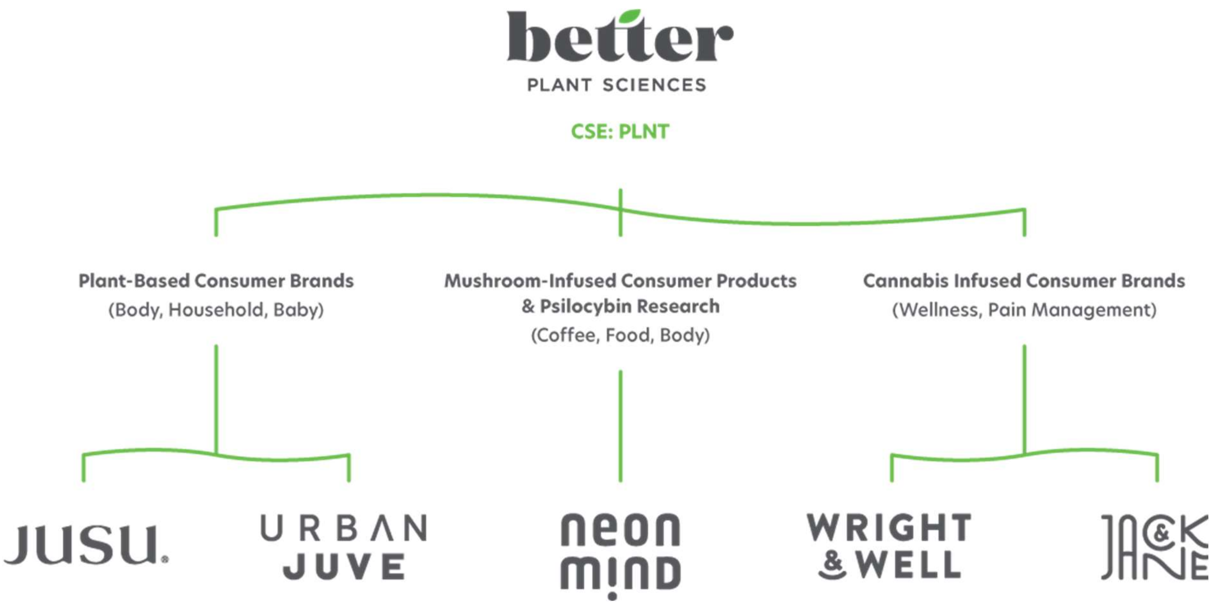
We have more than 400 proprietary wellness formulas at various stages of commercialization, and all of the products we develop are plant-based and created to improve lives through enhanced wellness. We have over 150 products that are now for sale through e-commerce or brick and mortar retail stores, 130 products of which were acquired or launched after August 31, 2020. We conduct research into plant-based therapeutics, including protection against infectious diseases, and we have filed 16 patent applications to protect our extraction method and formulas. We have received a Natural Product Number (“NPN”) for 5 products from Health Canada in 2020 and we have listed our hand sanitizer gel for sale with the US Food and Drug Administration (the “FDA”). Our majority owned subsidiary NeonMind is launching a line of functional mushroom products and engaged in research and development for therapeutic uses of compounds in psychedelic mushrooms.

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, stability-tested formulas to bring these to market under new and existing brands. Our wholly owned subsidiary brands include Urban Juve, Wright & Well and Jack n Jane. Our majority owned subsidiary, NeonMind, is launching functional mushroom products. All of the products we develop are plant-based and created to improve lives through enhanced wellness.

Plant-Based Bioscience

We have developed and acquired proprietary plant-based formulas for consumer goods, and we now have a catalogue of more than 400 product formulas. We have conducted research into plant-based medicines to create products designed to relieve pain and for plant-based antiviral and antimicrobial topical products intended to fight against infectious diseases. Through NeonMind, we are conducting research into therapeutic uses of psychedelic (magic) mushrooms.



Jusu™

On October 9, 2020, Better Plant completed its acquisition of Jusu, a Canadian health, wellness and lifestyle brand that focuses on premium plant-based products. The acquisition consisted of the purchase of assets of Jusu Bars Inc., Jusu Body Inc. and Jusu CBD Inc. in an all stock deal for $2,225,000. Better Plant now carries on these businesses through its wholly owned subsidiary Jusu Wellness Inc. The Jusu acquisition brings more than 300 product formulas of juice, face, body, baby and household products, which provides our consumers products for a plant based lifestyle and supports the sustainability of our planet.

