



Condensed Interim Consolidated Financial Statements

For the Three Months Ended February 28, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

BETTER PLANT SCIENCES INC.Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		February 28, 2023 (unaudited)	November 30, 2022
Assets			
Current assets			
Cash		11,315	54,741
Marketable securities	3	43,089	75,405
Amounts receivable		51,990	-
Net investment in sublease	5	10,861	39,565
Prepaid expenses and deposits		-	1,851
Total current assets		117,255	171,562
Non-current assets			
Investment in associates	4	1,222,440	1,206,547
Due from related parties		20,517	54,363
Leasehold improvements	6	1,876	8,208
Total non-current assets		1,244,833	1,269,118
Total assets		1,362,088	1,440,680
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		860,983	914,441
Due to related parties		159,288	166,812
Deferred revenue and customer deposit		-	50,000
GST payable		124,680	121,289
Convertible debentures and interest payable	7	913,970	851,513
Lease liabilities	5	7,611	29,848
Loan payable	18	119,211	-
Total current liabilities		2,185,743	2,133,903
Non-current liabilities			
Loan payable	18	-	118,422
Total liabilities		2,185,743	2,252,325
Shareholders' equity			
Share capital	9	28,560,928	28,560,928
Equity reserves	11	10,829,547	10,828,717
Reserve for convertible debentures	7	34,041	34,041
Deficit		(40,248,171)	(40,235,331)
Total shareholders' equity		(823,655)	(811,645)
Total liabilities and shareholders' equity		1,362,088	1,440,680

Nature of operations and continuance of business (Note 1)

Commitments and contingencies (Note 18)

Subsequent event (Note 19)

Approved and authorized for issuance on behalf of the Board of Directors on May 1, 2023:

/s/ "Bruce Mullen"
Director

/s/ "Cole Drezdoff"
Director

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

BETTER PLANT SCIENCES INC.

Condensed Interim Consolidated Statements of Operations
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended	
		February 28,	
	Notes	2023	2022
Revenue	8	73,675	124,562
Cost of revenue		58,940	89,300
Gross profit		14,735	35,262
Expenses			
Advertising, marketing and media		626	48,322
Depreciation		6,332	24,774
Consulting fees		24,834	127,083
Listing fees		1,500	2,000
Office and administration		18,613	53,390
Professional fees		-	48,949
Share-based compensation	11	829	67,472
Wages	,8	25,588	111,560
Total expenses		78,322	483,550
Net loss before other items		(63,587)	(448,288)
Other items			
Investment loss	14	(16,296)	(212,818)
Other income (expenses)	15	67,043	(64,636)
Net loss from continuing operations		(12,840)	(725,742)
Loss from discontinued operations	17	-	(273,030)
Net loss		(12,840)	(998,772)
Loss per shares from			
continuing operations, basic and diluted		(0.00)	(0.04)
discontinued operations, basic and diluted		-	(0.01)
Weighted average shares outstanding, basic and diluted		19,917,970	19,917,970

(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)

(Unaudited)

	Notes	Number of shares	Amount \$	Equity reserves \$	Shares issuable \$	Convertible debentures \$	Comprehensive income (loss) \$	Deficit \$	Shareholders' equity \$
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
Balance, November 30, 2022		19,917,970	28,560,928	10,828,717	-	34,041	-	(40,235,331)	(811,645)
Fair value of stock options granted	11	-	-	830	-	-	-	-	830
Net loss for the period		-	-	-	-	-	-	(12,840)	(12,840)
Balance, February 28, 2023		19,917,970	28,560,928	10,829,547	-	34,041	-	(40,248,171)	(823,655)

(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)
(Unaudited)

