PLANT SCIENCES

(formerly The Yield Growth Corp.)

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended May 31, 2021 and 2020
(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

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

BETTER PLANT SCIENCES INC. (formerly The Yield Growth Corp.)

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

	May 31, 2021	November 30, 2020
ASSETS		
Current assets		
Cash	$ 104,250	$ 181,293
Marketable securities (Note 3)	510,686	15,915
Accounts receivable (Notes 4 and 12)	212,236	381,511
Inventory (Note 5)	1,009,789	1,170,489
Prepaid expenses and deposits	100,845	154,175
Total current assets	1,937,806	1,903,383
Non-current assets		
Investment in associates (Note 6)	2,035,482	424,855
Deposits	57,500	–
Due from related parties (Note 12)	703,777	–
Right-of-use asset (Note 7)	175,396	212,764
Equipment (Note 8)	147,343	193,828
Intangible assets (Note 9)	1,299,060	1,389,001
Goodwill (Note 10)	534,558	534,558
Total non-current assets	4,593,116	2,755,006
Total assets	$ 6,890,922	$ 4,658,389
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 534,352	$ 832,409
Deferred revenue (Note 11)	28,598	197,003
Lease liabilities (Note 7)	93,393	84,779
Total current liabilities	656,343	1,114,191
Non-current liabilities		
Loans payable	93,300	80,000
Due to related parties (Note 12)	35,261	–
Lease liabilities (Note 7)	134,820	184,140
Total non-current liabilities	263,381	264,140
Total liabilities	919,724	1,378,331
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	28,346,035	27,954,370
Equity reserves	10,620,017	10,075,067
Shares issuable (Note 10)	31,420	31,420
Subscriptions received	–	50,000
Accumulated other comprehensive income	752	642
Deficit	(33,027,026)	(34,283,361)
Total shareholder' equity available to Better Plant Sciences Inc. shareholders	5,971,198	3,828,138
Equity attributable to non-controlling interest (Note 18)	–	(548,080)
Total shareholders' equity	5,971,198	3,280,058
Total liabilities and shareholders' equity	$ 6,890,922	$ 4,658,389

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

Approved and authorized for issuance on behalf of the Board of Directors on July 30, 2021:

/s/ "Rick Huang" — Director

/s/ "Cole Drezdoff" — Director

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

BETTER PLANT SCIENCES INC. (formerly The Yield Growth Corp.)
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended May 31, 2021	Three months ended May 31, 2020	Six months ended May 31, 2021	Six months ended May 31, 2020
REVENUE				
Licensing (Note 12)	$ 181,490	$ 109,281	$ 326,906	$ 214,824
Product sales	160,683	50,798	312,362	76,239
Consulting (Note 12)	201,683	719	395,913	1,579
Total revenue	543,856	160,798	1,035,181	292,642
COST OF REVENUES				
Cost of product sales	176,560	38,652	286,873	55,935
Cost of consulting services	–	566	–	1,258
Total cost of revenues	176,560	39,218	286,873	57,193
Gross profit	367,296	121,580	748,308	235,449
EXPENSES				
Advertising, marketing, and media	384,149	705,456	801,650	1,288,629
Amortization and depreciation (Notes 7, 8 and 9)	74,563	43,131	149,139	91,495
Consulting fees (Note 12)	41,274	349,709	255,448	1,070,109
Information systems	–	26,175	1,700	91,050
Investor relations	17,500	10,700	42,500	107,800
Listing fees	2,890	9,477	11,252	20,489
Office and administrative	202,422	181,188	367,423	339,781
Product development, research, and registration	9,655	40,719	162,794	173,634
Professional fees	86,011	132,693	155,955	204,058
Share-based compensation (Notes 12 and 15)	453,330	513,603	987,320	964,398
Wages (Note 12)	231,714	470,501	579,230	976,073
Total expenses	1,503,508	2,483,352	3,514,411	5,327,516
Net loss before other items	(1,136,212)	(2,361,772)	(2,766,103)	(5,092,067)
OTHER ITEMS				
Gain on sale of equity accounted investee (Note 6)	9,925	–	9,925	–
Loss on sale of marketable securities	–	–	–	(4,293)
Unrealized gain (loss) on marketable securities (Note 3)	(656)	(46,186)	3,104	(49,389)
Gain on reclassification of investment (Note 6)	366,230	–	366,230	–
Share of net loss of equity accounted investees (Note 6)	(762,846)	(43,578)	(1,500,852)	(82,279)
Gain on loss of control of subsidiary (Note 17)	2,128,959	–	3,682,788	–
Loss on disposal of subsidiary (Note 17)	–	–	(2,623)	–
Gain (loss) on foreign exchange	5,840	(11,322)	12,879	(18,539)
Gain on settlement of accounts receivable	–	–	–	17,784
Gain on settlement of accounts payable	10,870	–	10,870	63,575
Total other items	1,758,322	(101,086)	2,582,321	(73,141)
NET INCOME (LOSS) FOR THE PERIOD	622,110	(2,462,858)	(183,782)	(5,165,208)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized foreign exchange gain (loss)	–	(449)	(35)	(161)
Comprehensive income (loss) for the period	$ 622,110	$ (2,463,307)	$ (183,817)	$ (5,165,369)
Net income (loss) attributable to:				
Shareholders of the Company	$ 622,110	$ (2,334,843)	$ 15,195	$ (4,992,661)
Non-controlling interest (Note 18)	–	(128,015)	(198,977)	(172,547)
Net income (loss) for the period	$ 622,110	$ (2,462,858)	$ (183,782)	$ (5,165,208)
Comprehensive income (loss) attributable to:				
Shareholders of the Company	$ 622,110	$ (2,335,292)	$ 15,160	$ (4,992,822)
Non-controlling interest (Note 18)	–	(128,015)	(198,977)	(172,547)
Comprehensive income (loss) for the period	$ 622,110	$ (2,463,307)	$ (183,817)	$ (5,165,369)
GAIN (LOSS) PER SHARE ATTRIBUTABLE TO BETTER PLANT SCIENCES INC. SHAREHOLDERS, BASIC AND DILUTED	$ 0.00	$ (0.02)	$ 0.00	$ (0.04)
Weighted average shares outstanding – Basic (Note 16)	191,965,911	123,165,000	188,846,725	116,866,000
Weighted average shares outstanding – Diluted (Note 16)	192,102,274	123,165,000	188,983,088	116,866,000