Jusu is an excellent addition to the Better Plant portfolio. We are focused on bringing the most innovative and premium plant-based products to market to help our customers optimize their health, and well-being. Our plan is to grow the Jusu business, which is currently generating revenues of approximately $60,000 per month, by optimizing sales through e-commerce channels, strengthening the brand and product offering, as well as expanding through a franchise model.

The recently purchased Jusu assets include all inventory, packaging, raw ingredients, and intellectual property related to Jusu's 300 plant-based products for the home, body and baby, as well as the e-commerce sites that sell Jusu products, customer lists, certain juice bar equipment, and all tangible assets relating to the Jusu Bar retail location in Cadboro Bay, Victoria, which is currently in operation.

The purchase price for the acquisition was 22,000,000 units of Better Plant at a deemed price of $0.10 per unit (after payment of $25,000 for inventory on September 1, 2020), with each unit consisting of one common share and one warrant to purchase a common share at $0.11 per share for two years. Of those units, 19,000,000 units were issued at closing on October 9, 2020. 3,000,000 units were held back as security to ensure that Jusu Body Inc. and Jusu Bars Inc. are discharged from certain general security registrations. The unit shares are subject to a stock restriction agreement restricting sale of the units for four months after the date of issuance, and after that no more than 30,000 shares per day. Better Plant agreed to pay a bonus of 2.5 million units upon reaching $5 million in Jusu product sales within 3 years.

Pursuant to the acquisition, Better Plant will book revenues from all Jusu sales beginning October 9, 2020. The Jusu plant-based product sales for home, body and baby have historically been approximately $40,000 per month, with a gross profit margin of approximately 60%, not including marketing or overhead. Direct to consumer juice sales have only recently launched and have had a profit margin of approximately 65%, although this is expected to decrease to 30% due to disruption in supply. Jusu Bars Inc. shall continue to operate the juice business for a period of 120 days for a fee of 5% of such revenues payable to Better Plant as an operator fee. Jusu Bars shall pay for operating expenses and bill them back to Better Plant on a monthly basis, but operating expenses and operator fees in aggregate may not exceed the net revenues each month. Better Plant did not assume any of the liabilities of Jusu outstanding at closing.

Jusu products are now available through e-commerce at jusubody.com, jusulife.com, and jusubars.com. They are also distribution through retail customers.

Urban Juve™

Our wholly owned subsidiary Urban Juve is enhancing our skin care line with the addition of a hand care line. In June and August, 2020, we launched our hand sanitizer liquid spray and hand sanitizer gel. Both products have received NPN numbers from Health Canada, and our hand sanitizer gel was successfully listed with the FDA. The products are currently available on our e-commerce website, UrbanJuve.com. We are also processing orders from distribution and retail channels including retail stores that are part of national chain Pharmasave.

In July 2020, our products were listed on Amazon.ca. In September 2020, our products were listed on Amazon.com.

In July 2020, we also launched our second-generation e-commerce website, UrbanJuve.com. The new website includes improved functionality with additional payment options, and is designed to improve the user experience for shoppers and to increase sales. We are increasing support of direct to consumer sales through increased spending on digital media and social media advertising, including influencer campaigns. We previously signed distribution agreements for our products to be sold in retail in various countries in Europe and South America and we had previously shipped products to Greece for retail sale. However, since the outbreak of COVID-19 in March 2020, our international distribution activities (outside of the U.S and Canada) have been on hold. We expect that our distribution through retail channels will contract as we increase our focus and resources on building direct to consumer sales through e-commerce.

In October 2020, our pain balm product formula and antiseptic healing ointment received NPN numbers from Health Canada.

NeonMind™

NeonMind continues commercialization of our functional mushroom-infused coffees. We are also reviewing our extensive product catalogue to select the next products to commercialize. 4 ayurvedic coffees are planned for launch in October 2020 and contain medicinal mushrooms reishi, chaga, lion's mane and turkey tail. At the date of this MD&A, we have completed the production of an initial inventory of the first 4 products and they will be available for sales in mid November 2020 through dedicated e-commerce website and retail channels.