	Notes	Three months ended	
		February 28,	
		2023	2022
Operating activities:			
Net Loss from continuing operations		(12,840)	(998,772)
Items not involving cash:			
Accretion on convertible debt	7	40,266	37,140
Amortization and depreciation		6,332	31,165
Dilution gain on equity accounted investee		-	(17,173)
Gain on sale of equity accounted investee		-	(130,000)
Gain on settlement of debt	15	(131,255)	-
Interest on convertible debentures	7	22,191	22,192
Interest expense on lease liability	5	-	8,871
Interest income on sublease	5	(1,965)	-
Loss on sale of marketable securities		-	(43,924)
Loss on disposal of subsidiary		-	251,565
Share of net loss of equity accounted investee	4	(16,020)	-
Share-based compensation	11	830	67,472
Unrealized loss on marketable securities		32,316	152,350
Write-off of inventory		-	50,613
Changes in non-cash operating working capital:			
Accounts receivable		79,265	(34,435)
Inventory		-	4,233
Prepaid expenses & other assets		1,851	27,284
Due from related parties		33,846	13,125
Accounts payable and accrued liabilities		(50,067)	164,750
Due to related parties		(7,524)	15,268
Deferred revenue		(50,000)	(14,349)
Net cash used in operating activities - continuing operations		(52,775)	(392,625)
Net cash provided by operating activities - discontinued operations		-	102,749
Investing activities:			
Proceeds from sale of marketable securities	3	-	184,040
Proceeds from sale of equity accounted investee	4	128	150,000
Sublease payments received	5	30,669	-
Net cash provided by investing activities		30,797	334,040
Financing activities:			
Lease payments	5	(22,237)	(32,461)
Loan payable		789	-
Net cash used in financing activities - continuing operations		(21,448)	(32,461)
Net cash used in financing activities - discontinued operations		-	(7,305)
Effect of foreign exchange on cash		-	18,387
Change in cash		(43,426)	22,785
Cash, beginning of period		54,741	24,562
Cash, end of period		11,315	47,347

(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, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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 August 18, 2020, the Company changed its name to Better Plant Sciences Inc. The Company provides consulting and other business services. The head office of the Company is located at Unit 1 - 2770 Fraser 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 \$12,840 and used \$52,775 of cash in operating activities from continuing operations during the three months ended February 28, 2023. As at February 28, 2023, the Company had a working capital deficiency of \$2,068,488 including cash of \$11,315 and had an accumulated deficit of \$40,248,171. The Company had limited cash reserves at February 28, 2023, 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 unfavorable 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.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of Presentation and Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, including 100% owned subsidiary Metaverse Holdings Inc. (“Metaverse Holdings”) (previously Urban Juve Provisions Inc. (“Urban Juve”) amalgamated with 100% owned subsidiary Jusu Bars Corp. (“Jusu Bars”), 100% owned subsidiary 1233392 B.C. Ltd. (formerly Jack n Jane Essentials Inc.) and formerly owned subsidiaries Jusu Wellness Inc. (“Jusu Wellness”) until the date of sale on April 20, 2022, and W & W Manufacturing Inc. (“W&W Manufacturing”) until the date of dissolution on February 14, 2022. 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, 2023

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies (continued)

(b) Basis of Presentation and Principles of Consolidation (continued)

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
- 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.

(d) Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no 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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

3. Marketable Securities and Investments

As at February 28, 2023, the Company holds 215,444 shares of *Komo Plant Based Foods Inc. ("Komo YUM")* (November 30, 2022 – 215,444). Below is a summary of changes in the Company's marketable securities and investments for the three months ended February 28, 2023 and 2022:

	November 30, 2022 fair value	Expiry of warrants	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	February 28, 2023 fair value
Komo YUM-Shares	75,405	-	-	-	(32,316)	43,089
Komo YUM-Warrants	-	-	-	-	-	-
Total	75,405		-	-	(32,316)	43,089

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

4. Investment in Associates

The following table outlines the carrying amount of the investments in associates as of February 28, 2023:

	NeonMind	Lancaster	Total
Carrying value of investment, November 30, 2021	\$ 1,702,187	\$ 150,621	\$ 1,852,808
Disposals	-	(43,672)	(43,672)
Proportionate net loss	(518,746)	(83,843)	(602,589)
Carrying value of investment, November 30, 2022	1,183,441	23,106	1,206,547
Disposals	-	(126)	(126)
Proportionate net loss	38,999	(22,980)	16,019
Carrying value of investment, February 28, 2023	\$ 1,222,440	\$ -	\$ 1,222,440

Investment in 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 4:1 share consolidation and on January 24, 2023, NeonMind effected a 30:1 share consolidation. All share and per share amounts in these financial statements have been retroactively adjusted for the share consolidation.

The Company has determined that it has significant influence in NeonMind as it held 276,925 representing 24.7% of the voting rights in NeonMind as of February 28, 2023 (November 30, 2022 – 22.9%). 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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

4. Investment in Associates (continued)

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 to February 28, 2023 and 2022 to calculate the portion of net loss attributable to the Company.

The following tables summarize the unaudited financial information of NeonMind:

	NeonMind	
	February 28, 2023	November 30, 2022
Cash	\$ 5,008	\$ 35,817
Current and total assets	85,198	129,430
Current liabilities	397,475	684,488
Total liabilities	1,290,279	1,531,425
	Three months ended	
	February 28,	
	2023	2022
Net and comprehensive income (loss)	\$ 156,588	\$ (881,554)

Investment in Lancaster Resources Inc. ("Lancaster")

Lancaster's principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, the Company is evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures.

