



Condensed Interim Consolidated Financial Statements

For the Three Months Ended February 28, 2022 and 2021
(Unaudited)

(Expressed in Canadian Dollars)

BETTER PLANT SCIENCES INC.

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

	February 28, 2022	November 30, 2021
ASSETS		
Current assets		
Cash	\$ 47,347	\$ 24,562
Marketable securities (Note 3)	258,532	550,998
Accounts receivable (Notes 4 and 11)	126,451	113,153
Inventory (Note 5)	116,214	207,799
Prepaid expenses and deposits	133,830	161,395
Total current assets	682,374	1,057,907
Non-current assets		
Investment in associates (Note 6)	1,598,416	1,852,808
Deposits	57,500	57,500
Due from related parties (Note 11)	14,170	27,295
Right-of-use asset (Note 7)	227,981	253,055
Equipment (Note 8)	83,171	106,616
Total non-current assets	1,981,238	2,297,274
Total assets	\$ 2,663,612	\$ 3,355,181
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 970,415	\$ 785,475
Deferred revenue and deposits (Notes 9 and 11)	63,423	77,772
Lease liabilities (Note 7)	123,088	119,024
Total current liabilities	1,156,926	982,271
Non-current liabilities		
Loans payable	105,113	101,019
Due to related parties (Note 1)	23,679	8,346
Convertible debentures (Note 10)	686,946	627,614
Lease liabilities (Note 7)	152,143	184,213
Total non-current liabilities	967,881	921,192
Total liabilities	2,124,807	1,903,463
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	28,560,928	28,560,928
Equity reserves	10,867,230	10,768,338
Shares issuable (Note 23)	–	31,420
Reserve for convertible debentures (Note 10)	34,041	34,041
Accumulated other comprehensive income	–	(18,387)
Deficit	(38,923,394)	(37,924,622)
Total shareholders' equity	538,805	1,451,718
Total liabilities and shareholders' equity	\$ 2,663,612	\$ 3,355,181

Nature of operations and continuance of business (Note 1)

Commitments and contingencies (Note 23)

Subsequent events (Note 25)

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2022:

/s/ "Bruce Mullen"
Director

/s/ "Cole Drezdoff"
Director

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the period ended February 28,	
	2022	2021 Restated (Note 2)
REVENUE		
Product sales	\$ 52,592	\$ 64,111
Consulting (Note 11)	124,562	190,230
Total revenue	177,154	254,341
COST OF REVENUES		
Cost of product sales	16,020	26,269
Cost of consulting services	89,300	154,001
Total cost of revenues	105,320	180,270
Gross profit	71,834	74,071
EXPENSES		
Advertising, marketing, and media	58,570	407,281
Amortization and depreciation (Notes 7 and 8)	31,165	43,967
Consulting fees (Note 11)	127,083	204,215
Information systems	–	500
Investor relations	–	25,000
Listing fees	2,000	8,362
Office and administrative	62,586	62,763
Product development, research, and registration	(6,392)	149,227
Professional fees	48,949	59,332
Selling expenses	16,820	27,973
Share-based compensation (Notes 11 and 14)	67,472	533,991
Wages (Note 11)	154,048	80,912
Total expenses	562,301	1,603,523
Net loss before other items	(490,467)	(1,529,452)
OTHER ITEMS		
Investment loss (Note 18)	(212,818)	(734,245)
Other income (expenses) (Note 19)	(119,794)	3,656,105
Total other items	(332,612)	2,921,860
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(823,079)	1,392,408
LOSS FROM DISCONTINUED OPERATIONS (NOTE 22)	(175,693)	(69,342)
NET INCOME (LOSS) FOR THE YEAR	(998,772)	1,323,066
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized foreign exchange loss	–	(35)
Comprehensive income (loss) for the year	\$ (998,772)	\$ 1,323,031
Net income (loss) attributable to:		
Shareholders of the Company	\$ (998,772)	\$ 1,522,043
Non-controlling interest (Note 16)	–	(198,977)
Net income (loss) for the year	\$ (998,772)	\$ 1,323,066
Comprehensive income (loss) attributable to:		
Shareholders of the Company	\$ (998,772)	\$ 1,522,008
Non-controlling interest (Note 16)	–	(198,977)
Comprehensive income (loss) for the year	\$ (998,772)	\$ 1,323,031
INCOME (LOSS) PER SHARE ATTRIBUTABLE TO BETTER PLANT SCIENCES INC. SHAREHOLDERS		
From continuing operations	\$ (0.04)	\$ 0.08
From discontinued operations	\$ (0.01)	\$ (0.00)
Weighted average shares outstanding	19,917,970	18,561,976

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

BETTER PLANT SCIENCES INC.

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

	Share capital		Special warrants reserve	Equity reserves	Shares issuable	Subscriptions received	Reserve for convertible debentures	Accumulated other comprehensive income (loss)	Deficit	Non-controlling interest	Total shareholders' equity
	Number of shares	Amount									
BALANCE, NOVEMBER 30, 2020	17,847,325	\$ 26,995,229	\$ –	\$ 10,075,067	\$ 31,420	\$ 50,000	\$ –	642	\$ (33,324,220)	\$ (548,080)	\$ 3,280,058
Special warrant units issued for cash	–	–	126,250	–	–	(50,000)	–	–	–	–	76,250
Shares issued on conversion of special warrants	261,364	143,750	(143,750)	–	–	–	–	–	–	–	–
Shares issued on exercise of stock options	40,000	69,271	–	(29,271)	–	–	–	–	–	–	40,000
Shares issued on exercise of warrants	994,057	845,192	–	(34,850)	–	–	–	–	–	–	810,342
Units issued for advertising services	50,000	60,000	–	–	–	–	–	–	–	–	60,000
Special warrants issued to settle accounts payable	–	–	17,500	–	–	–	–	–	–	–	17,500
Fair value of stock options granted	–	–	–	533,990	–	–	–	–	–	–	533,990
Unrealized foreign exchange loss	–	–	–	–	–	–	–	(35)	–	–	(35)
Net loss for the period	–	–	–	–	–	–	–	–	1,522,044	(198,977)	1,323,066
Loss of control of subsidiary	–	–	–	(378,250)	–	–	–	–	281,999	747,057	650,806
BALANCE, FEBRUARY 28, 2021											
Restated (Note 2)	19,192,746	28,113,442	\$ –	10,166,686	\$ 31,420	\$ –	\$ –	607	\$ (31,520,177)	\$ –	\$ 6,791,977
BALANCE, NOVEMBER 30, 2021	19,917,970	\$ 28,560,928	\$ –	\$ 10,768,338	\$ 31,420	\$ –	\$ 34,041	\$ (18,387)	\$ (37,924,622)	\$ –	\$ 1,451,718
Fair value of stock options granted	–	–	–	67,472	–	–	–	–	–	–	67,472
Realized foreign exchange loss	–	–	–	–	–	–	–	18,387	–	–	18,387
Reclassification of shares issuable	–	–	–	31,420	(31,420)	–	–	–	–	–	–
Net loss for the period	–	–	–	–	–	–	–	–	(998,772)	–	(998,772)
BALANCE, FEBRUARY 28, 2022	19,917,970	\$ 28,560,928	\$ –	\$ 10,867,230	\$ –	\$ –	\$ 34,041	\$ –	\$ (38,923,394)	\$ –	\$ 538,805