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

BETTER PLANT SCIENCES INC. (formerly The Yield Growth Corp.)

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Special				Accumulated other		Non-	Total
	Number of shares	Amount	Special warrants reserve	Equity reserves	Shares issuable	Subscriptions received	comprehensive income (loss)	Deficit	controlling interest	shareholders' equity
BALANCE, NOVEMBER 30, 2019	105,266,019	$ 19,277,871	$ –	$ 7,966,429	$ 50,600	$ –	$ (826)	$ (26,121,149)	$ 106,203	$ 1,279,128
Adjustments to equity upon adoption of IFRS 16	–	–	–	–	–	–	–	(43,663)	–	(43,663)
Units issued for cash	1,156,250	213,438	–	61,563	–	–	–	–	–	275,001
Special warrant units issued for cash	–	–	2,955,783	–	–	–	–	–	–	2,955,783
Shares issued on conversion of special warrants	20,907,119	2,897,994	(3,008,283)	110,289	–	–	–	–	–	–
Shares issued on exercise of stock options	120,000	20,194	–	(8,194)	–	–	–	–	–	12,000
Shares issued on exercise of warrants	2,803,332	564,320	–	–	–	–	–	–	–	564,320
Shares issued for consulting services	200,000	30,000	–	2,000	8,000	–	–	–	–	40,000
Special warrants issued to settle accounts payable	–	–	52,500	–	–	–	–	–	–	52,500
Subscriptions received	–	–	–	–	–	291,000	–	–	–	291,000
Fair value of stock options granted	–	–	–	574,891	–	–	–	–	–	574,891
Unrealized foreign exchange gain	–	–	–	–	–	–	(161)	–	–	(161)
Net loss for the period	–	–	–	–	–	–	–	(4,992,661)	(172,547)	(5,165,208)
Change in equity of subsidiary	–	1,753,815	–	272,105	–	–	–	–	–	2,025,920
Equity attributable to non-controlling interest	–	(483,114)	–	(86,341)	–	–	–	239,169	330,286	–
BALANCE, MAY 31, 2020	130,452,720	$ 24,274,518	$ –	$ 8,892,742	$ 58,600	$ 291,000	$ (987)	$ (30,918,302)	$ 263,942	$ 2,861,513
BALANCE, NOVEMBER 30, 2020	178,473,245	$ 27,954,370	$ –	$10,075,067	$ 31,420	$ 50,000	$ 642	$ (34,283,361)	$ (548,080)	$ 3,280,058
Special warrant units issued for cash	–	–	126,250	–	–	(50,000)	–	–	–	76,250
Shares issued on conversion of special warrants	2,613,635	143,750	(143,750)	–	–	–	–	–	–	–
Shares issued on exercise of stock options	400,000	69,271	–	(29,270)	–	–	–	–	–	40,001
Shares issued on exercise of warrants	10,140,569	861,192	–	(34,850)	–	–	–	–	–	826,342
Shares issued for services	500,000	60,000	–	–	–	–	–	–	–	60,000
Shares issued to settle accounts payable	2,344,629	216,593	–	–	–	–	–	–	–	216,593
Special warrants issued to settle accounts payable	–	–	17,500	–	–	–	–	–	–	17,500
Fair value of stock options granted	–	–	–	987,320	–	–	–	–	–	987,320
Unrealized foreign exchange loss	–	–	–	–	–	–	110	–	–	110
Net loss for the period	–	–	–	–	–	–	–	15,195	(198,977)	(183,782)
Loss of control of subsidiary	–	(959,141)	–	(378,250)	–	–	–	1,241,140	747,057	650,806
BALANCE, MAY 31, 2021	194,472,078	$ 28,346,035	$ –	$10,620,017	$ 31,420	$ –	$ 752	$ (33,027,026)	$ –	$ 5,971,198

