# Management's Discussion & Analysis

For the Three Months Ended February 28, 2021 and February 29, 2020

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Better Plant Sciences Inc. ("Better Plant"), and all our subsidiaries, including our 100% owned subsidiary Urban Juve Provisions Inc. ("Urban Juve"), our 100% owned subsidiary Wright & Well™ Essentials Inc. ("Wright & Well"), our 100% owned subsidiary Jusu Bars Corp. ("Jusu Bars"), and our 100% owned subsidiary Jusu Wellness Inc. ("Jusu Wellness"), for the three months ended February 28, 2021 and February 29, 2020. Collectively, Better Plant and all our subsidiaries are referred to as the "Company". All references to "us" "we" and "our" refer to the Company. All intercompany balances and transactions have been eliminated.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our unaudited condensed interim financial statements for the three months ended February 28, 2021 and February 29, 2020 and audited annual consolidated financial statements for the years ended November 30, 2020 and 2019 (collectively referred to as the "Financial Statements").

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

We had a net loss of $805,892, and used $875,140 of cash for operating activities during the three months ended February 28, 2021 and incurred an accumulated deficit of $31,564,998 as at February 28, 2021. 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 three months ended February 28, 2021 compared to the same period of the prior year, certain revenue generating areas were negatively impacted by COVID-19 restrictions. Specifically, our brick-and-mortar retail location in Victoria, British Columbia, as a juice bar, experienced, and is still experiencing, reduced traffic and sales. Depending on the further development of the COVID-19 pandemic, its future impact on sales at this location is uncertain, although our management believes that such impact is manageable and will not be significant to our total revenues.

*Productivity*

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

*Impairment*

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

*Suppliers' and vendors' contracts*

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

*Funding*

The general sentiment in the capital market caused difficulties in some fund-raising activities, but we were able to overcome the difficulties and obtain the amount of funding required to support operations. We raised $5.6 million in fiscal 2020 through the Shelf Prospectus. We maintain zero commercial debt aside from a Canada Emergency Business Account ("CEBA") loan of $120,000 (of which only $80,000 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. All of the products we develop are plant-based and created to improve lives through enhanced wellness.

*Plant-Based Bioscience*

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

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

<u>Our Mission Statement</u>

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

<u>Our Core Values</u>

We communicate our core values through the acronym GROW:

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

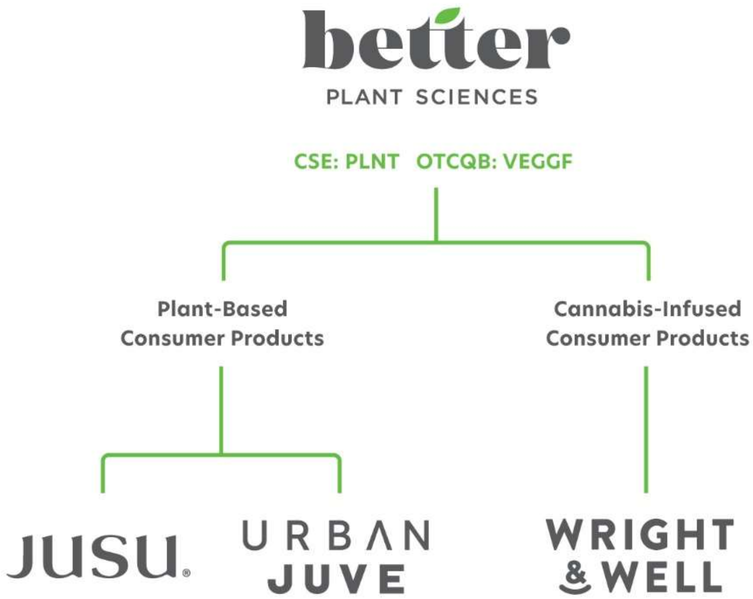
Respect
We treat our peers, partners, and our community with honesty and respect. We also respect our planet, which is why we're very conscious of the environmental impact we have and our duty to protect the earth.

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

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

Our Brands

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




## JUSU

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

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

1. Plant-based beverages consisting of cold-pressed juices 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 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, 3 nut milks and smoothies. 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 campaigns to boost both awareness of the brand and online sales including social media advertising and guerilla marketing tactics such as posters in targeted neighborhoods;
- enhancements to our eCommerce platform with updated creative assets, copy and functionality like subscriptions and newsletter signups; and
- leveraging social media channels such as Facebook and Instagram to showcase our products, interact with our customers, make announcements and partner with "influencers" to drive revenue.