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

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the three months ended	
	February 28,	
	2022	2021 Restated (Note 2)
OPERATING ACTIVITIES		
Net income (loss) from continuing operations	\$ (823,079)	\$ 1,392,408
Items not involving cash:		
Accretion on convertible debentures	59,332	–
Amortization and depreciation	31,165	43,965
Dilution gain on equity accounted investees	(17,173)	–
Gain on loss of control and disposal of subsidiary	–	(3,680,165)
Gain on sale of equity accounted investee	(130,000)	–
Gain on sale of marketable securities	(43,924)	–
Grant income on government loans	–	(19,457)
Accretion on government loans	2,046	4,290
Accretion on lease liability	8,871	6,955
Share of net loss of equity accounted investee	251,565	738,006
Share-based compensation	67,472	533,990
Unrealized loss (gain) on marketable securities	152,350	(3,760)
Write-down of inventory	50,613	31,052
Accounts receivable	(34,435)	127,673
Inventory	4,233	(583)
Prepaid expenses and other deposits	27,284	(67,141)
Due from related parties	13,125	(8,124)
Accounts payable and accrued liabilities	164,750	327,948
Due to related parties	15,268	–
Deferred revenue	(14,349)	–
Net cash used in operating activities – continuing operations	(214,886)	(572,943)
Net cash used in operating activities – discontinued operations	(74,990)	(302,162)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	184,040	–
Proceeds from sale of equity accounted investee	150,000	–
Net cash provided by investing activities – continuing operations	334,040	–
FINANCING ACTIVITIES		
Lease payments	(32,461)	(23,137)
Proceeds from government loans	–	20,000
Proceeds from exercise of stock options	–	40,000
Proceeds from issuance of special warrants (net of issuance costs)	–	76,250
Proceeds from exercise of warrants	–	810,342
Net cash provided by (used in) financing activities – continuing operations	(32,461)	923,455
Net cash provided by (used in) financing activities – discontinued operations	(7,305)	12,695
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	18,387	(35)
CHANGE IN CASH	22,785	61,010
Cash, beginning of period	24,562	181,293
CASH, END OF PERIOD	\$ 47,347	\$ 242,303
Supplemental disclosures (Note 20)		

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

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Better Plant Sciences Inc. (“Better Plant” or the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on November 28, 2014 as 1020439 BC Ltd. On May 15, 2017, the Company changed its name to Cannapay Financial Inc. On April 13, 2018, the Company changed its name to the Yield Growth Corp. On August 18, 2020, the Company changed its name to Better Plant Sciences Inc. The Company sells plant-based products and provides marketing and other business services. The head office of the Company is located at 1238 Homer Street, Vancouver, British Columbia, Canada.

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.

The Company has incurred a net loss from continuing operations of \$823,079 and used \$214,886 of cash for operating activities from continuing operations during the three months ended February 28, 2022. As at February 28, 2022, the Company had working capital deficiency of \$474,552 including cash of \$47,347 and had an accumulated deficit of \$38,923,394. The Company had limited cash reserves at February 28, 2022, and currently relies on issuing new debt and 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. The terms of any future debt or equity issuance may be at terms that are unfavourable to the Company. These factors, among others, could have a significant impact on the Company’s operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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

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, reduced traffic and sales. During the three months ended February 28, 2022, the Company wound down the operations of the juice bar (Note 22).

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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
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1. Nature of Operations and Going Concern (continued)

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's debt is comprised of convertible debentures with a face value of \$900,000 (Note 10) and a Canada Emergency Business Account loan of \$120,000 (of which only \$80,000 is repayable if repaid by December 31, 2022), 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, 2021, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

(b) Basis of Presentation and Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Urban Juve Provisions Inc. ("Urban Juve"), Jusu Wellness Inc. (formerly Thrive Activations Inc.) ("Jusu Wellness"), Jusu Bars Corp. ("Jusu Bars"), 1233392 B.C. Ltd. (formerly Jack n Jane Essentials Inc.) and its previously wholly owned subsidiaries Wright & Well Essentials Inc. ("Wright & Well"), Yield Botanicals Inc. ("Yield Botanicals") up to their date of disposal and dissolution, respectively, on November 30, 2021; and NeonMind Biosciences 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") (Note 15), which was incorporated in the State of California, United States, and consolidated from inception to its dissolution on February 14, 2022, and UJ Asia Limited ("UJ Asia") (Note 15), which was incorporated in Hong Kong and consolidated from inception to its dissolution on December 15, 2020. All intercompany balances and transactions have been eliminated on consolidation.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

On December 30, 2020, the Company's ownership in NeonMind was significantly reduced from its previous interest of 50.1%, 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 15).

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:

- impairment of inventory
- useful lives and carrying values of equipment and intangible assets
- 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 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.

