better

PLANT SCIENCES

Management's Discussion & Analysis

For the Three and Nine months Ended August 31, 2022 and 2021

October 31, 2022

This Management's Discussion and Analysis ("MD&A") relates to the consolidated financial position and financial performance of Better Plant Sciences Inc. ("Better Plant", the "Company"), and all our subsidiaries, including our 100% owned subsidiary Metaversive Holdings Inc. ("Metaversive Holdings") (previously Urban Juve Provisions Inc. ("Urban Juve") amalgamated with our 100% owned subsidiary Jusu Bars Corp. ("Jusu Bars")), our 100% owned subsidiary 1233392 B.C. Ltd. (formerly Jack n Jane Essentials Inc.) and our formerly owned subsidiaries Jusu Wellness Inc. ("Jusu Wellness") until the date of sale on April 20, 2022, Yield Botanicals Inc. ("Yield Botanicals") until the date of windup on November 30, 2021, Wright & Well Essentials Inc. ("Wright & Well") until the date of sale on November 30, 2021, W & W Manufacturing Inc. ("W&W Manufacturing") until the date of dissolution on February 14, 2022, and UJ Asia Limited ("UJ Asia") until the date of dissolution on December 15, 2020 for the three and nine months ended August 31, 2022 and 2021. Collectively, Better Plant and all our subsidiaries are referred to as the "Company". All references to "us" "we" and "our" refer to the Company. All intercompany balances and transactions have been eliminated.

As of the date of this MD&A we have two wholly owned subsidiaries, Metaversive Holdings and 1233392 B.C. Ltd.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our unaudited condensed interim financial statements for the three and nine months ended August 31, 2022 and 2021, and audited annual consolidated financial statements for the years ended November 30, 2021 and 2020 (collectively referred to as the "Financial Statements").

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

We had a net loss from continuing operations of $1,560,866 and used $168,236 of cash for operating activities from continuing operations during the nine months ended August 31, 2022. As at August 31, 2022, we had a working capital deficit of $945,289 including cash of $29,191 and had an accumulated deficit of $39,897,285. Our continued operations are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

On January 24, 2022, we effected a consolidation of all issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares. All share and per share amounts in this MD&A have been retroactively adjusted for the share consolidation.

The COVID-19 pandemic has led to broad adverse impacts on the Canadian and global economies. The COVID-19 pandemic has impacted and could further impact our operations and the operations of our suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. As a result of the pandemic, our sales were negatively affected. Our associates and investment companies may have experienced the adverse impact of COVID-19 as well. Below is an analysis the impact of COVID-19 on our business:

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

CORPORATE OVERVIEW

Our Business

We offer accounting, marketing, corporate and business development services.

We previously manufactured and sold plant-based products under the brands Urban Juve, Jusu Bar, Jusu Wellness, NeonMind and Wright & Well.

We sold our Wright & Well business on November 30, 2021. On April 15, 2022, we sold Jusu Wellness, which included existing liabilities and ongoing obligations with the exception of intercompany balances between Jusu Wellness and the Better Plant group. The sale also included 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. During this fiscal year we discontinued sales and operations of all of our remaining consumer products brands.

Reverse Merger Transaction with FreedomX Metaversive Networks Inc. (formerly Metaversive Networks Inc.) ("Metaversive")

On April 26, 2022, the Company entered into a merger agreement (the "Merger Agreement") for a reverse merger transaction (the "Transaction") between the Company, Metaversive, and our wholly-owned subsidiary, 1233392 B.C. Ltd. ("Subco"). Metaversive 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, if completed, 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 or termination of the Merger Agreement.

The Transaction is subject to a number of conditions precedents. If the Transaction proceeds, it will be completed by way of a three-cornered amalgamation between the Company, Metaversive and Subco (the "Amalgamation"), pursuant to which Metaversive and Subco will amalgamate to form Amalco and the Company will acquire 100% of the issued and outstanding Metaversive Shares from the holders of the Metaversive Shares in exchange for common shares of the Company on a 1:1 basis.

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 Metaversive Share will be cancelled and each Metaversive Shareholder will receive one common share of the Company for each Metaversive Share formerly held by them. The outstanding warrants and options of Metaversive will be exchanged into warrants and options of the Resulting Issuer on an identical basis.

The Merger Agreement may be terminated by BPS if all of the conditions precedent for the benefit of BPS have not been satisfied or waived by BPS or if the Amalgamation cannot be completed because Metaversive is in default of its covenants or if there is a material breach of the Merger Agreement by Metaversive.