*Plant-Based Home Products*

Jusu home products support the wellness of the home by replacing regular home products with natural, plant-based ones. As of the date of this MD&A, Jusu has seven home products on the market: All Purpose Cleaner, Concentrated Cleaner + Degreaser, Glass 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, and are free from harmful chemicals. The Jusu body line encompasses products ranging from babies to adults and includes hair, skin, body and face products. Jusu personal care products use pure ingredients for vitality and healthy skin. Jusu products are free from: parabens, fragrance, 4-Dioxane, SLS/SLES, triclosan, aluminum, DMDM Hydantoin, mineral oil, phthalates, PEG, and petroleum.

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

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

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

*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 operations 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 and delivery services of refrigerated cold-pressed juices in Victoria, British Columbia and Calgary, Alberta. Since acquiring the assets of Jusu in October 2020, we have rebranded 75 products for home, body and baby and re-launched them for sale in a shopify based Jusu eCommerce site at getjusu.com. In addition to the current selection of Jusu products, we have plans to roll out additional 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.

URBAN JUVE™

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

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

We have launched 13 face and body products under the Urban Juve brand. We have completed stability testing to establish either a one year or two-year shelf life with certain packaging for approximately 50 products. These products include deodorant, body exfoliants, facial masks, sexual lubricant, sports spray, sunscreen, body oils, lip products, cleansers, facial oils, eye cream, essential oil roll-ons, perfumes, colognes, hair pomade, beard oil, shaving creams, pain balm, pain gel, mists, moisturizers, hand cream and foot cream.

WRIGHT & WELL

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

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

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

## OVERALL PERFORMANCE

As of February 28, 2021, our total assets grew to $7.8 million from $4.7 million at November 30, 2020. The majority of the growth was due to the deconsolidation of a previously majority-owned subsidiary, NeonMind Biosciences Inc. ("NeonMind") after its initial public offering ("IPO") in December 2020, and the recognition of our investment in NeonMind as an associate under the equity method thereafter.

Product sales were $151,679, compared to $25,441 in the same period of the prior year. We anticipate significant growth potential in the Jusu brand 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 $145,416, compared to licensing revenues of $105,543 for the prior year. Consulting revenue was $194,230 for the three months ended February 28, 2021 as compared to $860 for the prior year. Our total revenue increased to $491,325 from $135,255 in the same period of the prior year as we increased consulting activities and refocused on product sales of our plant-based products.

We had a net loss of $805,892 for the three months ended February 28, 2021 as compared to a net loss of $2,698,939 for the same period of the prior year. The increase in net income was primarily driven by an increase in revenue, decrease in operating expenses, and gain on deconsolidation of NeonMind. We had a negative adjusted EBITDA of $1 million as compared to $2.2 million for the same period of the prior year. The decrease in negative adjusted EBITDA was achieved primarily by the increase in revenue and reduction in operating expenses.

## SELECTED FINANCIAL 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 unaudited condensed interim financial statements for the three months ended and as of February 28, 2021 and February 29, 2020.

| | Three months ended and as of | |
|---|---|---|
| | February 28, 2021 | February 29, 2020 |
| Revenues | $ 491,325 | $ 135,255 |
| Net income (loss) | (805,892) | (2,698,939) |
| Basic and diluted income (loss) per share | (0.00) | (0.02) |
| Total assets | 7,844,989 | 4,677,957 |
| 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 three months ended February 28, 2021 and February 29, 2020:

| | For the three months ended | |
|---|---|---|
| | February 28, 2021 | February 29, 2020 |
| Net loss for the period | $ (805,892) | $ (2,698,939) |
| Add: | | |
| Depreciation & Amortization | 74,576 | 48,364 |
| Adjustments: | | |
| Share-based compensation | 533,990 | 450,795 |
| Loss (gain) on sale of marketable securities | - | 4,293 |
| Unrealized loss (gain) on investment and marketable securities | (3,760) | 3,203 |
| Share of net loss of equity accounted investees | 738,006 | 38,701 |
| Loss on disposal of subsidiary | 2,623 | |
| Gain on deconsolidation of subsidiary | (1,553,829) | - |
| Gain on settlement of accounts receivable | - | (17,784) |
| Gain on settlement of accounts payable | - | (63,575) |
| Adjusted EBITDA | $ (1,014,286) | $ (2,234,942) |

In the current quarter, we incurred expenses primarily in brand building activities including advertising, marketing and media, and in product development, research and registration. The decrease in negative adjusted EBITDA was primarily driven by an increase in product sales and consulting revenue and by expenses reductions compared to prior year.