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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(c) Significant Accounting Estimates and Judgments (continued)

Fair value of investments in private companies

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

(d) Restatement and Reclassification of Prior Year Presentation

The Company identified an accounting error in relation to its prior year condensed interim consolidated financial statements. The error was due to certain historical intercompany balances eliminated on consolidation, as well as an adjustment to NeonMind's retained earnings retained after deconsolidation to represent the balance on December 30, 2020. The error has resulted in understatement of accounts receivable and an overstatement of deficit for the three months ended February 28, 2021. The error was corrected in the subsequent period of the six months ended May 31, 2021. The effects of the restatement are as follows:

	February 28, 2021	Restatement/ Reclassification	February 28, 2021
	Original		Restated
Accounts receivable	\$ 313,763	\$ 44,821	\$ 358,584
Deficit	31,564,998	(44,821)	31,520,177
Licensing revenue	297,095	(151,679)	145,416
Product sales	-	151,679	151,679
Consulting revenue	194,230	(4,000)	190,230
Office and administrative	165,002	(70,540)	94,462
Selling expenses	-	66,537	66,537
Cost of licensing and product sales	110,313	(31,051)	79,262
Inventory write-offs and donations	-	31,051	31,051
Cost of consulting services	-	154,001	154,001
Consulting fees	214,174	(9,666)	204,508
Wages	347,516	(144,334)	203,182
Gain on loss of control of subsidiary	1,551,206	2,128,959	3,680,165

This restatement has no effects to the consolidated statement of cashflows for the three months ended February 28, 2021.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the statement of financial position or the reported results of operations. An adjustment has been made to the condensed interim consolidated statements of operations and comprehensive loss to separate out selling expenses from office and administrative expenses, and to reclassify loss on write-off of inventory from cost of product sales to a separate line item under other items.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(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 February 28, 2022 and 2021:

	Nov. 30, 2021 fair value	Expiry of warrants	Proceeds from sale	Realized gain on sale	Unrealized gain (loss)	Feb. 28, 2022 fair value
Komo YUM-Shares	\$ 550,782	\$ -	\$ (184,040)	\$ 44,140	\$ (152,350)	\$ 258,532
Komo YUM-Warrants	216	(216)	-	-	-	-
Total	\$ 550,998	\$ (216)	\$ (184,040)	\$ 44,140	\$ (152,350)	\$ 258,532

	Nov. 30, 2020 fair value	Expiry of warrants	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	Feb 28, 2021 fair value
Komo YUM-Shares	\$ 14,781	\$ -	\$ -	\$ -	\$ 3,696	\$ 18,477
Komo YUM-Warrants	1,134	-	-	-	64	1,198
Total	\$ 15,915	\$ -	\$ -	\$ -	\$ 3,760	\$ 19,675

Marketable Securities

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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
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3. Marketable Securities and Investments (continued)

During prior years, the Company received a total of 234,769 units of Komo YUM, with each unit comprised of one common share and one share purchase warrant. Of the warrants, 200,000 expired unexercised during the year ended November 30, 2020, and the remaining 34,769 expired unexercised during the three months ended February 28, 2022.

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, the date of the merger. 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 year ended November 30, 2021, the Company's ownership of Komo YUM shares was accounted for as marketable securities.

During the three months ended February 28, 2022, the Company disposed of 1,399,000 (2021 – nil) shares of Komo YUM with a cost of \$139,900 (2021 - \$nil) for proceeds of \$184,040 (2021 - \$nil), resulting in a realized gain on sale of \$44,140 (2021 – \$nil) which was offset by a realized loss upon the expiry of Komo YUM warrants of \$216 (2021 - \$nil) resulting in a net realized gain of \$43,924 (2021 - \$nil).

As at February 28, 2022, the Company holds 2,154,435 shares (November 30, 2021 – 3,553,435) of Komo YUM and no share purchase warrants (November 30, 2021 – 34,769).

4. Accounts Receivable

	February 28, 2022	November 30, 2021
Trade accounts receivable	\$ 60,861	\$ 34,730
Other receivables	73,363	86,196
Allowance for doubtful accounts	(7,773)	(7,773)
Total accounts receivable	\$ 126,451	\$ 113,153

The balance of other receivables includes GST receivable and accrued receivables.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2022 and 2021
(Expressed in Canadian Dollars)

5. Inventory

	February 28, 2022	November 30, 2021
Finished goods	\$ 13,857	\$ 94,962
Packaging and raw materials	102,357	112,837
	<u>\$ 116,214</u>	<u>\$ 207,799</u>

During the three months ended February 28, 2022, the Company wrote down the value of inventory by \$81,778 (February 28, 2021 - \$31,052) to its net realizable value. On December 30, 2020, the Company deconsolidated its former subsidiary, NeonMind, which resulted in a decrease in inventory of \$25,264 on the consolidated statement of financial position at November 30, 2021.

6. Investment in Associates

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.

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 three months ended February 28, 2021, the Company recorded its proportionate loss from Komo Foods of \$167,730. 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 was \$125,437 prior to being reclassified as an investment recorded at fair value through profit and loss (Note 3).

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 does not have 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).

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6. Investment in Associates (continued)

NeonMind Biosciences Inc. ("NeonMind")

NeonMind is a company engaged in drug development research into potential therapeutic uses of psychedelic compounds. On April 18, 2022, NeonMind effected a 1-for-4 share consolidation. All share and per share amounts in these financial statements have been retroactively adjusted for the share consolidation.

On September 18, 2019, the Company purchased 250 common shares of NeonMind at \$0.02 per share for \$5. On October 3, 2019, the Company received 7,500,000 common shares of NeonMind for the purchase of intangible assets with a fair value of \$32,400. On October 18, 2019, the Company received 22,500,000 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, received 1,562,500 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 sublicense 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 has been recognized over a period of 18 months from the date of the agreement.

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 13,750,000 common shares owned by the Company in exchange for 13,750,000 warrants granted to the Company, exercisable at \$0.80 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 9,250,000 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 234,375 common shares owned by Urban Juve for no consideration.