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

BETTER PLANT SCIENCES INC. (formerly The Yield Growth Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Six months ended May 31, 2021	Six months ended May 31, 2020
OPERATING ACTIVITIES		
Net loss	$ (183,782)	$ (5,165,208)
Items not involving cash:		
Loss on disposal of subsidiary	2,623	–
Gain on loss of control of subsidiary	(3,682,788)	–
Write-down of inventory	112,405	–
Amortization and depreciation	149,140	91,495
Consulting services paid in shares	–	40,000
Consulting services paid in units	–	39,485
Exercise of stock options for bonus expense	–	100,000
Interest expense on government loans	12,215	–
Grant income on government loans	(38,915)	–
Interest expense on lease liability	20,178	29,627
Loss on sale of marketable securities	–	4,293
Gain on sale of equity accounted investee	(9,925)	–
Gain on settlement of accounts payable	(10,870)	(63,575)
Gain on settlement of accounts receivable	–	(17,784)
Share of net loss of equity accounted investee	1,500,852	82,279
Share-based compensation	987,320	964,398
Shares and warrants received for licensing and distribution rights	–	(415,000)
Unrealized loss (gain) on marketable securities	(3,104)	49,389
Gain on reclassification of investment	(366,230)	–
Changes in non-cash operating working capital:		
Accounts receivable	156,807	39,979
Inventory	31,140	(225,971)
Prepaid expenses and other deposits	(61,670)	25,324
Due from related parties	103,453	
Accounts payable and accrued liabilities	400,701	(313,568)
Due to related parties	35,261	–
Deferred revenue	(168,185)	183,316
Net cash used in operating activities	(1,013,374)	(4,551,341)
INVESTING ACTIVITIES		
Purchase of equipment	(3,696)	(122,489)
Purchase of investment in associate	–	(200,000)
Proceeds from sale of marketable securities	–	19,198
Proceeds from sale of equity accounted investee	18,174	
Net cash provided by (used in) investing activities	14,478	(303,291)
FINANCING ACTIVITIES		
Lease payments	(60,884)	(40,545)
Proceeds from government loans	40,000	80,000
Proceeds from issuance of units	–	1,078,866
Share issuance costs	–	(65,937)
Subscriptions received	–	291,000
Proceeds from issuance of special warrants	76,250	–
Proceeds from exercise of stock options	40,000	21,000
Proceeds from exercise of warrants	826,342	564,320
Proceeds from exercise of special warrants	–	2,955,783
Net cash provided by (used in) financing activities	921,708	4,884,487
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	145	(161)
CHANGE IN CASH	(77,043)	29,694
Cash, beginning of period	181,293	145,140
CASH, END OF PERIOD	$ 104,250	$ 174,834

Supplemental disclosures (Note 20)

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

1. Nature of Operations and Continuance of Business

Better Plant Sciences Inc. (“Better Plant” or the “Company”) (formerly “The Yield Growth Corp.”) was incorporated under the laws of the province of British Columbia, Canada, on November 28, 2014. On August 18, 2020, the Company changed its name from The Yield Growth Corp. to Better Plant Sciences Inc. The Company acquires, develops, manufactures, markets, sells, and distributes plant-based products.

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

The Company has incurred a net loss of $183,782 and used $1,013,374 of cash for operating activities during the six months ended May 31, 2021. As at May 31, 2021, the Company had working capital of $1,281,463 including cash of $104,250 and had an accumulated deficit of $33,027,026. The Company had limited cash reserves at May 31, 2021, and currently relies on issuing new equity instruments to fund its operations until the growth in its business generates sufficient cash flow from operations. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the consolidated statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

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

Revenue generation

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

Productivity

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

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

Suppliers' and vendors' contracts

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

Funding

The general sentiment in the capital market caused difficulties in some fund-raising activities, but the Company was able to overcome the difficulties and obtain funding through its shelf prospectus to support operations. The Company maintains zero commercial debt aside from a Canada Emergency Business Account 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 the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Over the past year, the management team has been closely following the progression of COVID-19 and its potential impact on the Company and has been working on alternative measures and resources to minimize the impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results going forward.

2. Significant Accounting Policies

(a) Statement of Compliance

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

2. Significant Accounting Policies (continued)

(b) Basis of Presentation and Principles of Consolidation

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

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

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

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

(c) Significant Accounting Estimates and Judgments

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

Significant areas requiring the use of estimates include:

- collectability of accounts receivable
- 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

2. Significant Accounting Policies (continued)

(c) Significant Accounting Estimates and Judgments (continued)

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

Going concern

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

Licensing revenues

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

Website development costs

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

Incremental borrowing rate

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

Fair value of investments in private companies

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

Business combinations

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

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(d) Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the statement of financial position or the reported results of operations.

(e) Future Accounting Pronouncements

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

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

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

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

3. Marketable Securities and Investments

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

	Nov. 30, 2020 fair value	Additions	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	May 31, 2021 fair value
Current Assets:						
Komo YUM-Shares	$ 14,781	$ 491,667	$ –	$ –	$ 3,696	$ 510,144
Komo YUM-Warrants	1,134	–	–	–	(592)	542
Total	$ 15,195	$ 491,667	$ –	$ –	$ 3,104	$ 510,686

(Expressed in Canadian Dollars)

3. Marketable Securities and Investments (continued)

	Nov. 30, 2019 fair value	Additions	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	May 31, 2020 fair value
Current Assets:						
Vert–Warrants	$ 77	$ –	$ –	$ –	$ (66)	$ 11
Fobi (formerly Loop)	23,491	–	(19,198)	(4,293)	–	–
Komo YUM-Shares	95,000	19,123	–	–	(31,954)	82,169
Komo YUM-Warrants	12,046	13,438	–	–	(17,369)	8,115
	$ 130,614	$ 32,561	$ (19,198)	$ (4,293)	$ (49,389)	$ 90,295
Non-current assets:						
TLS	–	750,000	–	–	–	750,000
Total	$ 130,614	$ 782,561	$ (19,198)	$ (4,293)	$ (49,389)	$ 840,295

<u>*Marketable Securities*</u>

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

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

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

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

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

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

(Expressed in Canadian Dollars)

3. Marketable Securities and Investments (continued)

As at May 31, 2021, the Company holds 5,101,435 shares (May 31, 2020 – 234,768) of Komo YUM and 451,435 share purchase warrants (May 31, 2020 – 34,769).