The Merger Agreement may be terminated by Metaversive if all of the conditions precedent for the benefit Metaversive have not been satisfied or waived by Metaversive or if the Amalgamation cannot be completed because BPS is in default of its covenants, or if there is a material breach of the Merger Agreement by BPS. If the BPS Financing is not completed by September 30, 2022 or such other date to be mutually agreed upon by the Company and Metaversive; Metaversive may, when not in default in the performance of any of its obligations under the Merger Agreement, without prejudice to any other rights, terminate the Merger Agreement by written notice to the Company.

As of the date of this MD&A many of the conditions precedent required for the closing of the Amalgamation have not been met and both Metaversive and BPS now have the right to terminate the Merger Agreement by sending notice to the other party.

OVERALL PERFORMANCE

As of August 31, 2022, our total assets decreased to $1.6 million from $3.4 million at November 30, 2021. The decrease in total assets was mainly due to unrealized loss on marketable securities, the write-off of inventory in the current three months, and divestment of a subsidiary.

During the three months ended August 31, 2022, we divested our Jusu Wellness branded consumer product business which is now included in the discontinued operations. For the three and nine months ended August 31, 2022 and 2021, we did not realize any product sales or licensing revenue in continuing operations. Consulting revenue was $100,253 and $409,289 respectively for the three and nine months ended August 31, 2022 as compared to $195,251 and $591,164 for the same periods of the prior year.

We had a net loss from continuing operations of $187,346 and $1,560,866 respectively for the three and nine months ended August 31, 2022 as compared to net loss from continuing operations of $889,858 and $560,204 for the same periods of the prior year respectively. The increase in net loss was primarily driven by a decrease in revenue in the current period, and due to a one-time gain on deconsolidation of NeonMind recognized in the prior year.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information from our unaudited condensed interim financial statements for the years ended November 30:

	2021	2020
Continuing operations:		
Revenues	$ 671,415	$ 51,198
Loss before other items	(3,227,246)	(6,638,033)
Net loss from continuing operations	(1,408,798)	(8,993,813)
Basic and diluted loss per share from continuing operations	(0.06)	(0.67)
Total assets	3,001,758	1,874,910
Dividends declared and paid out in cash	-	-
Discontinued operations:		
Revenues	$ 979,851	$ 1,084,088
Loss before other items	(1,061,762)	(748,273)
Net loss from discontinued operations	(3,683,022)	(918,032)
Basic and diluted loss per share from discontinued operations	(0.19)	(0.07)
Total assets	353,423	2,783,279
Dividends declared and paid out in cash	-	-

DISCUSSION ON OPERATIONS

Revenues

During the three months ended August 31, 2022, we divested our Jusu Wellness branded consumer product business which is now included in the discontinued operations. For the three and nine months ended August 31, 2022 and 2021, we did not realize any product sales or licensing revenue in continuing operations. Consulting revenue was $100,253 and $409,289 respectively for the three and nine months ended August 31, 2022 as compared to $195,251 and $591,164 for the same periods of the prior year.

Advertising, Marketing and Media

Advertising, marketing and media expenses are related to our activities in promoting our corporate brand, our plant-based line of products, which includes market studies, brand design, labelling artwork, primary packaging design, social media launch and maintenance, and creatives and contents for our websites. For the three and nine months ended August 31, 2022, we incurred $44,684 and $139,874 in advertising, marketing and media expenses, as compared to $97,480 and $704,295 in the same periods of the prior year. The reduction in advertising, marketing and media expenses was due to larger investments in the same period of the prior year in marketing support for new brands.

Amortization & Depreciation

Depreciation and amortization are mainly related to computer equipment, furniture, leasehold improvements and right-of-use assets. For the three and nine months ended August 31, 2022, we incurred depreciation and amortization expenses of $10,891 and $60,424 respectively, as compared to $24,815 and $77,939 for the same periods of the prior year.

Consulting Fees

We engage consultants regularly to obtain expertise in various business areas to limit our fixed commitments on staffing and salaries expenses including but not limited to marketing, technology, business development, finance and accounting. Consulting services provided consisted primarily of corporate finance, accounting, director services, and regulatory advisory services. For the three and nine months ended August 31, 2022, we incurred consulting expenses of $35,549 and $189,332 respectively, as compared to $122,076 and $409,650 for the same periods of the prior year respectively. The decrease in consulting fees was a result of tightened expense policies at the Company.