## DISCUSSION ON OPERATIONS

### Revenues

Our total revenue increased to $491,325 from $135,255 for the same period of the prior year, as we increased consulting activities and product sales of our plant-based products. Product sales were $151,679 compared to $25,441 for the same period of the prior year. The increase in product sales was largely due to Jusu brand sales, and we anticipate significant growth potential in the Jusu brand products going forward. The addition of Jusu brands expanded our offering of plant-based products in the areas of face and body care, house cleaning, babe care, and cold pressed juices. We plan to build on the existing foundation and introduce additional new products to the market, especially in the house cleaning and cold-pressed juice product lines.

During this period, we focused on building product sales through ecommerce and retail customers, especially in the region of North America. Licensing is no longer our strategic focus and we realized licensing revenues of $145,416, compared to licensing revenues of $105,543 for the prior year.

Consulting revenue was $194,230 for the three months ended February 28, 2021 as compared to $860 for the same period of 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.

### Advertising, Marketing and Media

Advertising, marketing and media expenses are related to our activities in promoting our corporate brand name, our plant-based line of products, which includes market studies, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for the website. For the three months ended February 28, 2021, we incurred $417,501 as compared to $583,173 for the same period of the prior year. The reduction in advertising, marketing and media expenses was due to larger investments in the prior year in launching new brands.

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

| | For the three months ended | |
|---|---|---|
| | February 28, 2021 | February 29, 2020 |
| Promotions & Events | $ 2,279 | $ 9,367 |
| Marketing Expenses | 67,111 | 34,769 |
| Marketing Materials | 3,062 | 64,911 |
| Public Relations | 12,473 | 15,889 |
| Media & influencers | 328,962 | 446,482 |
| Product Samples and other | 3,614 | 11,755 |
| Total advertising, marketing and media | $ 417,501 | $ 583,173 |

Amortization & Depreciation

Depreciation and amortization are related to computer equipment, furniture, telephone equipment, leasehold improvements and website development costs. For the three months ended February 28, 2021, we incurred depreciation and amortization expenses of $74,576 as compared to $48,364 for the same period of the prior year. The increase in depreciation expenses was driven by expanded office and staffing, and the development of an e-commerce website.

Consulting Fees

We engage consultants regularly to obtain expertise in various business areas to limit our fixed commitments on staffing and salaries expenses including but not limited to marketing, technology, finance and accounting. Consulting services provided consisted primarily of corporate finance, CFO services, director services, and regulatory advisory services. For the three months ended February 28, 2021, we incurred consulting expenses of $214,174 as compared to $720,400 for the same period of the prior year. The decrease in consulting fees was a result of tightened expense policies in the company.

Information System

We incurred expenses on Information Systems, primarily to establish our ERP system and ecommerce website and related backend transaction processing and support systems, as well as supporting our consulting services provided to third parties. During the three months ended February 28, 2021, we incurred expenses in information systems of $1,700 as compared to $64,875 for the same period of the prior year. The decrease in information systems expenses during the year compared to the prior year was due to one-time costs incurred in setting up information systems and creating new websites in the prior year, which were not required in the current year.

Investor Relations

Investor relations expenses were incurred to enhance our investor relations program and included investor relations consulting services and fees paid for news releases. Investor relations expenses increased to support ongoing efforts to expand visibility within the investment community. For the three months ended February 28, 2021, we incurred $25,000 as compared to $97,100 for the same period of the prior year. The decrease in investor relations was due to normalization of such activities as compared to larger spend in the prior year to support our fundraising efforts and our stock on the Canadian Securities Exchange, the OTCQB Venture Market in the United States and The Frankfurt Stock exchange in Germany during the year.

Listing fees

We incurred listing fees of $8,362 for the three months ended February 28, 2021 as compared to $11,012 for the prior year.

Office and Administrative Expenses

For the three months ended February 28, 2021, we incurred office and administrative expenses of $165,001 as compared to $158,593 for the prior year. The increase in office and administrative expenses was related to the increase in office expenses and selling costs, which is directly related to the increase in revenue and business activity.