As of February 28, 2023, the Company held 1,750,000 (November 30, 2022 - 2,000,000) shares of Lancaster, which represented 8.5% (November 30, 2022 - 10.5%) ownership in Lancaster. The corporate secretary of the Company is a director of Lancaster who represents 33.3% of the board of Lancaster. The Company determined that it has significant influence in Lancaster. The Company's investment in Lancaster is accounted for as an investment in associate using the equity method.

The Company does not have the same reporting date as its associate. The Company was provided with unaudited financial statements for three months ended February 28, 2023 and 2022 to calculate the portion of net loss attributable to the Company.

The unaudited financial information of Lancaster as of February 28, 2023 and November 30, 2022:

	Lancaster	
	February 28, 2023	November 30, 2022
Cash	\$ 26,452	\$ 23,651
Current assets	54,452	187,272
Total assets	212,286	221,033
Current and total liabilities	71,484	109,637
	Three months ended	
	February 28,	
	2023	2022
Net loss	\$ (420,473)	\$ (165,689)

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

5. 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. Effective July 1, 2022, the Company entered into a sublease agreement, whereby the subtenant shall lease the entire office from the Company. The term of the sublease agreement represents the remainder of the head lease agreement, and expires on March 31, 2023. Upon entering the sublease agreement, in accordance with IFRS 16 *Leases*, the Company derecognized the right-of-use asset associated with the office lease, which had a net book value of \$41,031, and recognized the net investment in sublease of \$87,313. The difference of \$46,282 between the right-of-use asset and net investment in sublease was recognized as a gain on sublease agreement on the consolidated statement of operations and comprehensive loss during the year ended November 30, 2022. As at February 28, 2023, the Company do not have any warehouse leases.

As February 28, 2023, the Company's lease liabilities are as follows:

	Office	Warehouse	Total
Lease liabilities, November 30, 2021	\$ 110,464	\$ 192,773	\$ 303,237
Lease payments	(92,548)	(31,912)	(124,460)
Lease interest	11,932	13,531	25,463
Disposals	-	(174,392)	(174,392)
Lease liabilities, November 30, 2022	29,848	-	29,848
Lease payments	(23,137)	-	(23,137)
Lease interest	900	-	900
Lease liabilities, February 28, 2023	\$ 7,611	\$ -	\$ 7,611
Current portion	7,611	-	7,611
Non-current portion	-	-	-
	\$ 7,611	\$ -	\$ 7,611

As February 28, 2023, the Company's future lease payment obligations are as follows:

	Office
Year ended November 30, 2023	7,611
Year ended November 30, 2024	-
Year ended November 30, 2025	-
Year ended November 30, 2026	-
Year ended November 30, 2027	-
	7,611

As February 28, 2023, the Company's net investment in sublease is as follows:

Balance, November 30, 2022	39,565
Additions	-
Payments received	(30,670)
Interest income	1,966
Balance, February 28, 2023	10,861

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

6. Leasehold Improvements

	Computers	Furniture and display	Phone equipment	Equipment	Leasehold improvements	Total
Cost:						
Balance, November 30, 2021	102,623	160,609	2,378	43,517	76,594	385,721
Disposals	(102,623)	(160,609)	(2,378)	(43,517)	-	(309,127)
Balance, November 30, 2022	-	-	-	-	76,594	76,594
Additions	-	-	-	-	-	-
Balance, February 28, 2023	-	-	-	-	76,594	76,594
Accumulated depreciation:						
Balance, November 30, 2021	95,028	122,496	1,706	16,817	43,058	279,105
Additions	2,107	24,705	237	4,108	25,328	56,485
Disposals	(97,135)	(147,201)	(1,943)	(20,925)	-	(267,204)
Balance, November 30, 2022	-	-	-	-	68,386	68,386
Additions	-	-	-	-	6,332	6,332
Balance, February 28, 2023	-	-	-	-	74,718	74,718
Carrying amounts:						
As at November 30, 2022	-	-	-	-	8,208	8,208
As at February 28, 2023	-	-	-	-	1,876	1,876

7. Convertible Debentures

Carrying amount of liability at November 30, 2021	\$ 627,614
Accretion	59,332
Carrying amount of liability at February 28, 2022	<u>686,946</u>
Carrying amount of liability at November 30, 2022	851,513
Accrued interest	22,192
Accretion	40,265
Carrying amount of liability at February 28, 2023	<u>\$ 913,970</u>

On August 31, 2021, the Company issued 90 convertible debenture units at a price of \$10,000 per unit for gross proceeds of \$900,000. Each unit consists of a repayable note with a value of \$10,000 (the "Debentures") and 12,500 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. 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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended February 28, 2023

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7. Convertible Debentures (continued)

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.