Investor Relations

Investor relations expenses were incurred to enhance our investor relations program and included investor relations consulting services and fees paid for news releases. For the three and nine months ended August 31, 2022, we incurred investor relations expenses of $2,000, as compared to $18,137 and $60,637 for the same periods of the prior year respectively.

Listing fees

Listing fees are related to expenses to maintain listing with CSE. For the three and nine months ended August 31, 2022, we incurred listing fees of $2,000 and $12,210 respectively as compared to $3,000 and $14,252 for the same periods of the prior year respectively.

Office and Administrative Expenses

For the three and nine months ended August 31, 2022, we incurred office and administrative expenses of $30,173 and $123,282 respectively, as compared to $48,955 and $147,719 for the same periods of the prior year respectively.

Professional Fees

Professional fees are primarily related to legal, accounting and audit services. For the three and nine months ended August 31, 2022, we incurred professional fees of $10,028 and $105,777 respectively, as compared to $75,806 and $210,258 for the same periods of the prior year respectively. The decrease in professional fees were mainly related to increased reliance on internal resources to drive efficiency.

Share-based Compensation

Share-based compensation granted to our directors, officers, employees and consultants included stock options in the Company. For the three and nine months ended August 31, 2022, we incurred share-based compensation expense of $2,640 and $52,111 respectively, as compared to a recovery of $23,029 and expense of $964,291 in the same periods of the prior year respectively. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Wages

Wages for the three and nine months ended August 31, 2022 were $13,208 and $262,301 respectively, as compared to $190,975 and $293,853 for the same periods of the prior year respectively. The decrease in wages was due to reduction of headcounts to control expenses.

Investment Loss

During the three and nine months ended August 31, 2022, we incurred investment loss of $68,828 and $682,404 respectively as compared to $385,926 and $1,507,519 for the same periods of the previous year. A breakdown of investment loss is as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2022 $	2021 $	2022 $	2021 $
Realized gain on marketable securities	-	(3,665)	43,924	(3,665)
Unrealized gain (loss) on marketable securities	(32,316)	(499)	(324,705)	2,605
Gain on reclassification of investment	-	-	-	366,230
Gain on sale of equity accounted investee	-	-	130,000	9,925
Dilution gain on equity accounted investee	-	-	17,173	-
Share of net loss of equity accounted investee	(36,512)	(381,762)	(548,796)	(1,882,614)
	(68,828)	385,926	(682,404)	(1,507,519)

Other Income (Expenses)

During the three and nine months ended August 31, 2022, we recorded other income of $13,368 and other loss of $106,536 respectively as compared to other loss of $10,423 and other income of $3,675,999 for the same periods of the previous year. A breakdown of other income (expenses) is as follows:

	Three months ended August 31,		Nine months ended August 31,	
	2022 $	2021 $	2022 $	2021 $
Bad debt expense	(18,571)	-	(18,571)	-
Gain (loss) on loss of control and disposal of subsidiaries	31,420	-	10,321	3,680,165
Gain (loss) on disposal of assets	(15,225)	-	(14,025)	-
Gain (loss) on foreign exchange	54	(3,425)	(412)	7,510
Gain on settlement of debt	34,261	640	62,638	11,510
Gain on sublease agreement	46,282	-	46,282	-
Interest and accretion	(67,140)	(7,647)	(198,056)	(23,186)
Interest income on sublease	2,287	-	2,287	-
	13,368	10,432)	(109,536)	,675,999

Income (Loss) from Continuing Operations

Loss from continuing operations for the three and nine months ended August 31, 2022 was $187,348 and $1,560,866 respectively and $0.01 per share and $0.10 per share respectively, basic and diluted, as compared to loss from continuing operations of $889,858 and $560,204 respectively, and $0.08 per share and $0.09 per share, basic and diluted for the same periods in the prior year.

Loss from Discontinued Operations

On April 20, 2022, we announced the completion of 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, a non related party. The sale includes existing liabilities and ongoing obligations, plus 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 Company previously acquired Jusu as part of an all stock deal on October 14, 2020. The consideration received for the said was $1 plus assumption of current and future liabilities.

During the six months ended August 31, 2022, we 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.

We 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 Inc. ("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 August 31, 2022 and therefore, the results of operations of these six entities relevant cash generating units for all periods have been classified as discontinued operations on the condensed interim consolidated statements of operations and comprehensive loss.