Breakdown of office and administrative expenses is as follows:

| | For the three months ended | |
|---|---|---|
| | February 28, 2021 | February 29, 2020 |
| Dues and subscriptions | $ 25,331 | $ 18,084 |
| Insurance | 22,080 | 27,991 |
| Office rent | 2,218 | 15,861 |
| Office expenses | 48,446 | 23,883 |
| Logistics | 19,774 | 21,857 |
| Selling costs | 40,182 | - |
| Telephone | 2,259 | 9,522 |
| Travel | 165 | 16,838 |
| Other expenses | 4,546 | 24,557 |
| Total office and administrative | $ 165,001 | $ 158,593 |

Product Development, Research and Registration

Product development, research and registration expenses are related to product testing, research and regulatory registrations. For the three months ended February 28, 2021, we incurred product testing costs of $153,139 as compared to $132,915 for the prior year. The increase in product development, research and registration was driven by increased activities in the development of new products including skincare products, wellness products and juices.

Professional Fees

Professional fees are primarily related to legal, accounting, recruiting and audit services, and were generally consistent with the prior year. For the three months ended February 28, 2021, we incurred professional fees of $69,944 as compared to $71,365 for the same period of the prior year.

Share-based Compensation

Share-based compensation granted to our directors, officers, employees and consultants included stock options in the Company, and stock options and restricted share units of NeonMind up to the date of deconsolidation. For the three months ended February 28, 2021, we incurred share-based compensation expense of $533,990 as compared to $450,795 for the same period of the prior year. The overall increase 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 three months ended February 28, 2021 was $347,516 as compared to $505,572 for the same period of the prior year. We anticipate wage expenses to be consistent with our revenue activities going forward.

Gain (Loss) on Sale of Marketable Securities

We did not incur a loss on sales of marketable securities during the three months ended February 28, 2021, as compared to a loss of $4,293 for the prior year, which was primarily related to the disposition of share of Loop Insights Inc.

Unrealized Gain (Loss) on Marketable Securities and Investments

During the three months ended February 28, 2021, we incurred unrealized gain on marketable securities of $3,760, as compared to unrealized loss of $3,203 for the same period of the prior year.

Share of net loss of equity accounted investees

During the three months ended February 28, 2021, we incurred loss from investment in associates of $738,006 as compared to $38,701 for the prior year. The increase in share of net loss of equity accounted investees was due to the deconsolidation of a previously majority-owned subsidiary, NeonMind, after its IPO in December 2020, and the recognition of our investment in NeonMind as an associate under the equity method thereafter.

Gain on loss of control of subsidiary

During the three months ended February 28, 2021, we recognized a gain on loss of control of subsidiary of $1,553,829 relating to the deconsolidation of NeonMind.

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

We did not incur such gains in the prior year.

Loss on disposal of subsidiary

During the three months ended February 28, 2021, we recognized a loss on disposal of subsidiary of $2,623 related to the dissolution of an inactive wholly-owned subsidiary. We did not incur such gains in the prior year.

Net Loss

We incurred a net loss of $805,892 for the three months ended February 28, 2021 as compared to net loss of $2,698,939 for the prior year. The decrease in loss was primarily driven by an increase in product sales and consulting revenue, expense reductions, and gain on deconsolidation of NeonMind.

Net loss per share was $0.00 as compared to $0.02 for the prior year.

Comprehensive Loss

For the three months ended February 28, 2021, we had a comprehensive loss of $829,092 as compared to a comprehensive loss of $2,698,651 for the same period of the prior year.

Dividends

No dividends were declared or paid for the three months ended February 28, 2021 and February 29, 2020.

