



**Global Wellness Strategies Inc. (formerly Redfund Capital Corp.)**  
**Condensed Consolidated Interim Financial Statements**  
**For the nine months ended**  
**June 30, 2022**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Global Wellness Strategies Inc. (formerly Redfund Capital Corp.) ("the Company") for the nine month ended June 30, 2022 and June 30, 2021, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

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**Global Wellness Strategies Inc. (formerly Redfund Capital Corp.)****Condensed Interim Consolidated Statements of Financial Position****(Unaudited – Prepared by management)**

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	Note	June 30, 2022 \$	September 30, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		16,066	25,628
<b>Total assets</b>		<b>16,066</b>	<b>25,628</b>
<b>Liabilities and shareholders' deficit</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	591,417	466,310
		<b>591,417</b>	<b>466,310</b>
<b>Non-current liabilities</b>			
Loan payable	9	24,992	76,537
<b>Total liabilities</b>		<b>616,409</b>	<b>542,847</b>
<b>Shareholders' deficit</b>			
Share capital	5	33,277,218	31,261,218
Reserves		6,559,158	6,559,158
Subscriptions received in advance	5	-	45,050
Share subscriptions receivable	5	(152,209)	-
Commitment to issue shares	3	1,467,068	2,092,068
Deficit		(41,751,578)	(40,474,713)
<b>Total shareholders' deficit</b>		<b>(600,343)</b>	<b>(517,219)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>16,066</b>	<b>25,628</b>
Nature of operations and going concern	1		
Contingency	11		
Events after the reporting period	3,12		

Approved on behalf of the Board of Directors on September 2, 2022:

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*"Meris Kott"*

Director

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*"Lindsey Perry Jr."*

Director

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

**Global Wellness Strategies Inc. (formerly Redfund Capital Corp.)**

**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit**

(Expressed in Canadian Dollars)

	Number of shares #	Share capital \$	Reserves \$	Subscriptions received in advance \$	Share Subscriptions receivable \$	Commitment to issue shares \$	Deficit \$	Total shareholders' deficit \$
October 1, 2020	14,750,560	30,134,573	6,529,801	-	-	-	(36,925,029)	(260,655)
Re-allocated on expiry of options	-	-	(34,243)	-	-	-	34,243	-
Shares issued for services	2,044,124	400,000	-	-	-	-	-	400,000
Acquisition of Kaleidomyco LLC	1,750,000	437,500	-	-	-	-	-	437,500
Share-based payments	-	-	48,300	-	-	-	-	48,300
Subscription received in advance	-	-	-	45,050	-	-	-	45,050
Loss and comprehensive loss for the period	-	-	-	-	-	-	(1,117,797)	(1,117,797)
<b>June 30, 2021</b>	<b>18,544,684</b>	<b>30,972,073</b>	<b>6,543,858</b>	<b>45,050</b>	<b>-</b>	<b>-</b>	<b>(38,008,583)</b>	<b>(447,602)</b>
October 1, 2021	22,266,906	31,261,218	6,559,158	45,050	-	2,092,068	(40,474,713)	(517,219)
Private placement shares issued	2,561,112	461,000	-	(145,050)	(152,209)	-	-	163,741
Shares issued for services	1,651,667	392,500	-	-	-	-	-	392,500
Shares issued for debt	2,266,667	537,500	-	-	-	-	-	537,500
Subscriptions received in advance	-	-	-	100,000	-	-	-	100,000
Acquisition of Shanti	2,500,000	625,000	-	-	-	(625,000)	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	(1,276,865)	(1,276,865)
<b>June 30, 2022</b>	<b>31,246,352</b>	<b>33,277,218</b>	<b>6,559,158</b>	<b>-</b>	<b>(152,209)</b>	<b>1,467,068</b>	<b>(41,751,578)</b>	<b>(600,343)</b>

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

## Global Wellness Strategies Inc.

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by management)