We are also planning to commence a preclinical trial to develop a psilocybin-based product that can be used to treat obesity and assist with weight loss. Before we can commercialize our product, we must first complete Phase 2 and Phase 3 human trials to demonstrate to Health Canada efficacy and safety of our planned product. Prior to conducting Phase 2 human clinical trials, we plan to conduct a preclinical study. The goal of our preclinical study is to use preclinical models to investigate microdose administration of psilocybin as a treatment for weight loss and food craving and to give us data regarding dosing.

We engaged Translational Life Sciences Inc. (“TLS”) to design and conduct a preclinical study using psilocybin is a treatment for weight loss and food craving (the “Study”). According to the terms of the TLS engagement, NeonMind and TLS will work together to conduct the evaluation of psilocybin on cravings, on the metabolism, on food addiction and on glucose and hormone levels. NeonMind authorized TLS to perform activities required to prepare for and conduct the study and the parties shall work towards entering into a clinical study agreement. NeonMind agreed to pay for all costs related to the study and TLS agreed to oversee obtaining required regulatory exemptions and licenses, and engagement of all necessary parties to conduct the study.

In May 2020, TLS completed the design of the Study. We have engaged the University of British Columbia (the “University”) to conduct our preclinical trial to confirm whether psilocybin is an effective treatment for weight loss and food craving. The services will be provided by the University under the supervision of Dr. Alasdair Barr, Department of Anesthesiology, Pharmacology & Therapeutics, Faculty of Medicine (the “Principal Investigator”). The

University commenced performance of the Services on October 29, 2020. We arranged for Psilocybin to be sent to the Institution for use in the Preclinical Trial. This was completed on October 28, 2020. The University has already received approval from Health Canada to concut the Preclinical Trial. No other regulatory approvals are required for the completion of the Preclinical Trial.

On September 28, 2020 we entered into a restricted drug supply agreement with Psygen Labs Inc. ("Psygen"), pursuant to which Psygen has acted as an agent to supply us with psilocybin from a licensed dealer for our preclinical trial, and Psygen agreed to directly supply us with psilocybin for clinical research and for the manufacture and commercial sale of a drug product, after it receives its license from Health Canada.

Cannabis Brands Wright & Well™ and Jack n Jane™

Better Plant has been in development of its cannabis brand intended for distribution in Canada, Jack n Jane. It intends to build on the learnings from its Wright & Well THC-infused pain management line, launched in Oregon, U.S. in Q1 2020. Due to COVID-19, the retail roll out of our products has been slower than expected.

Better Plant's development road map for cannabis 2.0 in Canada originally included topical products designed for people who use cannabis products to alleviate pain, products to enhance intimacy, skin care products, edibles and beverages.

Better Plant signed a definitive agreement with a licensed cannabis producer in Canada for manufacturing and national distribution of the Jack n Jane product line. However, we have not yet been able to put together a pricing model for the manufacture and distribution of cannabis topical products in Canada that would allow us sufficient profit margin to be profitable in the near term. Further development of this line is currently on hold while we apply our resources to grow our product lines with healthy profit margins, such as Jusu.

Long-Term Vision

Better Plant is focused on achieving long-term results. We are building our long-term product pipeline by conducting plant-based research for therapeutic use in areas that are poised for strong growth.

We intend to continue to develop loyal consumer bases for all our brands through high quality products, excellent customer service, fair pricing models, and community participation and support. We also plan to continue to grow our direct to consumer sales through e-commerce and we are actively looking to acquire other plant-based consumer brands.

OVERALL PERFORMANCE

For the three and nine months ended August 31, 2020, we realized licensing and product sales of $164,680 and $455,743 respectively, as compared to $1,718,373 and $2,915,129 for the same periods of the prior year. Prior year revenue included one-time licensing fees of $1,800,000 from Komo Plant Based Foods Inc. ("Komo Foods") (formerly Kingdom Brands Inc.). Product sales totaled $59,695 and $135,934 for the three and nine months ended August 31, 2020 as compared to $24,355 and $54,901 for the same periods of the prior year, representing a growth of 145% and 148% respectively.

We realized consulting revenue of $11,041 and $12,620 for the three and nine months ended August 31, 2020. Consulting revenue was related to executive and incubating services provided to our strategic partners and the timing of such revenue was highly driven by the development of such strategic partnerships. The consulting revenue of $177,378 and $957,750 of the prior year was related to technology development and executive services. We expect to continue to earn consulting revenue going forward although timing of such revenue is undeterminable at this time.