## SUMMARY OF QUARTERLY RESULTS

| | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 |
|---|---|---|---|---|
| Revenue | $ 491,325 | $ 666,923 | $ 175,721 | $ 160,798 |
| Net loss | (805,892) | (3,034,069) | (1,712,567) | (2,462,858) |
| Basic & diluted loss per share | (0.00) | (0.02) | (0.01) | (0.02) |

| | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 |
|---|---|---|---|---|
| Revenue | $ 131,844 | $ 146,365 | $ 1,895,751 | $ 1,176,629 |
| Net loss | (2,702,350) | (6,215,389) | ( 1,869,647) | (4,146,172) |
| Basic & diluted loss per share | (0.02) | (0.07) | (0.02) | (0.05) |

## SEGMENTED INFORMATION

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

The following is a summary of our results by operating segment for the three months ended February 28, 2021 and February 29, 2020:

| | Licensing and product sales | Corporate and consulting | Total |
|---|---|---|---|
| For the three months ended February 28, 2021: | | | |
| Revenue | $ 297,095 | $ 194,230 | $ 491,325 |
| Net income (loss) before taxes | (836,753) | 30,861 | (805,892) |
| As at February 28, 2021: | | | |
| Total assets | 3,506,622 | 4,338,367 | 7,844,989 |
| Total liabilities | 619,902 | 477,930 | 1,097,832 |

| | Licensing and product sales | Corporate and consulting | Total |
|---|---|---|---|
| For the three months ended February 29, 2020: | | | |
| Revenue | $ 134,395 | $ 860 | $ 135,255 |
| Net income (loss) before taxes | (229,646) | (2,469,293) | (2,698,939) |
| As at February 29, 2020: | | | |
| Total assets | 2,385,906 | 2,292,051 | 4,677,957 |
| Total liabilities | 783,906 | 1,324,065 | 2,107,971 |

Significant customers

For the three months ended February 28, 2021, we had two significant customers in the licensing and product sales segment, comprising 17% and 13% of our total revenue, and two significant customers in the corporate and consulting segment, comprising 21% and 18% of our total revenue.

As at February 28, 2021, we had two significant accounts receivable balances outstanding relating to the licensing and product sales segment, comprising 18% and 16% of our total accounts receivable.

For the three months ended February 29, 2020, we had two significant customers in the licensing and product sales segment, comprising 61% and 17% of our total revenue.

As at February 29, 2020, we had two significant accounts receivable balances outstanding relating to the licensing and product sales segment, comprising 49% and 26% of our total accounts receivable.

## LIQUIDITY

| | | February 28, 2021 | | November 30, 2020 |
|---|---|---|---|---|
| Current ratio[1] | | 2.20 | | 1.71 |
| Cash | $ | 242,303 | $ | 181,293 |
| Working capital surplus (deficit) [2] | $ | 1,021,800 | $ | 789,192 |
| Debt[3] | $ | - | $ | - |
| Equity attributable to Shareholders | $ | 6,747,157 | $ | 3,828,138 |

*(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 February 28, 2021, we had $242,303 of cash as compared to $181,293 at November 30, 2020. For the three months ended February 28, 2021, cash used in operating activities was $875,140, 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 $3,090,482 for the same period of the prior year to support our Urban Juve and Wright & Well product lines, and development of other product lines and formulas. Cash used in investing activities was $nil for the three months ended February 28, 2021, as compared to cash provided by investing activities of $19,198 for the prior year driven by proceeds from the sale of marketable securities. Cash provided by financing activities was $936,150 for the three months ended February 28, 2021, 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 $2,932,903 for the prior year, primarily from proceeds received from the issuance of common shares and special warrants through private placements, as well as the exercise of warrants and options by investors.

### Working Capital

We had a working capital of $1,021,800 as at February 28, 2021 as compared to a working capital of $789,192 as at November 30, 2020. The increase in working capital was primarily due to an increase in cash and prepaid expenses and deposits, and a decrease in accounts payable.

## CAPITAL RESOURCES AND MANAGEMENT

As at February 28, 2021, we had cash of $242,303. We are authorized to issue an unlimited number of common shares. As at February 28, 2021, there were 191,927,449 common shares issued and outstanding. We also had 62,778,102 share purchase warrants with weighted average exercise price of $0.19 and 24,986,328 stock options with weighted average exercise price of $0.29.

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.

## OFF-BALANCE SHEET ARRANGEMENTS

As at February 28, 2021 and November 30, 2020, we had no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

During the three months ended February 28, 2021 and February 29, 2020, compensation of key management personnel and related parties were as follows:

| | February 28, 2021 | February 29, 2020 |
|---|---|---|
| Consulting fees | $ 80,568 | $ 65,500 |
| Share-based compensation | 340,530 | 172,539 |
| Wages | 54,583 | 221,816 |
| | $ 475,681 | $ 459,855 |

During the three months ended February 28, 2021, we recognized licensing revenue of $nil (February 29, 2020 - $3,411) and consulting revenue of $90,828 (February 29, 2020 - $860) from an associated company, Komo Plant Based Comfort Foods Inc. ("Komo Foods"). As at February 28, 2021, the Company was owed $443 (November 30, 2020 - $55,722) 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 we granted a non-exclusive license to our proprietary mushroom extraction technology to Komo Foods for use in the United States. Pursuant to the license agreement, we received 1,250,000 common shares of Komo Foods, with a fair value of $415,000, which was recognized in licensing and product sales revenue during the year ended November 30, 2020.