8. Related Party Transactions

During the three months ended February 28, 2023 and 2022, compensation of key management personnel and directors were as follows:

	For the three months ended	
	February 28,	
	2023	2022
Consulting fees	\$24,834	\$15,833
Share-based compensation	449	65,767
Wages	-	85,485
	<u>\$25,283</u>	<u>\$167,085</u>

At February 28, 2023, the Company owed \$38,550 (November 30, 2022 - \$58,125) to officers of the Company, which is included in due to related parties. These amounts are unsecured and non-interest bearing.

During the three months ended February 28, 2023, the Company recognized consulting revenue of \$12,250 (2022 - \$45,646), rent recovery of \$nil (2022 - \$8,000) from an associated company, NeonMind. As at February 28, 2023, the Company was owed \$20,415 (November 30, 2022 - was owed \$7,553) by NeonMind, which is included in due from related parties.

During the three months ended February 28, 2023, the Company recognized consulting revenue of \$56,250 (2022 - \$43,625) from an associated company, Lancaster. As at February 28, 2023, the Company owed \$764 to (November 30, 2022 - owed \$8,741 to) Lancaster and held a \$50,000 (November 30, 2022 - \$50,000) deposit for services from Lancaster, which are included in due to related parties.

As at February 28, 2023, the Company owed \$100,000 (November 30, 2022 - \$100,000) to Tevera Energy Corp. which amalgamated into Lancaster in March 2023. This amount was subsequently settled on March 14, 2023 (Note 19).

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended February 28, 2023
(Expressed in Canadian Dollars)
(Unaudited)

9. Share Capital

Authorized: unlimited number of common shares without par value.

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

At February 28, 2023, the Company has 19,917,970 common shares issued and outstanding.

10. 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, 2021	5,576,840	\$ 1.40
Expired	(3,784,590)	0.98
Balance, November 30, 2022 and February 28, 2023	1,792,250	\$ 2.30

As at February 28, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price	Expiry date
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
1,792,250		

11. Stock Options

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

	Number of options	Weighted average exercise price
Outstanding, November 30, 2021	1,966,983	\$2.79
Granted	430,000	
Expired	(638,573)	
Cancelled	(661,600)	
Forfeited	(257,809)	
Outstanding, November 30, 2022	839,001	\$1.39
Expired	(114,200)	
Outstanding, February 28, 2023	724,801	\$1.30
Exercisable, February 28, 2023	719,801	\$1.29

BETTER PLANT SCIENCES INC.

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(Unaudited)

11. Stock Options (continued)

Additional information regarding stock options outstanding and exercisable as at February 28, 2023, is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
\$ 0.20 – 0.99	320,000	320,000	3.95
\$ 1.00 – 1.99	338,500	333,500	2.67
\$ 2.00 – 2.99	15,800	15,800	1.85
\$ 4.00 – 4.99	4,000	4,000	0.06
\$ 5.00 – 5.99	6,501	6,501	0.99
\$ 7.00 – 7.99	40,000	40,000	0.98
	724,801	719,801	3.09

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three months ended February 28, 2023, the Company recognized share-based compensation expense of \$829 (2022 - \$67,472) in equity reserves, of which \$449 (2022 - \$65,767) pertains to directors and officers of the Company. There were no stock options granted or exercised during the three months ended February 28, 2023. Weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no expected dividends or forfeitures, are as follows:

	2023	2022
Risk-free interest rate	1.68%	1.68%
Dividend yield	0%	0%
Expected volatility	133%	133%
Expected life (years)	4.94	4.94

As at February 28, 2023, there was \$417 (November 30, 2022 - \$1,080) of unrecognized share-based compensation related to unvested stock options.

12. Loss of Control and Disposal of Subsidiary

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. W&W Manufacturing's assets and liabilities were primarily due to/due from intercompany; therefore the dissolution did not have a material impact on the consolidated statement of operations and comprehensive loss for the three months ended February 28, 2022.