We incurred a net loss of $1,712,567 and $6,877,775 for three and nine months ended August 31, 2020 as compared to $1,869,647 and $9,805,599 for the same periods of the prior year, representing a reduction in loss of 8% and 30% respectively driven by management of expenses. The losses primarily consisted of operating expenses including wages and salaries, consulting, advertising, marketing and media, share based compensation, and product development. We are at an early stage in a few areas of our business. We will continue to invest in the development of our future revenue streams.

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 three and nine months as determined by IFRS, or as a substitute for an analysis of our Financial Statements.

Reconciliation of Adjusted EBITDA for the three and nine months ended August 31, 2020 and 2019:

	For the three months ended August 31,		For the nine months ended August 31,	
	2020	2019	2020	2019
	$	$	$	$
Net loss	(1,712,567)	(1,869,647)	(6,877,775)	(9,805,599)
Add:				
Depreciation & Amortization	55,773	33,829	147,268	57,151
Adjustments:				
Share-based compensation	267,091	744,692	1,231,489	2,609,268
Loss from investment in associate	114,130	-	196,409	-
Loss on impairment of intangible assets	17,206	-	17,206	-
Loss (gain) on settlement of accounts receivable	-	-	(17,784)	-
Loss (gain) on settlement of accounts payable	-	-	(63,575)	338,025
Loss on sale of marketable securities	-	(427,134)	4,293	(188,149)
Unrealized loss on marketable securities	46,088	97,730	95,477	278,390
Adjusted EBITDA	(1,212,279)	(1,420,530)	(5,266,992)	(6,710,914)

The negative EBITDA was primarily driven by operating expenses as we continue to invest in the development of the business, including product development, wages and salaries, advertising and media and consulting. As we continue to invest in our business, we were also able to reduce our expenses and operating losses.

DISCUSSION ON OPERATIONS

Revenue

For the three and nine months ended August 31, 2020, we realized licensing and product sales of $164,680 and $455,743 respectively, as compared to $1,718,373 and $2,915,129 for the same periods of the prior year. Prior year revenue included one-time licensing fees of $1,800,000 from Komo Plant Based Foods Inc. (“Komo Foods”) (formerly Kingdom Brands Inc.). Product sales totaled $59,695 and $135,934 for the three and nine months ended August 31, 2020 as compared to $24,355 and $54,901 for the same periods of the prior year, representing a growth of 145% and 148% respectively.

We realized consulting revenue of $11,041 and $12,620 for the three and nine months ended August 31, 2020. Consulting revenue was related to executive and incubating services provided to our strategic partners and the timing of such revenue was highly driven by the development of such strategic partnerships. The consulting revenue of $177,378 and $957,750 of the prior year was related to technology development and executive services. We expect to continue to earn consulting revenue going forward although timing of such revenue is undeterminable at this time.

Advertising, Marketing and Media

Advertising, marketing and media expenses are related to our activities in promoting our corporate brand name, our wellness line of products, Urban Juve™, our THC/CBD infused product line of Wright & Well™, and brand creation and packaging design for upcoming brands of Jack n Jane™ and NeonMind™. For the three and nine months ended August 31, 2020, we incurred $312,869 and $1,601,498 in advertising, marketing and media expenses respectively, as compared to $1,535,383 and $5,100,654 for the same periods of the prior year. These expenses included market studies, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for the website.

Breakdown of advertising, marketing and media is as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2020	2019	2020	2019
Promotions & Events	$ 4,834	$ 74,860	$ 28,326	$ 245,427
Marketing Expenses	50,155	276,134	190,604	526,649
Marketing Materials	23,191	20,695	148,667	70,425
Public Relations	12,000	21,092	57,689	70,531
Media	225,462	1,116,401	1,162,510	4,066,541
Product Samples and other	(2,773)	26,201	13,702	121,081
Total advertising, marketing and media	$ 312,869	$ 1,535,383	$ 1,601,498	$ 5,100,654

Amortization & Depreciation

Depreciation and amortization are related to office rental lease, computer equipment, furniture, telephone equipment, leasehold improvements, lease assets and website development costs. For the three and nine months ended August 31, 2020, we incurred depreciation and amortization expenses of $55,773 and $147,268 respectively as compared to $33,829 and $57,151 for the same periods of the prior year respectively. The increase in depreciation expense was driven by amortization of leasehold improvements, right-of-use assets and intangible assets.