On December 30, 2020, NeonMind completed an initial public offering ("IPO"), issuing 11,500,000 units at a price of \$0.40 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 28,107,625 common shares outstanding, of which the Company owned 8,328,375, representing 29.7% of the total common shares outstanding. Throughout the year ended November 30, 2021, NeonMind issued additional common shares, further diluting the Company's ownership.

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 \$0.40 per share in alignment with the price of the IPO units issued on the same date.

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6. Investment in Associates (continued)

The Company has determined that it has significant influence in NeonMind as it held 29.7% of the voting rights in NeonMind at December 31, 2020, and the Company and NeonMind shared a common CFO until October 22, 2021. 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 1, 2021 to February 28, 2022 and December 31, 2020 to February 28, 2021 to calculate the portion of net loss attributable to the Company. During the three months ended February 28, 2022, the Company recorded its proportionate loss from NeonMind of \$228,027 (2021 - \$570,276) and dilution gain in the investment of \$17,173 (2021 - \$nil).

As of February 28, 2022, the Company held 8,307,750 shares of NeonMind, which represented 25.8% ownership in NeonMind. The carrying value of the Company's investment in NeonMind as at February 28, 2022 was \$1,491,333 (November 30, 2021 - \$1,702,187).

The following tables summarize the unaudited financial information of NeonMind as of February 28, 2022 and 2021 and for the periods then ended:

	February 28, 2022	February 28, 2021
Cash	\$ 137,172	\$ 3,128,344
Current assets	605,549	3,461,253
Total assets	665,464	3,533,403
Current liabilities	617,008	1,002,817
Total liabilities	1,122,040	1,002,817

	Three months ended February 28, 2022	For the period from December 31, 2020 to February 28, 2021 ¹
Net loss and comprehensive loss for the year	\$ (881,553)	\$ (2,020,706)

¹ The net loss and comprehensive loss for the period from December 1 to December 30, 2020 was consolidated on the Company's consolidated statements of operations and comprehensive loss for the three months ended February 28, 2021.

The Mylk Cart Corporation ("Mylk Cart")

Mylk Cart is a company which plans to develop, produce, and distribute nut milk and plant-based beverages. On October 21, 2021 the Company's wholly owned subsidiary, Jusu Bars, purchased 3,000,000 common shares of Mylk Cart at \$0.02 per share for a total cost of \$60,000. On February 7, 2022, the Company sold 1,000,000 common shares of Mylk Cart with a cost of \$20,000 for proceeds of \$150,000, resulting in a gain on the sale of equity accounted investee of \$130,000 on the condensed interim statements of operations and comprehensive loss (Note 18).

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6. Investment in Associates (continued)

The Company determined that it has significant influence in Mylk Cart as it held 23.1% of the voting rights in Mylk Cart. On October 21, 2021, the Company and Mylk Cart share a common CEO, and the corporate secretary of the Company is a director of Mylk Cart, who represents 33.3% of the board of Mylk Cart. As a result, the Company's investment in Mylk Cart is accounted for as an investment in associate using the equity method.

As the Company does not have the same reporting date as its associate, the Company was provided with unaudited financial statements for the three months ended February 28, 2022 to calculate the portion of net loss attributable to the Company. During the three months ended February 28, 2022, the Company recorded its proportionate loss from Mylk Cart of \$23,538. As this investment was purchased on October 21, 2021, there was no such gain or loss recorded for the period ended February 28, 2021.

As of February 28, 2022, the Company held 2,000,000 (November 30, 2021 - 3,000,000) shares of Mylk Cart, which represented 10.5% (November 30, 2021 - 15.8%) ownership in Mylk Cart. The carrying value of the Company's investment in Mylk Cart as at February 28, 2022 was \$107,083 (November 30, 2021 - \$150,621).

The following tables summarize the unaudited financial information of Mylk Cart as of February 28, 2022 and for the period then ended:

	February 28, 2022
Cash	\$319,416
Current assets	321,266
Total assets	521,266
Current and total liabilities	26,556
	Three months ended February 28, 2022
Net loss and comprehensive loss for the period	\$ (165,689)

The following table outlines the carrying amount of the investments in Komo Foods, NeonMind and Mylk Cart as at February 28, 2022:

	Komo Foods	NeonMind	Mylk Cart	Total
Carrying value of investment, November 30, 2020	\$ 424,855	\$ –	\$ –	\$ 424,855
Additions	–	3,331,350	60,000	3,391,350
Disposals	–	(8,250)	–	(8,250)
Proportionate net loss	(213,234)	(1,839,870)	(46,110)	(2,099,214)
Dilution gain	–	218,957	136,731	355,688
Deconsolidation of NeonMind	(86,184)	–	–	(86,184)
Reclassification of Komo Foods	(125,437)	–	–	(125,437)
Carrying value of investment, November 30, 2021	\$ –	\$ 1,702,187	\$ 150,621	\$ 1,852,808
Disposals	–	–	(20,000)	(20,000)
Proportionate net loss	–	(228,027)	(23,538)	(251,565)
Dilution gain	–	17,173	–	17,173
Carrying value of investment, February 28, 2022	\$ –	\$ 1,491,333	\$ 107,083	\$ 1,598,416

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7. Right-of-use Assets and Lease Liabilities

The Company's office lease was recognized as a lease liability of \$229,117 and associated right-of-use asset of \$182,362 upon the adoption of IFRS 16 *Leases* on December 1, 2019. 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. The Company entered into a third lease agreement for a warehouse facility commencing on June 1, 2021. The associated lease liability and right-of-use asset recognized upon commencement of the warehouse lease was \$127,807.