Loss from discontinued operations was $37,008 and $411,797 for the three and nine months ended August 31, 2022 as compared to $721,379 and $1,234,815 in the same periods of the prior year.

Net Income (Loss)

We incurred a net loss of $224,354 and $1,972,663 for the three and nine months ended August 31, 2022, as compared to $1,611,237 and $1,795,019 for the same periods of the prior year.

Dividends

No dividends were declared or paid for the three and nine months ended August 31, 2022 and 2021.

SUMMARY OF QUARTERLY RESULTS

For the quarters ended:

	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
Revenue	$ 100,253	$ 184,474	$ 177,154	$ 133,618
Net income (loss) from continuing operations	(187,346)	(647,778)	(823,079)	(2,285,349)
Net income (loss) from discontinued operations	(37,008)	(101,759)	(175,693)	(1,011,452)
Basic & diluted income (loss) per share:				
From continuing operations	(0.01)	(0.03)	(0.04)	(0.12)

	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020
Revenue	$ 257,842	$ 268,387	$ 254,341	$ 540,940
Net income (loss) from continuing operations	812,885	(1,448,422)	1,392,408	(2,099,943)
Net income (loss) from discontinued operations	(2,424,122)	(58,426)	(69,342)	(934,126)
Basic & diluted income (loss) per share:				
From continuing operations	0.04	(0.08)	0.08	(0.13)

LIQUIDITY

	August 31, 2022	November 30, 2021
Current ratio(1)	0.18	1.08
Cash	$ 29,191	$ 24,562
Working capital surplus (deficit)(2)	$ (945,289)	$ 75,636
Loan payable (3)	$ 113,808	$ 101,019
Convertible debentures (4)	$ 806,554	$ 627,614
Equity (deficit)	$ (481,867)	$ 1,451,718

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities.
(3) Loan payable included related party loans and government loans related to Covid 19.
(4) We issued convertible debentures with face value of $900,000, bearing interest at 10% per annum, convertible in full or in part at the holders' option into common shares of the Company at $0.80 per common share, at anytime up to maturity date of November 30, 2023.

Cash Position

As at August 31, 2022, we had $29,191 of cash as compared to $24,562 at November 30, 2021. For the nine months ended August 31, 2022, cash used in operating activities for continuing operations was $168,236 consisting of operating expenditures during the period to support brand development activities, as compared to $407,348 for the same period of the prior year to support brand development activities and the acquisition of Jusu, and the development of other product lines and formulas. Cash provided by investing activities from continuing operations was $335,240 for the nine months ended August 31, 2022, from proceeds from sale of investments, as compared to $65,513 for the same period of the prior year. Cash used in financing activities from continuing operations was $69,411 for the six months ended August 31, 2022, for lease payments, as compared to cash received from financing activities of $1,626,341 for the same period of the prior year, primarily from proceeds received from the issuance of common shares and special warrants through private placements, as well as the exercise of warrants and options by investors.

Working Capital

We had a working capital deficit of $945,289 as at August 31, 2022 as compared to a working capital surplus of $75,636 as at November 30, 2021. The decrease in working capital was primarily due to a decrease in marketable securities and inventory, as well as an increase in accounts payable and accrued liabilities.

CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at August 31, 2022, there were 19,917,970 common shares issued and outstanding. We also had 4,097,040 share purchase warrants with weighted average exercise price of $1.52 and 1,018,201 stock options with weighted average exercise price of $1.29.

OFF-BALANCE SHEET ARRANGEMENTS

As at August 31, 2022 and 2021, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and nine months ended August 31, 2022 and 2021, compensation of key management personnel and directors were as follows:

	For the three months ended August 31,		For the nine months ended August 31	
	2022	2021	2022	2021
Consulting fees	$ 24,400	$ 97,576	$ 43,833	$ 267,094
Share-based compensation	1,299	60,938	68,401	681,194
Wages	18,500	67,712	182,456	192,545
	$ 44,200	$ 226,226	$ 294,690	$1,140,833

During the nine months ended August 31, 2022, we recognized consulting revenue of $74,182 (2021 - $315,870) from an associated company, Komo Plant Based Foods Inc. ("Komo YUM") and its subsidiary, Komo Plant Based Comfort Foods Inc. ("Komo Foods"). As at August 31, 2022, we were owed $52,471 from (November 30, 2021 – owed $3,423 to) Komo YUM and Komo Foods, which is included in due from related parties, and is unsecured, non-interest bearing, and due on demand. At August 31, 2022, we held $482 in deposits from Komo YUM and Komo Foods (November 30, 2021 - $14,831), which is included in deferred revenue and deposits.