Consulting Fees

We are an emerging business which engages consultants regularly to obtain expertise in various business areas including but not limited to marketing, technology, finance and accounting. For the three and nine months ended August 31, 2020, we incurred consulting expenses of $228,055 and $1,298,164 respectively as compared to $408,236 and $1,160,766 for the same periods of the prior year respectively. Consulting fees increased due to Urban Juve™ product distribution efforts and the development of new product lines. Consulting services received consisted primarily of corporate finance, CFO services, director services, and regulatory advisory services.

Information Systems

We incurred expenses on Information Systems, primarily to establish our enterprise resource management system and e-commerce website and related backend transaction processing and support systems, as well as supporting our consulting services provided to third parties. During the three and nine months ended August 31, 2020, we incurred expenses in information systems of $25,568 and $116,618 respectively as compared to $161,300 and $627,250 for the same periods of the prior year. The decrease in information systems expenses was due to one-time costs incurred in setting up information systems 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 three and nine months ended August 31, 2020, we incurred $nil and $107,800 respectively as compared to $148,078 and $308,431 for the same periods of the prior year respectively. Investor relations expenses were higher in the prior year to support ongoing efforts to expand visibility within the North American and European investment community shortly after listing on the Canadian Securities Exchange, the OTCQB Venture Market in the United States and the Frankfurt stock exchange in Germany.

Listing fees

We incurred listing fees of $18,250 and $38,739 for the three and nine months ended August 31, 2020 respectively to maintain our ongoing listing status as compared to $1,901 and $167,053 for the same periods of the prior year respectively, which were higher due to listing expenses during our initial public offering in December 2018.

Office and Administrative Expenses

For the three and nine months ended August 31, 2020, we incurred office expenses of $116,185 and $455,966 respectively as compared to $213,224 and $657,637 for the same periods of the prior year respectively. The decrease in office expenses was driven by expense management initiatives targeting at reducing operating expenses.

Breakdown of office and administrative expenses is as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2020	2019	2020	2019
Dues and subscriptions	$ 19,421	$ 15,530	$ 62,463	$ 33,562
Insurance	19,606	72,357	72,808	201,491
Office rent	17,790	27,967	46,926	75,163
Office expenses	18,150	10,542	78,856	51,872
Logistics	15,599	27,935	57,038	47,961
Telephone	6,609	7,503	23,401	30,056
Travel	74	8,702	17,236	123,206
Other expenses	18,936	42,688	97,238	94,326
Total office and administrative	$ 116,185	$ 213,224	$ 455,966	$ 657,637

Product Development, Research and Registration

Product development, research and registration expenses are related to product testing, research and regulatory registrations. For the three and nine months ended August 31, 2020, we incurred product development, research and registration costs of $40,829 and $214,463 respectively as compared to $153,305 and $405,171 for the same periods of the prior year respectively. The decrease in product development, research and registration was driven by reduced product development activities as we have developed a catalogue that is sufficient to support our short- and mid-term development goals.

Professional Fees

Professional fees are primarily related to legal, accounting, recruiting and audit services. For the three and nine months ended August 31, 2020, we incurred professional fees of $89,285 and $293,343 respectively as compared to $146,524 and $448,754 for the same periods of the prior year respectively. The decrease in professional fees were mainly related to expansion in internal resources to drive efficiency.

Share-based Compensation

Share-based compensation is related to stock options in Better Plant and NeonMind and restricted share units in NeonMind granted to directors, officers, employees and consultants of the Company. For the three and nine months ended August 31, 2020, we incurred share-based compensation expense of $267,091 and $1,231,489 respectively as compared to $744,692 and $2,609,268 for the same periods of the prior year respectively. The decrease in share-based compensation expenses was driven by the vesting schedule of underlying stock options as the majority of our stock options have become fully vested this year.

Wages

Wage expenses for the three and nine months ended August 31, 2020 was $423,317 and $1,399,390 respectively as compared to $443,116 and $1,167,146 for the same periods of the prior year respectively. Wage expenses were generally consistent with the prior year.

Unrealized Gain (Loss) on Marketable Securities

Our investments in marketable securities were valued at their fair market value at the period end. Changes in the fair value of underlying securities will generate an unrealized gain or loss. As a result, we incurred an unrealized loss of $46,088 and $95,477 for the three and nine months ended August 31, 2020 respectively, as compared to $97,730 and $278,390 for the same periods of the prior year.