	Office lease	Warehouse leases	Total
Right of Use Asset:			
Right of use asset, November 30, 2020	\$ 127,653	\$ 85,111	\$ 212,764
Additions	–	127,807	127,807
Amortization	(54,709)	(32,807)	(87,516)
Right of use asset, November 30, 2021	72,944	180,111	253,055
Amortization	(13,678)	(11,396)	(25,074)
Right of use asset, February 28, 2022	<u>\$ 59,266</u>	<u>\$ 168,715</u>	<u>\$ 227,981</u>
	Office lease	Warehouse leases	Total
Lease Liabilities:			
Lease liabilities, November 30, 2020	\$ 179,233	\$ 89,686	\$ 268,919
Additions	–	127,807	127,807
Lease payments	(92,548)	(47,868)	(140,416)
Lease interest	23,779	23,148	46,927
Lease liabilities, November 30, 2021	110,464	192,773	303,237
Lease payments	(23,137)	(16,629)	(39,766)
Lease interest	4,168	7,592	11,760
Lease liabilities, February 28, 2022	<u>\$ 91,495</u>	<u>\$ 183,736</u>	<u>\$ 275,231</u>
Current portion	83,884	39,204	123,088
Non-current portion	7,611	144,532	152,143
	<u>\$ 91,495</u>	<u>\$ 183,736</u>	<u>\$ 275,231</u>

At February 28, 2022, the Company's future lease payment obligations are as follows:

	Office lease	Warehouse leases	Total
Year ended November 30, 2023	\$ 92,548	\$ 66,516	\$ 159,064
Year ended November 30, 2024	7,712	66,516	74,228
Year ended November 30, 2025	–	66,516	66,516
Year ended November 30, 2026	–	37,296	37,296
Year ended November 30, 2027	–	9,324	9,324
	<u>\$ 100,260</u>	<u>\$ 246,168</u>	<u>\$ 346,428</u>

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8. Equipment

	Computers	Furniture and display	Phone equipment	Lab equipment	Leasehold improvements	Total
Cost:						
Balance, November 30, 2020	98,927	\$ 160,609	\$ 2,378	\$ 37,057	\$ 76,594	\$ 375,565
Additions	3,696	–	–	6,460	–	10,156
Balance, November 30, 2021	\$ 102,623	\$ 160,609	\$ 2,378	\$ 43,517	\$ 76,594	\$ 385,721
Additions	–	–	–	–	–	–
Balance, February 28, 2022	\$ 102,623	\$ 160,609	\$ 2,378	\$ 43,517	\$ 76,594	\$ 385,721
Accumulated depreciation:						
Balance, November 30, 2020	87,375	69,608	1,231	5,793	17,730	181,737
Additions	7,653	52,888	475	11,024	25,328	97,368
Balance, November 30, 2021	\$ 95,028	\$ 122,496	\$ 1,706	\$ 16,817	\$ 43,058	\$ 279,105
Additions	1,063	12,515	117	3,418	6,332	23,445
Balance, February 28, 2022	\$ 96,091	\$ 135,011	\$ 1,823	\$ 20,235	\$ 49,390	\$ 302,550
Carrying amounts:						
As at November 30, 2021	\$ 7,595	\$ 38,113	\$ 672	\$ 26,700	\$ 33,536	\$ 106,616
As at February 28, 2022	\$ 6,532	\$ 25,598	\$ 555	\$ 23,282	\$ 27,204	\$ 83,171

9. Deferred Revenue

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

	Balance, November 30, 2021	Additions	Recognized in profit and loss	Balance, February 28, 2022
Current liabilities:				
Client deposits & retainers	\$ 77,623	\$ –	\$ (14,349)	\$ 63,274
Loyalty program & gift cards	149	–	–	149
Total deferred revenue	\$ 77,772	\$ –	\$ (14,349)	\$ 63,423

10. Convertible Debentures

Proceeds from issue of convertible debentures (900 at \$1,000)	\$ 900,000
Transaction costs – cash	(166,840)
Net proceeds	733,160
Transaction costs – non-cash	(36,195)
Amount classified as equity	(34,041)
Fair value of warrants attached to units	(72,440)
Accretion	37,130
Carrying amount of liability at November 30, 2021	627,614
Accretion	59,332
Carrying amount of liability at February 28, 2022	\$ 686,946

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10. Convertible Debentures (continued)

On August 31, 2021, the Company issued 900 convertible debenture units at a price of \$1,000 per unit for gross proceeds of \$900,000. Each unit consists of a repayable note with a value of \$1,000 (the "Debentures") and 1,250 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year with each such payment having commenced on November 30, 2021. The fair value of the warrants was estimated to be \$72,440, using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of \$0.55; an annualized volatility of 120%; an expected life of 3 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 53%.

The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders' option, into common shares of the Company at a price of \$0.80 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of \$1.10 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, the Company paid broker fees of \$85,840, commission fees of \$81,000 and granted 101,250 agent's options (the "Agent's Options") with a fair value of \$36,195 entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at \$0.80 per Agent's Option until August 31, 2024. Each Agent's Option Unit consists of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of \$1.10 for a period of 36 months from the Agent's Options issue date of August 31, 2021. The estimated fair value associated with the Agent's Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of \$0.55; an annualized volatility of 120%; an expected life of 3 years; a dividend yield of 0%; an expected forfeiture rate of 0%; and a risk-free rate of 0.53%.

The gross proceeds of \$900,000 of the Debentures were separated into the liability component of \$762,500, and the equity component of \$137,500 using the effective interest rate method with an effective interest rate of 20% per annum. The equity component is comprised of \$65,060 pertaining to the conversion feature and \$72,440 pertaining to the warrants attached to the Debentures.

11. Related Party Transactions

During the three months ended February 28, 2022 and 2021, compensation of key management personnel and directors were as follows:

	For the three months ended February 28,	
	2022	2021
Consulting fees	\$ 15,833	\$ 80,568
Share-based compensation	65,767	340,530
Wages	85,485	54,583
	<u>\$ 167,085</u>	<u>\$ 475,681</u>

During the three months ended February 28, 2022, the Company recognized consulting revenue of \$35,291 (2021 - \$90,828) from an associated company, Komo YUM and its subsidiary, Komo Foods. As at February 28, 2022, the Company was owed \$24,366 from (November 30, 2021 – owed \$3,423 to) Komo YUM and Komo Foods, of which \$3,340 is included in due from related parties and \$21,026 is included in accounts receivable, and is unsecured, non-interest bearing, and due on demand. At February 28, 2022, the Company held \$482 in deposits from Komo YUM and Komo Foods (November 30, 2021 - \$14,831), which is included in deferred revenue and deposits.