	Note	Three months ended		Nine months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		\$	\$	\$	\$
<b>Expenses</b>					
Bank charges		397	384	1,537	1,140
Interest expense	9	-	-	1,012	-
Consulting	5,7	422,110	37,291	608,725	297,291
Investor relations and marketing		250,000	225,336	302,500	225,336
Office and rent		2,055	6,748	13,572	9,346
Professional fees	7	22,050	11,025	79,100	144,991
Regulatory and filing		40,078	4,977	93,821	51,866
Share-based payments	3,5,7	-	437,500	-	485,800
Travel	7	11,425	8,000	24,710	8,000
<b>Loss from operating expenses</b>		<b>(748,115)</b>	<b>(731,261)</b>	<b>(1,124,977)</b>	<b>(1,223,770)</b>
Gain (loss) on contract settlement		-	121,000	-	106,328
Gain (Loss) on debt settlement	5	-	-	(172,476)	
Gain (loss) on settlement of accounts payable		-		21,393	
Foreign exchange gain (loss)		-	(342)	(805)	(355)
<b>Loss and comprehensive loss for the period</b>		<b>(748,115)</b>	<b>(610,603)</b>	<b>(1,276,865)</b>	<b>(1,117,797)</b>
<b>Loss per share</b>					
<b>Weighted average number of common shares outstanding</b>					
- Basic #	6	<b>26,987,037</b>	16,710,711	<b>24,446,821</b>	15,803,926
- Diluted #	6	<b>26,987,037</b>	16,710,711	<b>24,446,821</b>	15,803,926
<b>Basic loss per share \$</b>	6	<b>(0.03)</b>	(0.04)	<b>(0.05)</b>	(0.07)
<b>Diluted loss per share \$</b>	6	<b>(0.03)</b>	(0.04)	<b>(0.05)</b>	(0.07)

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

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**Global Wellness Strategies Inc.****Condensed Interim Consolidated Statements of Cash Flows****(Unaudited – prepared by management)**

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	Note	June 30, 2022 \$	June 30, 2021 \$
<b>Operating activities</b>			
Loss for the period		(1,276,865)	(1,117,797)
Adjustments for:			
Share-based payments		-	485,800
Shares issued for services		855,000	400,000
Accrued interest		(1,537)	748
Net change in non-cash working capital items	8	125,107	139,135
		<b>(298,295)</b>	<b>(92,114)</b>
<b>Financing activities</b>			
Proceeds from loan payable		24,992	75,025
Subscriptions received in advance		99,950	45,050
Share subscription receivable		163,791	-
		<b>288,733</b>	<b>120,075</b>
<b>Net change in cash</b>		<b>(9,562)</b>	27,961
<b>Cash, beginning of period</b>		<b>25,628</b>	3,999
<b>Cash, end of period</b>		<b>16,066</b>	31,960

Supplemental cash flow information

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

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# Global Wellness Strategies Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Prepared by management)

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For the nine months ended June 30, 2022 and June 30, 2021

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### 1. Nature of operations and going concern

Global Wellness Strategies Inc. (formerly Redfund Capital Corp.) (the “Company”) was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company is in the business of a merchant bank focusing on medical cannabis non-THC, CBD, hemp and psychedelic MDMA-based drug development research in Canada and the United States and Australia. The Company’s shares are publicly traded on the Frankfurt Exchange, OTCQB and Canadian Stock Exchange (the “CSE”) under the symbol “GWS”. The head office, principal address and records office of the Company is located at 100 - 1111 Melville St Vancouver, British Columbia V6E 3V6.

On January 22, 2021, the Company consolidated its issued and outstanding shares on a ratio of four (4) old common shares for every one (1) new post-consolidated common share (the “Share Consolidation”). All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this Share Consolidation. Additionally, the Company changed its name to Global Wellness Strategies Inc.

These condensed interim consolidated financial statements (the “financial statements”) have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2022, the Company is not able to finance day-to-day activities through operations and continues to incur losses. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds therefrom. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs with equity financings and loans from directors and companies controlled by directors. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its condensed consolidated interim statement of financial position.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

### 2. Significant accounting policies

#### (a) Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited consolidated financial statements for the year ended September 30, 2021, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts in these financial statements are presented in Canadian dollars, which is the functional currency of the Company. See note 2(b) for functional currency details of the Company’s subsidiaries.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**2. Significant accounting policies (continued)****(b) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiaries. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

<b>Entity</b>	<b>Incorporation</b>	<b>Status</b>	<b>Functional Currency</b>	<b>Ownership Percentage</b>
Ultra Invest Canada Inc. ("Ultra Invest")	Canada	Inactive	Canadian	100%
Ona Power Oil & Gas Corp ("Ona")	United States	Inactive	US Dollar	100%
Shanti Therapeutics PTY Ltd. ("Shanti")	Australia	Active	Australian	100%
KaleidoMyco, LLC ("KM")	United States	Active	US Dollar	51%

**(c) Future changes in accounting policies**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine months ended June 30, 2022 and have not been applied in preparing the financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.



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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**3. Acquisitions and investments****Sunshine State Tea Company, LLC (“SSTC”)**

On February 6, 2020, the Company entered into a Limited Liability Company Membership Interest Purchase Agreement (the “Agreement”) with SSTC, a private Florida, United States company controlled by the Company’s CEO, Meris Kott, to purchase 18% membership interest in SSTC. The assets in SSTC include formulas related to SSTC tea product line.