Investments

Translational Life Science Inc.

On February 4, 2020, the NeonMind entered into share purchase agreements for the purchase of 7,285,000 common shares of Translational Life Science Inc. ("TLS"), in exchange for 15,000,000 units of NeonMind with a fair value of $750,000. During the year ended November 30, 2020, the Company recognized an unrealized loss of $750,000 on its investment in TLS, bringing its carrying value down to $nil, as TLS is still in the early stages of development in its business and there is material uncertainty on the going concern of TLS and the marketability and liquidity of the shares. The Company currently holds all shares of TLS and has no intention to sell its investment in TLS in the next 12 months.

4. Accounts Receivable

	May 31, 2021	November 30, 2020
Trade accounts receivable	$ 59,150	$ 256,057
Other receivables	160,859	256,698
Allowance for doubtful accounts	(7,773)	(131,244)
Total accounts receivable	$ 212,236	$ 381,511

Other receivables included GST receivables and accrued receivables.

5. Inventory

	May 31, 2021	November 30, 2020
Finished goods	$ 356,621	$ 382,155
Packaging and raw materials	653,168	788,334
	$ 1,009,789	$ 1,170,489

During the six months ended May 31, 2021, the Company wrote down the value of inventory by $112,405 (November 30, 2020 - $Nil) to its net realizable value. On December 30, 2020, the Company deconsolidated its former subsidiary, NeonMind, which resulted in a decrease in inventory of $17,155 on the condensed interim consolidated statement of financial position at May 31, 2021.

6. Investment in Associate

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

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

(Expressed in Canadian Dollars)

6. Investment in Associate (continued)

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

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

During the six months ended May 31, 2021, the Company recorded its proportionate loss from Komo Foods of $213,234 (May 31, 2020 - $82,279). During the year ended November 30, 2020, the Company assessed an impairment of $1,073,263 on the value of its investment in Komo Foods. On December 30, 2020, the Company deconsolidated its former subsidiary NeonMind, which resulted in NeonMind's investment in Komo Foods with a carrying value of $86,185 being derecognized from the condensed interim consolidated financial statements. The carrying value of the Company's investment in Komo Foods as at May 31, 2021 was $125,437 prior to being reclassified as an investment recorded at fair value through profit and loss (Note 3) (November 30, 2020 - $424,855). The difference between the carrying value of $125,437 and the fair value of $491,667 was recorded as a gain on reclassification of investment of $366,260 on the condensed interim consolidated statement of operations and comprehensive loss.

Subsequent to the merger, the Company's shares of Komo Foods were exchanged one-to-one for Komo YUM shares and it was determined that the Company no longer has significant influence over Komo YUM. As a result, the Company began accounting for the investment in Komo Foods at fair value through profit or loss (Note 3).

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

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

	Three months ended		Six months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Net loss and comprehensive loss for the period	$ (434,796)	$ (222,515)	$ (1,955,755)	$ (485,537)

6. Investment in Associate (continued)

NeonMind Biosciences Inc. ("NeonMind")

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

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

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

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

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

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

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

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

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

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

(Expressed in Canadian Dollars)

6. Investment in Associate (continued)

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

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

The Company has the same reporting date as NeonMind and was provided with the unaudited financial information of NeonMind for the period from December 31, 2020 to May 31, 2021 to calculate the portion of net loss attributable to the Company. During the period ended May 31, 2021, the Company sold 82,500 NeonMind shares which had a book value of $8,250 for net proceeds of $18,175, resulting in a gain on sale of $9,925. During the period ended May 31, 2021, the Company recorded its proportionate loss from NeonMind of $1,287,618.

As of May 31, 2021, the Company held 33,231,000 shares of NeonMind, which represented 27% ownership in NeonMind. The carrying value of the Company's investment in NeonMind as at May 31, 2021 was $2,035,483. The Company's investment in NeonMind was recorded as a subsidiary at November 30, 2020.

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

	May 31, 2021
Cash	$ 1,782,219
Current assets	2,328,092
Total assets	2,357,676
Current and total liabilities	1,033,377

	For the three months ended May 31, 2021	For the period from December 31, 2020 to May 31, 2021[1]
Net loss and comprehensive loss for the period	$ (2,643,913)	$ (4,664,618)

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

(Expressed in Canadian Dollars)

6. Investment in Associate (continued)

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

	Komo Foods	NeonMind	Total
Carrying value of investment, November 30, 2019	$ 1,240,001	$ –	$ 1,240,001
Additions	615,000	–	615,000
Proportionate net loss	(356,883)	–	(356,883)
Impairment	(1,073,263)	–	(1,073,263)
Carrying value of investment, November 30, 2020	$ 424,855	$ –	$ 424,855
Additions	–	3,331,350	3,331,350
Disposals	–	(8,250)	(8,250)
Proportionate net loss	(213,234)	(1,287,618)	(1,500,852)
Deconsolidation of NeonMind	(86,185)	–	(86,185)
Reclassification of Komo Foods	(125,436)	–	(125,436)
Carrying value of investment, May 31, 2021	$ –	$ 2,035,482	$ 2,035,482

7. Right-of-use Assets and Lease Liabilities

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

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

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

	Office lease	Warehouse lease	Total
Right of Use Asset:			
Value of right of use asset, December 1, 2019	$ 182,362	$ –	$ 182,362
Additions	–	100,130	100,130
Amortization	(54,709)	(15,019)	(69,728)
Right of use asset, November 30, 2020	$ 127,653	$ 85,111	$ 212,764
Amortization	(27,354)	(10,014)	(37,368)
Right of use asset, May 31, 2021	$ 100,299	$ 75,097	$ 175,396