Loss from Investment in Associate

During the three and nine months ended August 31, 2020, we recorded a proportionate loss from our investment in Komo Foods of $114,130 and $196,409 respectively, as compared to $nil and $nil for the same periods of the prior year. Komo Foods is an early stage development company with no revenues and is engaged in launching its business and intends to complete a go public transaction this year to list its shares on a Canadian stock exchange.

Gain (Loss) from Settlement of Accounts Payable

We settled certain liabilities with shares to preserve cash, and during the three and nine months ended August 31, 2020, we recorded a gain on settlement of $nil and $63,575 respectively. We incurred losses of $nil and $338,025 for the same periods of the prior year.

Net Loss

We incurred a net loss of $1,712,567 and $6,877,775 for three and nine months ended August 31, 2020 as compared to $1,869,647 and $9,805,599 for the same periods of the prior year, representing a reduction in loss of 8% and 30% respectively driven by management of expenses. The losses primarily consisted of operating expenses including wages and salaries, consulting, advertising, marketing and media, share based compensation, and product development. We are at an early stage in a few areas of our business. We will continue to invest in the development of our future revenue streams.

Comprehensive Loss

For the three and nine months ended August 31, 2020, we had a comprehensive loss of $1,711,376 and $6,876,745 as compared to $2,736,095 and $10,374,780 for the same periods of the prior year.

Dividends

No dividends were declared or paid for the three and nine months ended August 31, 2020 and 2019.

SUMMARY OF QUARTERLY RESULTS

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

	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	$ 1,895,751	$ 1,176,629	$ 800,498	$ 639,863
Net loss	(1,869,647)	(4,146,172)	(3,789,780)	(2,518,900)
Basic & diluted loss per share	(0.02)	(0.05)	(0.04)	(0.03)

LIQUIDITY

	August 31, 2020	November 30, 2019
Current ratio(1)	1.99	0.95
Cash	$ 82,729	$ 145,140
Working capital surplus (deficit) (2)	$ 928,155	$ (91,697)
Debt(3)	$ 80,000	$ -
Equity attributable to Shareholders	$ 3,037,533	$ 1,172,925

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

(2) Working capital is current assets minus current liabilities

(3) Debt as of August 31, 2020 consisted of Canada Emergency Business Account interest-free loans from the Canadian government as part of its COVID-19 financial assistance program. We have not held any commercial debt to date.

Cash Position

As at August 31, 2020, we had $82,729 of cash as compared to $145,140 at November 30, 2019. For the nine months ended August 31, 2020, cash used in operating activities was $5,982,966 consisting of operating expenditures to support our Urban Juve™ wellness product line and Wright & Well™ THC/CBD infused product line, and development of other product lines and formulas, as compared to cash used in operating activities of $9,376,312 for the same period of the prior year which was driven by operating expenses and an increase in accounts receivable and inventory. Cash used in investing activities was $303,291 for the nine months ended August 31, 2020, consisting of purchase of investments and equipment as compared to cash provided by investing activities of $479,980 for the same period of the prior year driven by proceeds from the sale of marketable securities offset by purchase of equipment and website development costs. Cash provided by financing activities was $6,222,816 for the nine months ended August 31, 2020, which was primarily from proceeds received from the issuance of units and special warrants through private placements, as well as the exercise of warrants and options by investors, as compared to $9,474,396 for the same period of the prior year, consisting mainly of proceeds from the issuance of units and exercise of warrants and options by investors.

Working Capital

We had a working capital of $928,155 as at August 31, 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 a decrease in accounts payable and accrued liabilities.

CAPITAL RESOURCES AND MANAGEMENT

As at August 31, 2020, we had cash of $82,729. We are authorized to issue an unlimited number of common shares. As at August 31, 2020, there were 149,845,282 common shares issued and outstanding. We also had 62,006,378 share purchase warrants with weighted average exercise price of $0.29 and 16,699,328 stock options with weighted average exercise price of $0.38.

Our objective is to maintain a strong capital base to support the development of the business including the commercialization of over 200 formulas for cannabis and mushroom infused beverages, topicals, edibles and wellness products, including launching products through our own brands of commercialization of over 200 formulas for cannabis and mushroom infused beverages, topicals, edibles and wellness products, including launching products through our own brands of Urban Juve™, Wright & Well™, Jack n Jane™ and NeonMind™.