On April 1, 2020, the Company issued 1,125,000 common shares to Meris Kott, to acquire an 18% membership interest of SSTC. As additional consideration of the transaction, the Company shall loan the sum of \$500,000 to SSTC for project and business development over the next 3 years, which the loan shall be repaid within 5 years from the date of the last funding and shall bear interest at 6% per annum. This acquisition has been accounted for as a asset acquisition as SSTC does not meet the definition of a business under *IFRS 3, Business Combinations*.

In accordance with *IFRS 2 – Share based payments*, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

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Consideration paid:	
1,125,000 common shares at \$0.24 per share	\$ 270,000

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The fair value share consideration pertaining to the asset acquisition was \$270,000. The consideration paid was recognized as share-based payments in the amount of \$270,000 during the year ended September 30, 2020.

**KaleidoMyco, LLC (“KM”)**

On April 5, 2021, and as amended on September 24, 2021, the Company entered into a Limited Liability Company Membership Interest Purchase Agreement and an Agreement Amendment (collectively the “Purchase Agreement”) with KM, a private Florida, United States company, whereby the Company would purchase all the membership interest in KM in one tranche representing a 51% membership interest and the second (2) tranche representing a 49% membership interest. There were no specified assets acquired.

In consideration for the purchase of the membership interests of KM, the Company shall pay KM the following:

- A. \$850,000 (“Purchase Price”) in common shares.
- B. Bonus of \$2,500,000 in common shares of the Company if the assets realize \$2,000,000 in revenues in year two following closing.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**3. Acquisitions and investments (continued)****KaleidoMyco, LLC (“KM”) (continued)**

The Purchase Price shall be tendered as follows:

- (i) \$437,500 in common shares upon closing, payable in two instalments representing a 51% of membership interest as follows:
  - a. \$87,500 in common shares (350,000 shares issued) with a fair value of \$58,040 upon signing of definitive agreement;
  - b. \$350,000 in common shares (1,400,000 shares issued) with a fair value of \$232,159.
- (ii) \$412,500 in common shares for the remaining 49% of the membership interest and has been recorded as a commitment to issue shares.

Earn-Out Consideration

As part of the consideration paid, the Company is required to issue additional common shares to KM upon the satisfaction of provisions applicable to one earn-out consideration (the “Earn-Out”), as follows:

- Earn-Out: The Company is required to issue \$2,500,000 in common shares with a grant date fair value of \$85,955 recorded as commitment to issue shares, upon KM realizing \$2,000,000 in revenues in year two following closing or if KM is granted a formula products patent.

The Earn-Out is payable if, and only if, the applicable target has been met. The Earn-Out was recognized on the acquisition date as contingent consideration. The measurement of contingent consideration is impacted by estimated probabilities and the likelihood that the target will be met, which is payable in common shares, if such target is met. This estimated probability is subjective and is significantly impacted by various factors as of the acquisition date. As of the acquisition date, September 30, 2021, the Company estimated 5% probability of the Earn-Out being met and estimated fair value is determined to be \$85,955. The Earn-Out is accounted for under IFRS 2 – Share based payments with no remeasurement in the subsequent period.

This acquisition has been accounted for as an asset acquisition as KM does not meet the definition of a business under *IFRS 3, Business Combinations*.

In accordance with *IFRS 2*, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

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Consideration incurred:	
1,750,000 common shares at \$0.17 per share	\$ 290,199
Commitment to issue shares	284,561
Earn-out	85,955
<u>Total consideration</u>	<u>660,715</u>

During the year ended September 30, 2021, the Company recorded the consideration paid as share-based payments in the total amount of \$660,715.

The shares to the shareholders of KM are subject to certain hold periods. The total consideration value was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restrictions.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**3. Acquisitions and investments (continued)****Shanti Therapeutics PTY Ltd. (“Shanti”)**

On September 27, 2021, the Company signed a Share Purchase Agreement to acquire 100% interest in Shanti Therapeutics Pty Ltd. (“Shanti”), and is focused on psychedelic MDMA-based drug development research. The Company and Shanti have amended the share consideration issuances to correspond to the Completion Date for share consideration issuances is noted as October 31, 2021 when vendor share transfer forms, voter power of attorneys, share certificates, board resolutions, and business records were tendered by Shanti Therapeutics Pty Ltd. to the Company. There were no specified assets acquired.

In consideration for the acquisition, the Company shall pay the following:

- A. \$2,500,000 (“Shanti Purchase Price”) in common shares with a grant date fair value of \$1,890,195; and
- B. Contingent consideration of \$2,500,000 in common shares with a grant date fair value of \$414,690 recorded as commitment to issue shares, based on certain performance measures.