(Expressed in Canadian Dollars)

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

Lease Liabilities:			
Lease liabilities recognized, December 1, 2019	$ 229,117	$ –	$ 229,117
Additions	–	100,130	100,130
Lease payments	(83,474)	(21,915)	(105,389)
Lease interest	33,590	11,471	45,061
Lease liabilities, November 30, 2020	$ 179,233	$ 89,686	$ 268,919
Lease payments	(46,274)	(14,610)	(60,884)
Lease interest	13,255	6,923	20,178
Lease liabilities, May 31, 2021	$ 146,214	$ 81,999	$ 228,213
Current portion	76,058	17,335	93,393
Non-current portion	70,156	64,664	134,820
	$ 146,214	$ 81,999	$ 228,213

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

	Office lease	Warehouse lease	Total
Year ended November 30, 2021	$ 46,274	$ 14,610	$ 60,884
Year ended November 30, 2022	92,548	29,220	121,768
Year ended November 30, 2023	30,849	29,220	60,069
Year ended November 30, 2024	–	29,220	29,220
Year ended November 30, 2025	–	7,305	7,305
	$ 169,671	$ 109,575	$ 279,246

8. Equipment

	Computers	Furniture and display	Phone equipment	Equipment	Leasehold improvements	Total
Cost:						
Balance, November 30, 2019	$ 97,552	$ 112,339	$ 2,378	$ 13,807	$ 3,750	$ 229,826
Additions	1,375	48,270	–	23,250	72,844	145,739
Balance, November 30, 2020	98,927	$ 160,609	$ 2,378	$ 37,057	$ 76,594	$ 375,565
Additions	3,696	–	–	–	–	3,696
Balance, May 31, 2021	$ 102,623	$ 160,609	$ 2,378	$ 37,057	$ 76,594	$ 379,261
Accumulated depreciation:						
Balance, November 30, 2019	$ 61,112	$ 21,435	$ 754	$ 1,927	$ 235	$ 85,463
Additions	26,263	48,173	477	3,866	17,495	96,274
Balance, November 30, 2020	87,375	69,608	1,231	5,793	17,730	181,737
Additions	5,483	26,552	237	5,245	12,664	50,181
Balance, May 31, 2021	$ 92,858	$ 96,160	$ 1,468	$ 11,038	$ 30,394	$ 231,918
Carrying amounts:						
As at November 30, 2020	$ 11,552	$ 91,001	$ 1,147	$ 31,264	$ 58,864	$ 193,828
As at May 31, 2021	$ 9,765	$ 64,449	$ 910	$ 26,019	$ 46,200	$ 147,343

(Expressed in Canadian Dollars)

9. Intangible Assets

	Product Formulations	Customer Relationships	Brand Name	Website Development Costs	Total
Cost:					
Balance, November 30, 2019	$ 32,400	$ –	$ –	$ 155,557	$ 187,957
Additions	720,000	81,000	510,000	65,012	1,376,012
Impairment	–	–	–	(155,557)	(155,557)
Balance, November 30, 2020	752,400	81,000	510,000	65,012	1,408,412
Deconsolidated (Note 6)	(32,400)	–	–	–	(32,400)
Balance, May 31, 2021	$ 720,000	$ 81,000	$ 510,000	$ 65,012	$ 1,376,012
Accumulated depreciation:					
Balance, November 30, 2019	$ –	$ –	$ –	$ 26,154	$ 26,154
Additions	16,872	1,649	–	890	19,411
Impairment	–	–	–	(26,154)	(26,154)
Balance, November 30, 2020	16,872	1,649	–	890	19,411
Additions	45,000	5,785	–	10,806	61,591
Deconsolidated (Note 6)	(4,050)	–	–	–	(4,050)
Balance, May 31, 2021	$ 57,822	$ 7,434	$ –	$ 11,696	$ 76,952
Carrying amounts:					
As at November 30, 2020	$ 735,528	$ 79,351	$ 510,000	$ 64,122	$ 1,389,001
As at May 31, 2021	$ 662,178	$ 73,566	$ 510,000	$ 53,316	$ 1,299,060

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

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

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

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

10. Business Combination and Goodwill

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

(Expressed in Canadian Dollars)

10. Business Combination and Goodwill (continued)

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

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

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

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

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

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

(Expressed in Canadian Dollars)

11. Deferred Revenue

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

	Balance, November 30, 2020	Additions	Recognized in profit and loss	Balance, May 31, 2021
Current liabilities:				
Vert Infrastructure Ltd.	$ 175,342	$ –	$ (166,210)	$ 9,132
NeonMind Biosciences Inc.	–	160,695	(160,695)	–
Client deposits & retainers	21,661	720	(2,915)	19,466
Total deferred revenue	$ 197,003	$ 161,415	$ (329,820)	$ 28,598

On February 12, 2020, the Company's wholly owned subsidiary, Urban Juve Provisions Inc. ("Urban Juve") entered into a license agreement with NeonMind Biosciences Inc. ("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. During the six months ended May 31, 2021 the final portion of revenue was recognized with $nil remaining in deferred revenue at period-end. As at May 31, 2021, the Company's ownership in NeonMind was recorded as an investment in associate using the equity method (Note 6). As at November 30, 2020, NeonMind was recorded as a consolidated subsidiary of the Company, and therefore the balance of deferred revenue was eliminated upon consolidation at year-end.