During the nine months ended August 31, 2022, we recognized licensing revenue of $nil (2021 - $160,695), consulting revenue of $100,379 (2021 - $270,982), rent recovery of $8,000 (2021 - $4,000) and interest income of $nil (August 31, 2021 - $26,814) from an associated company, NeonMind Biosciences Inc. ("NeonMInd").

On September 10, 2021, we entered into an agreement with NeonMind for the purchase of functional food assets related to the NeonMind's consumer division. The following assets were transferred by NeonMind to the Company: four mushroom coffee products currently being sold in Canada and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products.

In consideration for the assets, we paid $645,000 including taxes, which was offset by the balance due on a promissory note of $645,000 owed by NeonMind to us which had a maturity date in February 2022. The fair value of the assets received was determined to be $68,617, resulting in a loss on settlement of the promissory note of $576,383. In addition, a 3% royalty of net product sales for a term of 25 years will be payable to NeonMind after we reach cumulative net product sales of over $1,000,000.

As at August 31, 2022, we were owed $60,463 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 nine months ended August 31, 2022, we recognized consulting revenue of $79,353 (2021 - $nil) from an associated company, Lancaster. Our President and CEO is an officer and shareholder of Lancaster and the Company's corporate secretary is a director of Lancaster. As at August 31, 2022, the Company owed $12,868 to (November 30, 2021 - was owed $10,325 from) Lancaster, which is included in due to related parties, and held a $50,000 (November 30, 2021 - 50,000) deposit from Lancaster, which is included in deferred revenue and deposits.

On October 21, 2021, our wholly owned subsidiary, Jusu Bars, purchased 3,000,000 common shares of Lancaster at $0.02 per share for a total cost of $60,000, which has been accounted for as an investment in associate. During the nine months ended August 31, 2022, we sold 1,000,000 shares of Lancaster.

At November 30, 2021, we owed $49,163 (November 30, 2021 - $26,740) to directors and officers of the Company, $48,999 of which is included in accounts payable and accrued liabilities and $164 of which is included in "due to related parties". These amounts are unsecured and non-interest bearing.

During the nine months ended August 31, 2022, we recognized consulting revenue of $50,000 from Metaversive and received a $150,000 deposit from Metaversive in accordance with the merger agreement for services related to the completion of the transaction. We recognized $105,375 of this revenue during the nine months ended August 31, 2022 based on services performed, with the remaining $44,625 recorded in deferred revenue and deposits.

During the nine months ended August 31, 2022, we received a $100,000 loan from Metaversive in accordance with the merger agreement, which is included in "due to related parties". The loan is non-interest bearing and due on demand.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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.

Significant Accounting Estimates and Judgments (continued)

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 were 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 the change in fair value is 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.

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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on our consolidated statement of financial position as at August 31, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance August 31, 2022
Marketable securities	$ 86,177	$ -	$ -	$ 86,177

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. Our credit risk is primarily attributable to accounts receivable. We minimize our credit risk associated with its cash balance by dealing with major financial institutions in Canada, and we have no other significant concentration of credit risk arising from operations. Accounts receivable is primarily comprised of trade accounts receivable. For accounts receivable, we limit our exposure to credit risk by dealing with what management believes to be financially sound counter parties. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

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

	August 31, 2022 USD	November 30, 2021 USD
Cash	$ 3,689	$ 4,415
Accounts payable and accrued liabilities	(30,809)	(65,779)
Net exposure	$ (27,120)	$ (61,364)
Canadian dollar equivalent	$ (35,557)	$ (78,497)

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

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting 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

We are 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.

COMMITMENTS AND CONTINGENCIES

Commitments

We have entered into various agreements for warehousing and consulting. Our annual contractual commitments for the next five years related to these items are as follows:

	Payments Due by Period			
	1 Year $	2-3 Years $	4-5 Years $	Total $
Lease payment obligations	51,219	–	–	51,129
Loans	80,000	–	–	80,000
Convertible debentures	–	900,000	–	900,000
	131,219	900,000	–	1,031,219

Loan:

We received an interest free Canada Emergency Business Account loan of $120,000. If we repay $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, we are obligated to satisfy our 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. - a company which was never owned by us, although it has a similar name to our former subsidiary Jusu Bars Corp.), 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 August 31, 2022, the holdback amount had not been released to Jusu.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to us, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting (“ICOFR”)

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

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

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