On April 12, 2022, the Company sold certain assets of its formerly wholly owned subsidiary, Jusu Wellness. The Company derecognized the assets and liabilities of Jusu Wellness included in the sale, which had a net negative balance of \$101,599. Additionally, the Company derecognized the contingent consideration of \$31,420 associated with the original purchase of Jusu. This contingent consideration was payable in the form of 2,500,000 units of the Company if within three years, the quarterly or annual financial statements for any period indicate that the Company as generated \$5 million in gross revenues through the sale of Jusu products. As the Company no longer sells Jusu products, it will not be meeting the criteria of the contingent consideration.

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12. Loss of Control and Disposal of Subsidiary (continued)

The loss on disposal of the subsidiary was calculated as follows:

	April 12, 2022	
Consideration received	\$	1
Carrying value of assets disposed of		244,081
Liabilities assumed by purchaser		(142,483)
Net	\$	101,599

13. 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 three months ended February 28, 2023. The Company is not subject to externally imposed capital requirements.

14. Investment Income (Loss)

	Three months ended February 28,	
	2023	2022
Realized gain on marketable securities	\$ -	\$ 43,924
Unrealized gain (loss) on marketable securities	(32,316)	(152,350)
Gain on sale of equity accounted investee	-	130,000
Dilution gain on equity accounted investee	-	17,173
Share of net income (loss) of equity accounted investees	16,020	(251,565)
	\$ (16,296)	\$ (212,818)

15. Other Income (Expenses)

	Three months ended February 28,	
	2023	2022
Gain on disposal of assets	\$ -	\$ 1,200
Loss on foreign exchange	(2,031)	(253)
Interest and accretion	(62,182)	(65,583)
Gain on debt settlement	131,256	-
	\$ 67,043	\$ (64,636)

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16. 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, 2023, as follows:

	Fair Value Measurements Using			Balance February 28, 2023
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Marketable securities	\$ 43,089	\$ -	\$ -	\$ 43,089

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

Credit Risk

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

Foreign Exchange Rate and Interest Rate Risk

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

	February 28, 2023	November 30, 2022
Cash	US\$ 718	US\$ 4,251
Accounts payable and accrued liabilities	(8,516)	(30,809)
Net exposure	US\$ (7,798)	US\$ (26,558)
Canadian dollar equivalent	\$ (10,641)	\$ (35,785)

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.

BETTER PLANT SCIENCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

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16. Financial Instruments and Risk Management (continued)

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.

17. Discontinued Operations

On April 20, 2022, the Company sold its wholly owned subsidiary, Jusu. The sale includes existing liabilities and ongoing obligations, plus all inventory, packaging, raw ingredients, and intellectual property related to Jusu Wellness' products, the e-Commerce site, and consumer lists. The consideration received for the said was \$1 plus assumption of current and future liabilities.

During the year ended November 30, 2022, the Company wound down the operations of Jusu Bars and Urban Juve. On April 12, 2022, Jusu Bars and Urban Juve were amalgamated and renamed Metaverse Holdings, resulting in all assets and liabilities being transferred into Metaverse Holdings.

On February 14, 2022, the Company dissolved its wholly owned subsidiary, W&W Manufacturing.

No transaction from discontinued operations was recorded for the three months ended February 28, 2023. The statement of operations from the discontinued operation for the three months ended February 28, 2022 is as follows:

	Three Months ended February 28, 2022
Revenue	\$ 80,506
Cost of revenues	31,832
Gross profit	48,674
Advertising, marketing and media	15,865
Amortization and depreciation	23,745
Office and administrative	14,983
Product development, research and registration	(5,893)
Professional fees	4,644
Selling costs	26,156
Wages	127,726
Net loss before other items	(158,552)
Inventory write-offs and donations	(81,778)
Interest and accretion	(9,639)
Foreign exchange gain/loss	(23,061)
Net loss for the period	\$ (273,030)

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18. Commitments and Contingencies

Commitments

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

	Payments Due by Period			
	1 Year	2-3 Years	4-5 Years	Total
Lease payment obligations	\$ 12,730	\$ –	\$ –	\$ 12,730
Loans	80,000	–	–	80,000
Convertible debentures	913,970	–	–	913,970
	<u>\$ 1,006,700</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,006,700</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, 2023 the remaining \$40,000 will be forgiven. If any portion of the loan is unpaid by December 31, 2023, 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. 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.

19. Subsequent Event

On March 14, 2023, the Company repaid a loan from Tevera in the amount of \$100,000 through a three-party settlement with Tevera and Lancaster by returning 500,000 common shares of Lancaster (note 6) with a fair value of \$0.20 per share. The fair value per share was determined based on a recent share issuance by Lancaster through a private placement. Lancaster and Tevera completed an amalgamation on March 9, 2023.