On June 11, 2018, the Company entered into a license and distribution agreement with Vert Infrastructure Ltd. ("Vert"), whereby the Company granted an exclusive right to sell certain proprietary wellness products in Italy, and a license to use certain related trademarks and other intellectual property owned by the Company, for a term of three years. In consideration for the license and distribution rights, Vert paid an initial fee of $1,000,000 through the issuance of 2,500,000 units, with each unit consisting of one common share of Vert and one-half of one share purchase warrant. Each share purchase warrant is exercisable into one common share of Vert at an exercise price of $0.55 per share for a period of eighteen months. The initial fee of $1,000,000 is being recognized as revenue over the 3-year term of the agreement, and as of May 31, 2021, $9,132 (November 30, 2020 - $175,342) was included in deferred revenue in current liabilities, as the service period of the contract is ending in fiscal 2021.

12. Related Party Transactions

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

	Three months ended		Six months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Consulting fees	$ 88,950	$ 40,609	$ 169,518	$ 106,109
Share-based compensation	70,250	494,568	124,833	667,107
Wages	279,725	276,699	620,256	498,515
	$ 438,925	$ 811,876	$ 914,607	$ 1,271,731

12. Related Party Transactions (continued)

During the six months ended May 31, 2021, the Company recognized consulting revenue of $207,127 (May 31, 2020 - $nil) from an associated company, Komo YUM and its subsidiary, Komo Foods. As at May 31, 2021, the Company owed $43,410 (November 30, 2020 – was owed $55,722) to Komo YUM, which was included in due to related parties, and is unsecured, non-interest bearing, and due on demand.

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

During the six months ended May 31, 2021, the Company recognized licensing revenue of $160,695 (May 31, 2020 - $nil), consulting revenue of $184,474 (May 31, 2020 - $nil) and interest income of $17,668 (May 31, 2020 - $nil) from an associated company, NeonMind. As at May 31, 2021, the Company was owed $747,390 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 receivable of $43,614 relating to the promissory note. The remaining $12,531 is unsecured, non-interest bearing, and due on demand. During the year ended November 30, 2020, NeonMind was a consolidated subsidiary of the Company and therefore the balance owed from NeonMind at year-end was eliminated upon consolidation.

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

13. Share Capital

Authorized: unlimited number of common shares without par value.

During the six months ended May 31, 2021, the Company completed the following transactions:

(a) Issuance of 400,000 common shares for proceeds of $40,000 pursuant to the exercise of stock options. The fair value of the stock options of $29,271 was transferred from equity reserves to share capital upon exercise.

(b) Issuance of 10,140,569 common shares for proceeds of $826,342 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants of $34,850 was transferred from equity reserves to share capital upon exercise.

(c) Issuance of 2,613,635 common shares pursuant to the conversion of 2,613,635 special warrants. The fair value of the warrants of $143,750 was transferred from special warrants reserve to share capital upon conversion.

(Expressed in Canadian Dollars)

13. Share Capital (continued)

(d) Issuance of 500,000 common shares with a fair value of $60,000 in exchange for advertising services.

(e) Issuance of 2,344,629 common shares with a fair value of $216,593 for the settlement of debt.

During the six months ended May 31, 2020, the Company completed the following transactions:

(a) Issuance of 1,000,000 units at $0.25 per unit for proceeds of $250,000 pursuant to the completion of a non-brokered private placement. Each unit consisted of one common share and one share purchase warrant exercisable at $0.265 per share for a period of one year.

(b) Issuance of 120,000 common shares for proceeds of $12,000 pursuant to the exercise of stock options. The fair value of the stock options of $8,194 was transferred from equity reserves to share capital upon exercise.

(c) Issuance of 2,803,332 common shares for proceeds of $564,320 pursuant to the exercise of share purchase warrants.

(d) Issuance of 20,907,119 common shares pursuant to the conversion of 20,907,119 special warrants. The fair value of the warrants of $3,008,283 was transferred from special warrants reserve to share capital and equity reserves upon conversion.

(e) Issuance of 156,250 units at $$0.16 per unit for proceeds of $25,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.16 per share for a period of one year.

(f) Issuance of 200,000 units in exchange for consulting services with a fair value of $32,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.16 per share for a period of one year.

14. Share Purchase Warrants

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

	Number of warrants	Weighted average exercise price
Balance, November 30, 2019	39,795,907	$ 1.25
Issued	70,296,894	0.13
Exercised	(2,803,332)	0.20
Expired	(20,319,032)	1.89
Balance, November 30, 2020	86,970,437	$ 0.23
Issued	2,613,635	0.07
Exercised	(10,140,569)	0.08
Expired	(29,061,040)	0.30
Balance, May 31, 2021	50,382,463	$ 0.20

(Expressed in Canadian Dollars)

14. Share Purchase Warrants (continued)

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

Number of warrants outstanding	Exercise price		Expiry date
136,363	$	0.07	June 3, 2021
122,500	$	0.30	August 7, 2021
6,060,593	$	0.35	August 7, 2021
1,774,232	$	0.35	August 30, 2021
1,400,000	$	0.37	September 13, 2021
2,090,500	$	0.30	October 7, 2021
7,000,000	$	0.11	June 29, 2022
13,000	$	0.10	July 29, 2022
6,847,498	$	0.11	July 29, 2022
277,777	$	0.11	September 8, 2022
19,000,000	$	0.10	October 9, 2022
5,460,000	$	0.50	October 30, 2023
200,000	$	0.34	January 3, 2024
50,382,463			

Special Warrants

During the six months ended May 31, 2021, the Company completed the following transactions:

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

During the six months ended May 31, 2020, the Company completed the following transactions:

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

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

14. Share Purchase Warrants (continued)

(d) On January 3, 2020 and January 7, 2020, the Company closed a non-brokered private placement of 2,133,332 units at $0.15 per unit for proceeds of $320,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.195 per share for a period of six months from the date of the issuance.