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11. Related Party Transactions (continued)

During the three months ended February 28, 2022, the Company recognized licensing revenue of \$nil (2021 - \$63,224), consulting revenue of \$45,646 (2021 - \$102,152), rent recovery of \$8,000 (2021 - \$4,000) and interest income of \$nil (February 28, 2021 - \$8,522) from an associated company, NeonMind.

As at February 28, 2022, the Company was owed \$8,897 from (November 30, 2021 – owed \$16,948 to) NeonMind, which is included in due from related parties, and held a \$10,000 (November 30, 2021 - \$10,000) deposit from NeonMind, which is included in deferred revenue and deposits.

During the three months ended February 28, 2022, the Company recognized consulting revenue of \$43,625 (2021 - \$nil) from an associated company, Mylk Cart. The Company's President and CEO is an officer and shareholder of Mylk Cart and the Company's corporate secretary is a director of Mylk Cart. As at February 28, 2022, the Company owed \$17,249 to (November 30, 2021 - was owed \$10,325 from) Mylk Cart, which is included in due to related parties, and held a \$50,000 (November 30, 2021 - \$50,000) deposit from Mylk Cart, which is included in deferred revenue and deposits.

On October 21, 2021 the Company's wholly owned subsidiary, Jusu Bars, purchased 3,000,000 common shares of Mylk Cart at \$0.02 per share for a total cost of \$60,000, which has been accounted for as an investment in associate (Note 6). During the three months ended February 28, 2022, the Company sold 1,000,000 shares of Mylk Cart.

At November 30, 2021, the Company owed \$27,047 (November 30, 2021 - \$26,740) to directors and officers of the Company, \$23,168 of which is included in accounts payable and accrued liabilities and \$3,879 of which is included in due to related parties. These amounts are unsecured and non-interest bearing.

12. Share Capital

Authorized: unlimited number of common shares without par value.

During the three months ended February 28, 2022, the Company completed the following transactions:

- (a) On January 24, 2022, the Company effected a 1-for-10 share consolidation. All share and per share amounts in these condensed interim consolidated financial statements have been retroactively adjusted for the share consolidation.

During the three months ended February 28, 2021, the Company completed the following transactions:

- (b) Issuance of 40,000 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.
- (c) Issuance of 994,057 common shares for proceeds of \$810,342 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.
- (d) Issuance of 261,364 common shares pursuant to the conversion of 261,364 special warrants. The fair value of the warrants of \$143,750 was transferred from special warrants reserve to share capital upon conversion.
- (e) Issuance of 50,000 common shares in exchange for advertising services with a fair value of \$60,000.

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13. 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, 2020	8,697,044	\$ 2.26
Issued	1,958,376	0.90
Exercised	(1,014,057)	0.81
Expired	(4,064,523)	3.14
Balance, November 30, 2021 and February 28, 2022	5,576,840	\$ 1.40

As at February 28, 2022, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price	Expiry date
700,000	\$ 1.10	June 29, 2022
93,750	\$ 0.80	July 14, 2022
1,300	\$ 1.00	July 29, 2022
684,750	\$ 1.11	July 29, 2022
27,778	\$ 1.11	September 8, 2022
1,900,000	\$ 1.00	October 9, 2022
377,012	\$ 0.50	November 19, 2022
546,000	\$ 5.00	October 30, 2023
20,000	\$ 3.40	January 3, 2024
101,250	\$ 0.80	August 31, 2024
1,125,000	\$ 1.10	August 31, 2024
5,576,840		

Special Warrants

During the three months ended February 28, 2021, the Company completed the following transactions:

- (a) On December 3, 2020, the Company closed a non-brokered private placement of 229,545 special warrants at \$0.55 per special warrant for proceeds of \$126,250 and 31,818 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 \$0.70 per share for a period of six months from the date of the issuance.

14. 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.

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14. Stock Options (continued)

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

	Number of options	Weighted average exercise price
Outstanding, November 30, 2020	1,723,166	\$ 3.70
Granted	953,500	1.53
Exercised	(40,000)	1.00
Expired/cancelled	(669,683)	3.32
Outstanding, November 30, 2021	1,966,983	\$ 2.79
Granted	430,000	\$ 0.20
Expired/cancelled	(615,730)	\$ 3.02
Outstanding, February 28, 2022	1,781,253	\$ 2.07
Exercisable, February 28, 2022	1,651,545	\$ 2.13

Additional information regarding stock options outstanding and exercisable as at February 28, 2022, is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
\$ 0.20 – 0.99	430,000	430,000	1.19
\$ 1.00 – 1.99	779,050	653,950	1.38
\$ 2.00 – 2.99	208,400	205,650	0.27
\$ 3.00 – 3.99	2,000	1,667	0.00
\$ 4.00 – 4.99	154,000	154,000	0.08
\$ 5.00 – 5.99	21,503	20,878	0.02
\$ 6.00 – 6.99	126,300	125,400	0.14
\$ 7.00 – 7.99	60,000	60,000	0.07
	1,781,253	1,651,545	3.16

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three months ended February 28, 2022, the Company recognized share-based compensation expense of \$67,472 (2021 - \$533,991) in equity reserves, of which \$65,767 (2021 - \$340,530) pertains to directors and officers of the Company. The weighted average fair value of options granted during the three months ended February 28, 2022, was \$0.17 (2021 - \$0.12) per share. There were no stock options exercised during the three months ended February 28, 2022. The weighted average share price for stock options exercised during the three months ended February 28, 2021 was \$0.13. Weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no expected dividends or forfeitures, are as follows:

	2022	2021
Risk-free interest rate	1.68%	0.69%
Dividend yield	0%	0%
Exercise price	\$0.23	\$1.60
Expected volatility	133%	124%
Expected life (years)	4.94	4.95
Share price	\$0.20	\$1.40

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14. Stock Options (continued)

As at February 28, 2022, there was \$29,350 (November 30, 2021 - \$73,227) of unrecognized share-based compensation related to unvested stock options.

15. 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 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 \$0.40 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
Carrying value of negative net assets	351,438
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 consolidated statement of operations and comprehensive loss for the year ended November 30, 2021.