OFF-BALANCE SHEET ARRANGEMENTS

As at August 31, 2020 and November 30, 2019, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and nine months ended August 31, 2020 and 2019, compensation of key management personnel and related parties were as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2020	2019	2020	2019
Consulting fees	$ 40,550	$ 102,500	$ 146,659	$ 271,500
Product development	22,014	–	95,500	–
Share-based compensation	209,176	365,843	887,683	1,229,341
Wages	166,900	223,364	665,415	487,084
	$ 438,640	$ 691,707	$ 1,795,257	$ 1,987,925

As at August 31, 2020, we had a deferred revenue balance of $415,000 (November 30, 2019 - $nil) relating to a license agreement with a company, Komo Foods, where our President and CEO, Penny White, has significant influence.

As at August 31, 2020, we owed $14,488 (November 30, 2019 - $17,189) to our Chief Financial Officer ("CFO"), Yucai Huang, and a company controlled by our CFO, which is included in accounts payable and accrued liabilities, and is unsecured, non-interest bearing, and due on demand.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making 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 the collectability of accounts receivable, the impairment of inventory, the useful life and carrying value of equipment and intangible assets, impairment of marketable securities and fair value of marketable securities without a public market, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include the factors that are used in determining whether we have significant influence over another entity, and the application of the going concern assumption which requires management to consider all the available information about the future, which is at least but not limited to, 12 months from the three and nine months end of the reporting period.

Significant areas requiring the use of judgments made by management also include license and revenue contracts with multiple obligations, website development costs related to the development of e-commerce websites for Urban Juve and W&W Manufacturing, and the determination of the incremental borrowing rate for lease liabilities under IFRS 16. Management's judgment with respect to contracts with multiple performance obligations are determined based on identifying distinct goods or services and uses judgement to estimate the proportion of each distinct good or service within a contract. For website development, management will realize significant economic benefit to justify the capitalization of all costs relating to their development. All operational website costs incurred after their launch will be expensed as incurred. Urban Juve website costs are being amortized on a straight-line basis over an estimated useful life of 3 years. 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 its operations.

Another significant area requiring the use of judgments made by management includes the assessment of fair value of marketable securities of private companies. The fair value of shares and warrants of 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.

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 its office rental lease that was considered as an operating lease under IAS 17.

A 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.

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. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company 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 condensed interim consolidated statement of financial position as at August 31, 2020, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance August 31, 2020
Marketable securities	$ 41,085	$ 3,122	$ –	$ 44,207
Investment	–	–	750,000	750,000
Investment in associate	–	1,658,592	–	1,658,592
	$ 41,085	$ 1,661,714	$ 750,000	$ 2,452,799

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

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. 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 is primarily comprised 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 are mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

	August 31, 2020	August 31, 2019
	USD	USD
Cash	$ 668	$ 6,700
Accounts receivable	1,816	–
Accounts payable and accrued liabilities	(89,061)	(134,669)
Net exposure	$ (86,577)	$ (127,969)
Canadian dollar equivalent	$ (112,914)	$ (170,135)

A 10% change in the foreign exchange rate of US dollars is not expected to have a material impact on the condensed interim consolidated financial statements. 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 marketable securities, which consists of common shares and warrants held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

Commitments

We have entered into multiple non-cancellable binding purchase orders for operational items that have yet to be fulfilled as of August 31, 2020, as well as various agreements for warehousing, marketing & investor relations, and consulting. Our annual contractual commitments for the next five years related to these items are as follows:

	Payments Due by Period				
	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Purchase Commitments	$ 11,130	$ –	$ –	$ –	$ 11,130
Services Contracts	18,000	3,000	–	–	21,000
	$ 29,130	$ 3,000	$ –	$ –	$ 32,130

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 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 September 2, 2017, in conjunction with the Asset Purchase and Distribution Agreement, Urban Juve entered into a consulting agreement with the same supplier whereby the supplier would create new products specifically for Urban Juve and provide consulting services on an ongoing basis. The term of the agreement is two years and will be automatically renewed for one additional year unless terminated by the parties. In consideration for the consulting services, Urban Juve will pay consulting fees of $5,000 per month, which will increase to $10,000 per month upon Urban Juve achieving $40,000 in monthly net revenues on the sale of the products.

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.