(e) On January 3, 2020, the Company issued 350,000 units at $0.15 per unit to settle accounts payable of $52,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.195 per share for a period of six months from the date of the issuance.

(f) On February 6, 2020, the Company closed a non-brokered private placement of 226,071 units at $0.28 per unit for proceeds of $63,300. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.29 per share for a period of 12 months from the date of the issuance.

(g) On February 14, 2020, the Company closed a non-brokered private placement of 1,363,300 units at $0.20 per unit for proceeds of $272,660. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) three business days following the delivery of a prospectus supplement in compliance with applicable Canadian securities laws; and (b) four months and one day from the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.26 per share for a period of 4 months from the date of the issuance.

(h) On March 6, 2020, the Company closed a non-brokered private placement of 3,840,625 units at $0.16 per unit for proceeds of $614,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.20 per share for a period of 9 months from the date of the issuance.

(i) On April 2, 2020, the Company closed a non-brokered private placement of 5,000,000 units at $0.10 per unit for proceeds of $500,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.13 per share for a period of 12 months from the date of the issuance.

(Expressed in Canadian Dollars)

14. Share Purchase Warrants (continued)

(j) On May 1, 2020, the Company closed a non-brokered private placement of 5,000,000 units at $0.10 per unit for proceeds of $500,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $0.13 per share for a period of 12 months from the date of the issuance.

15. Stock Options

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

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

	Number of options	Weighted average exercise price
Outstanding, November 30, 2019	13,597,828	$ 0.46
Granted	6,528,000	0.17
Exercised	(120,000)	0.10
Expired/cancelled	(2,774,167)	0.39
Outstanding, November 30, 2020	17,231,661	$ 0.37
Granted	9,035,000	0.16
Exercised	(400,000)	0.10
Expired/cancelled	(1,352,333)	0.33
Outstanding, May 31, 2021	24,514,328	$ 0.29
Exercisable, May 31, 2021	17,423,235	$ 0.35

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

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$ 0.10 – 0.17	12,335,000	6,080,750	4.37
$ 0.20 – 0.29	4,469,500	3,752,000	3.38
$ 0.31 – 0.40	2,510,000	2,501,666	1.83
$ 0.50 – 0.58	1,370,028	1,328,352	2.89
$ 0.62 – 0.69	2,263,000	2,227,000	2.78
$ 0.70 – 0.78	1,566,800	1,533,467	2.77
	24,514,328	17,423,235	3.60

(Expressed in Canadian Dollars)

15. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the six months ended May 31, 2021, the Company recognized share-based compensation expense of $987,320 (May 31, 2020 - $574,891) in equity reserves, of which $620,256 (May 31, 2020 - $343,773) pertains to directors and officers of the Company. The weighted average fair value of options granted during the six months ended May 31, 2021, was $0.10 (May 31, 2020 - $0.15) per share. The weighted average share price for stock options exercised was $0.13 (May 31, 2020 - $0.26). Weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no expected dividends or forfeitures, are as follows:

	2021	2020
Risk-free interest rate	0.75%	1.07%
Dividend yield	0%	0%
Expected volatility	122%	109%
Expected life (years)	4.88	4.80

As at May 31, 2021, there was $230,866 (November 30, 2020 - $195,213) of unrecognized share-based compensation related to unvested stock options.

16. Earnings (loss) per share

a) Basic

Basic net income (loss) per share is calculated by dividing net income (loss) attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

	Three months ended		Six months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Net income (loss) attributable to shareholders of the Company	$ 622,110	$(2,334,843)	$ 15,195	$(4,992,661)
Weighted average number of shares outstanding during the period	191,965,911	123,165,000	188,846,725	116,866,000
Basic net income (loss) per share	$ 0.00	$ (0.02)	$ 0.00	$ (0.04)

b) Diluted

Net income (loss) per diluted share is calculated by dividing the net income (loss) attributable to shareholders of the Company by the weighted average number of shares outstanding during the period adjusted for the effects of potentially dilutive stock options and warrants. For the three and six months ended May 31, 2020, there was a net loss attributable to shareholders of the Company. Accordingly, all share options and warrants would be considered anti-dilutive and have been excluded from the calculation of diluted earnings (loss) per share for these periods. The weighted average shares outstanding and weighted average diluted shares outstanding are therefore the same.

(Expressed in Canadian Dollars)

16. Earnings (loss) per share (continued)

b) Diluted (continued)

	Three months ended May 31, 2021	Three months ended May 31, 2020	Six months ended May 31, 2021	Six months ended May 31, 2020
Net income (loss) attributable to shareholders of the Company	$ 622,110	$(2,334,843)	$ 15,195	$(4,992,661)
Weighted average number of shares for net income per diluted share	192,102,274	123,165,000	188,983,088	116,866,000
Diluted net income (loss) per share	$ 0.00	$ (0.02)	$ 0.00	$ (0.04)

17. Loss of control and disposal of subsidiary

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

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

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

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

18. Non-controlling Interest

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

(Expressed in Canadian Dollars)

18. Non-controlling Interest (continued)

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

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

	For the period from December 1 to December 30, 2020[1]	Six months ended May 31, 2020
Summarized statement of comprehensive loss:		
Net loss and comprehensive loss	$ (399,135)	$ (812,270)
Loss allocated to non-controlling interests	$ (198,977)	$ (172,547)