On February 14, 2022, the Company dissolved its wholly owned subsidiary, W&W Manufacturing (Note 22). As a result of deregistering the former subsidiary, the Company fully derecognized its previous investment in W&W Manufacturing, resulting in no impact on the condensed interim consolidated statement of operations and comprehensive loss for the three months ended February 28, 2022.

The total gain on loss of control and disposal of subsidiaries on the consolidated statements of operations and comprehensive loss is comprised of:

	For the three months ended February 28, 2021
Gain on loss of control of NeonMind	\$ 3,682,788
Loss on dissolution of UJ Asia	(2,623)
	\$ 3,680,165

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16. Non-controlling Interest

The following table presents the summarized financial information about the Company's subsidiary, NeonMind, that had a non-controlling interest of 49.9% at November 30, 2020. During the three months ended February 28, 2021, the Company lost control of NeonMind and deconsolidated the entity on December 30, 2020 (Notes 6 and 15). As at February 28, 2022, NeonMind is recorded using the equity method of accounting. This information represents amounts before intercompany eliminations.

	December 30, 2020
Summarized statement of financial position:	
Current assets	\$ 3,815,574
Current liabilities	997,742
Current net assets (liabilities)	2,817,832
Non-current assets	114,535
Non-current liabilities	-
Non-current net assets (liabilities)	114,535
Net assets (liabilities)	\$ 2,932,367
Accumulated non-controlling interest	\$ (747,057)

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
Summarized statement of comprehensive loss:	
Net loss and comprehensive loss	\$ (399,135)
Loss allocated to non-controlling interests	\$ (198,977)

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

17. 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 period ended February 28, 2022. The Company is not subject to externally imposed capital requirements.

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18. Investment Loss

	Three months ended February 28,	
	2022	2021
Realized gain on marketable securities (Note 3)	\$ 43,924	\$ -
Unrealized gain (loss) on marketable securities (Note 3)	(152,350)	3,760
Gain on sale of equity accounted investee (Note 6)	130,000	-
Dilution gain on equity accounted investee (Note 6)	17,173	-
Share of net loss of equity accounted investee (Note 6)	(251,565)	(738,005)
	<u>\$ (212,818)</u>	<u>\$ (734,245)</u>

19. Other Income (Expenses)

	Three months ended February 28,	
	2022	2021
Gain on loss of control and disposal of subsidiaries (Note 15)	\$ -	\$ 3,680,165
Gain on disposal of assets	1,200	-
Gain (loss) on foreign exchange	(95)	6,992
Interest and accretion	(70,286)	-
Loss on write-off of inventory (Note 5)	(50,613)	(31,052)
	<u>\$ (119,794)</u>	<u>\$ 3,656,105</u>

20. Supplemental Disclosures

	February 28, 2022	February 28, 2021
Non-cash investing and financing activities:		
Special warrants issued for settlement of accounts payable	\$ -	\$ 17,500
Shares issued for services and to settle accounts payable	-	60,000
Reclassification of equity reserves for exercise of options and warrants	-	64,121
Income tax paid	-	-
Interest paid	-	-

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 February 28, 2022, as follows:

	Fair Value Measurements Using			Balance February 28, 2022
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Marketable securities	\$ 258,352	\$ -	\$ -	\$ 258,352

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.

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21. Financial Instruments and Risk Management (continued)

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:

	February 28, 2022 USD	November 30, 2021 USD
Cash	\$ 3,520	\$ 4,415
Accounts receivable	-	-
Accounts payable and accrued liabilities	(67,279)	(65,779)
Net exposure	<u>\$ (63,759)</u>	<u>\$ (61,364)</u>
Canadian dollar equivalent	<u>\$ (80,961)</u>	<u>\$ (78,497)</u>

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.

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 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.

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22. Discontinued Operations

During the three months ended February 28, 2022, the Company wound down the operations of Jusu Bars and Urban Juve, closing the physical retailer of Jusu Bars and discontinuing the product lines of both subsidiaries. On February 14, 2022, the Company dissolved its wholly owned subsidiary, W&W Manufacturing.

The Company entered into a purchase of business agreement dated November 30, 2021 with AREV Life Sciences Global Corp. in which the Company agreed to sell all of the issued and outstanding shares of Wright & Well in consideration for \$20,000. On November 30, 2021, the Company wound up its subsidiary Yield Botanicals. On April 6, 2021, the Company wound up its subsidiary UJ Asia.

As a result of the discontinued operations, purchase of business agreement and wound-up subsidiaries, Jusu Bars, Urban Juve, W&W Manufacturing, Wright & Well, Yield Botanicals, and UJ Asia meet the criteria to be classified as discontinued operations at February 28, 2022 and therefore, the results of operations of these six relevant cash generating units for all periods have been classified as discontinued operations on the condensed interim consolidated statements of operations and comprehensive loss.

Discontinued operations	Three months ended	
	February 28, 2022	2021
Revenue		
Licensing	\$ -	\$ 145,416
Product sales	27,914	87,568
Total revenue	27,914	232,984
Cost of sales		
Cost of product sales	15,812	52,993
Gross income	12,102	179,991
Expenses		
Advertising, marketing, and media	\$ 5,617	\$ 10,220
Amortization and depreciation	17,354	30,610
Consulting fees	-	293
Information systems	-	1,200
Office and administrative	5,787	31,699
Product development, research, and registration	499	3,912
Professional fees	4,644	10,612
Selling expenses	9,336	38,564
Wages	85,238	122,270
Total expenses	128,475	249,380
Loss before other expense	(116,373)	(69,389)
Inventory write-offs and donations	(31,165)	-
Interest and accretion	(4,936)	-
Gain (loss) on foreign exchange	(23,219)	47
Total other income (expense)	(59,320)	47
Net loss from discontinued operations	\$ (175,693)	\$ (69,342)

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23. Commitments and Contingencies

Commitments

The Company's annual contractual commitments for the next five years are as follows:

	Payments Due by Period			
	1 Year	2-3 Years	4-5 Years	Total
Lease payment obligations	\$ 159,064	\$ 140,744	\$ 46,620	\$ 346,428
Loans	80,000	–	–	80,000
Convertible debentures	–	900,000	–	900,000
	<u>\$ 239,064</u>	<u>\$ 1,040,744</u>	<u>\$ 46,620</u>	<u>\$ 1,326,428</u>

Loan:

The Company received an interest free Canada Emergency Business Account loan of \$120,000. If the Company repays \$80,000 by December 31, 2022, the remaining \$40,000 will be forgiven. If any portion of the loan is unpaid by December 31, 2022, the balance of the loan will convert to a 5% interest term loan with extended maturity to December 31, 2025.