During the three months ended February 28, 2021, we recognized licensing revenue of $63,224 (February 29, 2020 - $nil), consulting revenue of $102,152 (February 29, 2020 - $nil) and interest income of $8,522 (February 29, 2020 - $nil) from an associated company, NeonMind. As at February 28, 2021, we were owed $812,444 from NeonMind, which was included due from related parties. This balance includes a promissory note balance of $691,245 for previously advanced payment which is unsecured, bears interest at 5% compounded annually, and is due on February 28, 2022.

Amounts owed also included interest payable balance of $34,468 relating to the promissory note. The remaining $86,731 is unsecured, non-interest bearing, and due on demand. During the year ended November 30, 2020, NeonMind was recorded as a consolidated subsidiary of the Company and therefore the balance owed from NeonMind at year-end was eliminated upon consolidation.

On February 12, 2020, our wholly owned subsidiary, Urban Juve entered into a license agreement with NeonMind whereby Urban Juve granted NeonMind a license to use, modify and sublicense extraction technology for the purpose of developing an extraction process for mushroom extract for a term of 25 years. Pursuant to the agreement, NeonMind issued 6,250,000 common shares with a fair value of $500,000 to Urban Juve. The fair value of the shares received is being recognized as revenue over a period of eighteen months, and during the three months ended February 28, 2021, $63,224 was recognized as revenue on the condensed interim consolidated statement of financial position. During the period from December 1, 2020 to December 30, 2020 and the three months ended February 29, 2020, NeonMind was recorded as a consolidated subsidiary of the Company and therefore the revenue recorded during this period was eliminated upon consolidation.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

*Going concern*

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

*Licensing revenues*

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

*Website development costs*

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

*Incremental borrowing rate*

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

*Fair value of investments in private companies*

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

*Business combinations*

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

Application of New and Revised Accounting Standards

There were no new or revised accounting standards adopted during the period ended February 28, 2021.

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 February 28, 2021, 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 February 28, 2021 |
| Marketable securities | $ 18,477 | $ 1,198 | $ – | $ 19,675 |
| Investment in associate | – | 2,932,014 | – | 2,932,014 |
| | $ 18,477 | $ 2,933,212 | $ – | $ 2,951,689 |

The fair values of other financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, lease 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. 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:

| | February 28, 2021 USD | February 29, 2020 USD |
|---|---|---|
| Cash | $ 1,161 | $ 9,953 |
| Accounts payable and accrued liabilities | (59,352) | (81,876) |
| Net exposure | $ (58,190) | $ (71,923) |
| | | |
| Canadian dollar equivalent | $ (73,814) | $ (96,585) |

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 February 28, 2021, as well as various agreements for warehousing and consulting. Our annual contractual commitments for the next five years related to these items are as follows:

| | Payments Due by Period | | | |
|---|---|---|---|---|
| | 1 Year | 2-3 Years | 4-5 Years | Total |
| Purchase Commitments | $ 13,870 | $ – | $ – | $ 13,870 |
| Lease Payment Obligations | 121,768 | 158,700 | 29,220 | 309,688 |
| Services Contracts | 9,000 | – | – | 9,000 |
| | $ 144,638 | $ 158,700 | $ 29,220 | $ 332,558 |

Other Commitments:

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

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

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

Contingencies

On March 3, 2021, a claim was commenced against us and Jusu Bars Inc. (now called 8931429 Canada Inc.), a company from whom we purchased assets during the year ended November 30, 2020, regarding the failure of Jusu Bars Inc. to pay rent on its retail unit in Calgary, Alberta. The landlord is seeking payment for the amounts owing in arrears and damages for breach of contract. We 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 probable 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 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

Subsequent to February 28, 2021, we issued 200,000 common shares pursuant to the exercise of warrants for proceeds of $16,000.