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

19. Capital Management

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

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

20. Supplemental Disclosures

	May 31, 2021	May 31, 2020
Non-cash investing and financing activities:		
Special warrants issued for settlement of accounts payable	$ 17,500	$ 52,500
Shares issued to settle accounts payable	276,593	-
Units received for settlement of accounts receivable	-	32,561
Units issued for investment	-	750,000
Reclassification of equity reserves for exercise of options and warrants	64,121	8,194

21. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at May 31, 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 May 31, 2021
Marketable securities	$ 510,144	$ 542	$ –	$ 510,686
Investment in associate	–	2,035,482	–	2,035,482
	$ 510,144	$ 2,036,024	$ –	$ 2,546,168

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

Credit Risk

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

Foreign Exchange Rate and Interest Rate Risk

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

	May 31, 2021 USD	May 31, 2020 USD
Cash	$ 2,053	$ 3,686
Accounts payable and accrued liabilities	(90,974)	(109,690)
Net exposure	$ (88,921)	$ (106,004)
Canadian dollar equivalent	$ (107,345)	$ (146,148)

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

(Expressed in Canadian Dollars)

21. Financial Instruments and Risk Management (continued)

Liquidity Risk

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

Price Risk

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

22. Commitments and Contingencies

Commitments

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

	Payments Due by Period			
	1 Year	2-3 Years	4-5 Years	Total
Purchase commitments	$ 89,009	$ –	$ –	$ 89,009
Lease payment obligations for leases in effect during the current period	121,768	135,563	21,915	279,246
Lease payment obligations for leases in effect subsequent to the period end	25,424	50,848	50,848	127,120
Services contracts	6,000	–	–	6,000
	$ 242,201	$ 186,411	$ 72,763	$ 501,375

Other Commitments:

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

22. Commitments and Contingencies (continued)

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

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

<u>Contingencies</u>

On March 3, 2021, a claim was commenced against the Company and Jusu Bars Inc., which sold its assets to the Company during the year ended November 30, 2020 (see Note 10), regarding the failure of Jusu Bars Inc., to pay rent on its retail unit located in Calgary, Alberta. The landlord is seeking payment for the amounts owing in arrears and damages for breach of contract. The Company believes this claim lacks merit and intends to defend this claim. Due to the uncertainty of timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized.

23. Segmented Information

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

(Expressed in Canadian Dollars)

23. Segmented Information (continued)

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

	Licensing and product sales	Corporate and consulting	Total
For the three months ended May 31, 2021:			
Revenue – Licensing	$ 181,490	$ -	$ 181,490
Revenue – Product sales	160,683	-	160,683
Revenue – Consulting	-	201,683	201,683
Net income (loss) before taxes	(1,812,176)	2,434,286	622,110
For the six months ended May 31, 2021:			
Revenue – Licensing	$ 326,906	$ -	$ 326,906
Revenue – Product sales	312,362	-	312,362
Revenue – Consulting	-	395,913	395,913
Net income (loss) before taxes	(2,648,930)	2,465,148	(183,782)
As at May 31, 2021:			
Total assets	$ 3,232,553	$ 3,658,369	$ 6,890,922
Total liabilities	300,095	619,629	919,724

	Licensing and product sales	Corporate and consulting	Total
For the three months ended May 31, 2020:			
Revenue – Licensing	$ 109,281	$ -	$ 109,281
Revenue – Product sales	50,798	-	50,798
Revenue – Consulting	-	719	719
Net income (loss) before taxes	(361,456)	(2,101,402)	(2,462,858)
For the six months ended May 31, 2020:			
Revenue – Licensing	$ 214,824	$ -	$ 214,824
Revenue – Product sales	76,239	-	76,239
Revenue – Consulting	-	1,579	1,579
Net income (loss) before taxes	(594,513)	(4,570,695)	(5,165,208)
As at May 31, 2020:			
Total assets	$ 2,730,839	$ 2,421,837	$ 5,152,676
Total liabilities	892,310	1,398,853	2,291,163

23. Segmented Information (continued)

Significant customers

For the three months ended May 31, 2021, the Company had two significant customers in the licensing and product sales segment, comprising 18% and 15% of the Company's total revenue, and two significant customers in the corporate and consulting segment, comprising 18% and 15% of the Company's total revenue.

For the six months ended May 31, 2021, the Company had two significant customers in the licensing and product sales segment, comprising 15% and 16% of the Company's total revenue, and two significant customers in the corporate and consulting segment, comprising 18% each of the Company's total revenue.

As at May 31, 2021, the Company had two significant accounts receivable balances outstanding relating to the licensing and product sales segment, comprising 22% and 14% of the Company's total accounts receivable.

For the three months ended May 31, 2020, the Company had three significant customers in the licensing and product sales segment, comprising 52%, 14% and 13% of the Company's total revenue.

For the six months ended May 31, 2020, the Company had two significant customers in the licensing and product sales segment, comprising 57% and 19% of the Company's total revenue.

As at May 31, 2020, the Company had one significant accounts receivable balance outstanding relating to the consulting segment and two significant accounts receivable balances outstanding relating to the licensing and product sales segment, comprising 16%, 25% and 11% of the Company's total accounts receivable respectively.

24. Subsequent Events

On June 15, 2021, the Company granted 100,000 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 ten equal tranches, with the first vesting period commencing four months after the grant date.

Subsequent to May 31, 2021, the Company issued 937,499 units to settle debt of $75,000. Each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.08 per share for a period of twelve months.