Convertible debentures:

The debenture holders have the option at any time prior to the maturity date on August 31, 2023, to convert in whole or in part being \$1,000 or an integral multiple thereof, of the principal amount of the Debenture into common shares of the Company (Note 10). On maturity, the Company shall satisfy its obligation to pay the principal amount of the Debentures which have matured in cash.

Contingencies:

On February 26, 2021, a claim was commenced against the Company and 8931429 Canada Inc. (formerly Jusu Bars Inc.), which sold its assets to the Company during the year ended November 30, 2020, regarding the failure of 8931429 Canada 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. As the damages claimed by the plaintiff were not directly against the Company, 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.

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 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 2,200,000 share units which were comprised of one common share and one share purchase warrant exercisable at \$1.00 per share for a period of two years. 300,000 of the share units were subject to holdback conditions for the purpose of ensuring that Jusu was discharged from certain security registrations. As of February 28, 2022, the holdback amount had not been released to Jusu.

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23. Commitments and Contingencies (continued)

In addition, there is a contingent consideration payable of an additional 250,000 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. Given that this threshold is unable to be met due to the wind down of the Jusu business (Notes 22 and 25) the fair value of the contingent consideration has been reclassified to equity reserves at February 28, 2022.

24. 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.

The following is a summary of the Company's results by operating segment for the three months ended February 28, 2022 and 2021:

	Licensing and product sales	Corporate and consulting	Total
For the three months ended February 28, 2022:			
Revenue – Product sales	\$ 52,592	\$ -	\$ 52,592
Revenue – Consulting	-	124,562	124,562
Net loss before taxes from continuing operations	(39,127)	(783,952)	(823,079)
Net loss before taxes from discontinued operations	(175,693)	-	(175,693)
As at February 28, 2022:			
Total assets	820,536	1,843,076	2,663,612
Total liabilities	515,604	1,609,203	2,124,807
	Licensing and product sales	Corporate and consulting	Total
For the three months ended February 28, 2021:			
Revenue – Product sales	\$ 64,111	\$ -	\$ 64,111
Revenue – Consulting	-	190,230	190,230
Net income (loss) before taxes from continuing operations	(526,211)	1,918,619	1,392,408
Net income (loss) before taxes from discontinued operations	(65,038)	(4,304)	(69,342)
As at November 30, 2021:			
Total assets	1,235,988	2,119,193	3,355,181
Total liabilities	473,144	1,430,319	1,903,463

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24. Segmented Information (continued)

Significant customers

For the three months ended February 28, 2022, the Company had two significant customers in the corporate and consulting segment, comprising 49% of the Company's total revenue.

As at February 28, 2022, the Company had one significant accounts receivable balance outstanding relating to the corporate and consulting segment, comprising 19% of the Company's total accounts receivable.

For the three months ended February 28, 2021, the Company had two significant customers relating to licensing revenue, comprising 30% of the Company's total revenue, and two significant customers in the corporate and consulting segment, comprising 39% of the Company's total revenue.

As at February 28, 2021, the Company had two significant accounts receivable balances outstanding relating to licensing revenue, comprising 34% of the Company's total accounts receivable.

25. Subsequent Events

On April 12, 2022, the Company's wholly owned subsidiaries Urban Juve and Jusu Bars amalgamated to form Metaverse Holdings Inc.

On April 12, 2022, the Company closed the sale of all the issued and outstanding shares of its previously wholly owned subsidiary, Jusu Wellness pursuant to a purchase of business agreement between the Company and the Purchaser. The sale includes existing liabilities and ongoing obligations, with the exception of intercompany balances between Jusu Wellness and Better Plant. The sale also includes all inventory, packaging, raw ingredients, and intellectual property related to Jusu Wellness' plant-based products, as well as the e-Commerce site that sells Jusu Wellness products, and consumer lists. The consideration received for the sale was \$1 plus assumption of current and future liabilities.

On April 26, 2022, the Company entered into a definitive merger agreement (the "Merger Agreement") for the reverse merger transaction (the "Transaction") between the Company, Metaverse, and our wholly-owned subsidiary, 1233392 B.C. Ltd. ("Subco"). Metaverse is a private technology company in the business of developing a suite of online and mobile products and services to enable organizations and individuals to interact and do business within the Metaverse.

The Transaction will be completed by way of a three-cornered amalgamation between the Company, Metaverse and Subco, pursuant to which Metaverse and Subco will amalgamate to form Amalco and the Company will acquire 100% of the issued and outstanding Metaverse Shares from the holders of the Metaverse Shares in exchange for common shares of the Company on a 1:1 basis. Upon the closing of the Transaction, Amalco will become a wholly-owned subsidiary of the Resulting Issuer. Pursuant to the completion of the Transaction, the Company is obligated to complete a 2-for-1 consolidation of its stock and change its name from Better Plant Sciences Inc. to FreedomX Metaverse Inc. prior to completion of the Transaction.

On completion of the Amalgamation, each previously issued common share of Subco owned by the Company will be cancelled and the Company will receive one common share of Amalco for each common share of Subco held by it. In addition, each previously issued Metaverse Share will be cancelled and each Metaverse Shareholder will receive one common share of the Company for each Metaverse Share formerly held by them. The outstanding warrants and options of Metaverse will be exchanged into warrants and options of the Resulting Issuer on an identical basis.

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25. Subsequent Events (continued)

The transaction is anticipated to constitute a fundamental change in accordance with the policies of the CSE. As a result, trading in the common shares of the Company has been halted and will remain halted until the close of the Transaction.