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 three and nine months ended August 31, 2020 and 2019:

	Licensing and product sales	Consulting	Corporate and product development	Total
For the three months ended August 31, 2020:				
Revenue	$ 164,680	$ 11,041	$ –	$ 175,721
Net income (loss) before taxes	(284,285)	(43,215)	(1,385,067)	(1,712,567)
For the nine months ended August 31, 2020:				
Revenue	$ 455,743	$ 12,620	$ –	$ 468,363
Net income (loss) before taxes	(878,798)	(74,738)	(5,924,239)	(6,877,775)
As at August 31, 2020:				
Total assets	2,601,271	60,590	2,150,694	4,812,555
Total liabilities	593,666	16,525	1,027,998	1,638,189

	Licensing and product sales	Consulting	Corporate and product development	Total
For the three months ended August 31, 2019:				
Revenue	$ 1,718,373	$ 177,378	$ –	$ 1,895,751
Net income (loss) before taxes	488,401	(86,921)	(2,271,127)	(1,869,647)
For the nine months ended August 31, 2019:				
Revenue	2,915,129	957,750	–	3,872,879
Net income (loss) before taxes	(610,205)	15,863	(9,211,257)	(9,805,599)
As at August 31, 2019:				
Total assets	3,153,990	695,471	2,651,800	6,501,261
Total liabilities	(1,129,396)	(168,603)	(544,430)	(1,842,429)

Significant customers

For the three months ended August 31, 2020, we had three (2019 - two) significant customers in the licensing and product sales segment, comprising 83% (2019 - 85%) of total revenue.

For the nine months ended August 31, 2020, we had two (2019 - two) significant customers in the licensing and product sales segment, comprising 70% (2019 - 67%) of total revenue, and no significant customers in the consulting segment (2019 - one significant customer comprising 25% of total revenue).

As at August 31, 2020, we had one (2019 - one) significant accounts receivable balance outstanding relating to the consulting segment and one (2019 - nil) significant accounts receivable balance outstanding relating to the licensing and product sales segment, comprising 57% (2019 - 87%) and 18% (2019 - 0%) of our total accounts receivable respectively.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company, 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 the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

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

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

SUBSEQUENT EVENTS

(a) On September 1, 2020, we issued 2,352,941 special warrants at a price of $0.085 per unit for aggregate proceeds of $200,000, and 63,000 special warrants in exchange for consulting services with total fair value of $5,355. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.095 for a period of eight months from the date of issuance for an additional common share of the Company.

(b) Subsequent to August 31, 2020, we granted the following stock options:

i) 50,000 stock options to an employee, which are exercisable at $0.10 per share for a period of five years. The stock options vest over 30 months in 10 equal tranches commencing 4 months after the grant date.

ii) 200,000 stock options to an employee, which are exercisable at $0.10 per share for a period of five years. The stock options vest over 24 months in 8 equal tranches commencing 4 months after the grant date.

iii) 500,000 stock options to a director, which are exercisable at $0.10 per share for a period of five years. The stock options vest over 30 months in 10 equal tranches commencing 4 months after the grant date.

(c) On September 1, 2020, we entered into an agreement with Jusu Body Inc. and Jusu Life Inc. for the lease of their e-commerce websites for monthly fee of $100/month, and for the purchase of all finished goods inventory for $25,000 payable in 277,777 units of the Company. Pursuant to the agreement, we are entitled to receive all revenues related to sales from website orders, wholesale orders and Amazon orders. On October 9, 2020, we entered into an asset purchase agreement with Jusu Body Inc., Jusu Bars Inc. and Jusu CBD Inc. (collectively, "Jusu") for the purchase of Jusu's inventory, equipment and intangible assets, for an additional consideration of $2,200,000, payable in 22,000,000 units of the Company. Each unit is comprised of one common share and one share purchase warrant exercisable at $0.11 for a period of two years.

(d) On October 26, 2020, we issued 5,785,713 special warrants at a price of $0.07 per unit for aggregate proceeds of $405,000, and 1,148,532 special warrants in exchange for consulting services with total fair value of $80,397. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.08 for a period of six months from the date of issuance for an additional common share of the Company.

(e) The following events were subsequent to August 31, 2020 and relate to our subsidiary, NeonMind:

i) On October 14, 2020, NeonMind cancelled 1,000,000 restricted share units that was previously issued to an employee of the Company.

ii) On October 23, 2020, NeonMind granted 109,383 restricted share units to a consultant in exchange for consulting services with a fair value of $8,751. The restricted share units vest four months and one day after the grant date.