The Shanti Purchase Price shall be tendered as follows:

- (i) \$2,500,000 in common shares upon closing, payable in 4 instalments representing a 100% of interest as follows:
  - a. \$625,000 in common shares (3,472,222 shares issued) upon signing of definitive agreement;
  - b. \$625,000 in common shares on or before February 28, 2022 (2,500,000 shares issued);
  - c. \$625,000 in common shares on or before March 30, 2022; and
  - d. \$625,000 in common shares on or before April 30, 2022.

The terms of the purchase price instalments have been extended with the February 28, 2022 shares instalment to be June 5, 2022 and each subsequent issuance afterwards on a month basis; July 5, 2022 and August 5, 2022.

**Contingent consideration:**

As part of the consideration paid, the Company will issue common shares to Shanti upon the satisfaction of provisions applicable to four earn-out considerations (collectively the “Shanti Earn-Outs”). As follows:

- a. First Shanti Earn-Out – \$625,000 in common shares upon the establishment of a medical advisory board and scientific board;
- b. Second Shanti Earn-Out – \$625,000 in common shares upon the proof of concept trial registered with the trial authority;
- c. Third Shanti Earn-Out – \$625,000 in common shares upon the clinical trial notification granted; and
- d. Fourth Shanti Earn-Out – \$625,000 in common shares upon the ethics approval.

The Shanti Earn-Outs are payable if, and only if, applicable targets have been met. The measurement of the Shanti Earn-Outs is impacted by estimated probabilities and the likelihood that these items will be met, which is payable in common shares, if such targets are met. These estimated probabilities are subjective and are significantly impacted by various factors as of the acquisition date.

As of the acquisition date and September 30, 2021, the Company estimated the fair value of the First Shanti Earn-Out \$262,292 with a 60% probability of the target being met, the fair value of the Second Shanti Earn-Out \$87,247 with a 20% probability of the target being met, the fair value of the Third Shanti Earn-Out \$43,493 with a 10% probability of the target being met, and the fair value of the Fourth Shanti Earn-Out \$21,658 with a 5% probability of the target being met.

As at September 30, 2021, the estimated fair value of the Shanti Earn-Outs is determined to be \$414,690. The Shanti Earn-Out is accounted for under IFRS 2 – Share based payments with no remeasurement in the subsequent period.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**3. Acquisitions and investments (continued)**

This acquisition has been accounted for as an asset acquisition as Shanti does not meet the definition of a business under *IFRS 3, Business Combinations*.

**Shanti Therapeutics PTY Ltd. (“Shanti”)**

In accordance with *IFRS 2*, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

Consideration incurred:	
3,472,222 common shares at \$0.17 per share	\$ 583,333
Commitment to issue shares	1,306,862
Earn out consideration	414,690
<b>Total consideration</b>	<b>\$ 2,304,885</b>

The common shares are subject to certain hold periods. The total consideration value was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restrictions.

**4. Convertible loans receivable**

	Convertible loans receivable	
	Face value	Fair value
Balance, September 30, 2019	\$ 741,809	726,886
Biominales Pharma Corp.		
Loan balance	499,135	495,288
Fair value adjustments	-	9,712
Interest income received	(47,187)	-
Interest income accrued	70,894	-
Impairment of convertible receivable	(522,842)	(505,000)
	-	-
RxMM Health Capital Inc.		
Loan balance	242,674	231,598
Fair value adjustments	-	59,997
Interest income accrued	30,988	-
Impairment of convertible receivable	(273,662)	(291,595)
	-	-
<b>Balance, June 30, 2022 and September 30, 2021</b>	<b>\$ -</b>	<b>-</b>

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**4. Convertible loans receivable (continued)****Biolog, Inc.**

On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Biolog"), a private company incorporated in the State of Utah. The Company has agreed to advance up to USD\$800,000 in tranches. Advances are secured by the assets of Biolog and bear interest at 14%, payable monthly, and the promissory note is due on September 1, 2020. On the Effective Date, the Company advanced \$194,000. The note may be converted into common shares of Biolog at a price equal to a 10% discount to the valuation of Biolog immediately from any financing immediately prior to the date of conversion.

In addition, Biolog issued warrants equivalent to 20% of the amount of the note based upon its valuation as of the Effective Date which is stipulated to be USD\$10,000,000. The option to settle the convertible note and warrants in common shares of Biolog represents an embedded derivative in the form of a call option to the Company. Biolog is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at \$nil value. As at June 30, 2022 and September 30, 2021, the fair value of the derivative asset remained the same.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Biolog and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable remains impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers' assets. As at June 30, 2022, the loan was in default.

**Biominales Pharma Corp.**

On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominales Pharma Corp. ("Biopharma"), a private company incorporated under the laws of the Province of Quebec. The Company has agreed to advance up to USD\$196,184. Advances are secured by the assets of Biopharma and bears interest at 14% annually, payable monthly; and the promissory note is due on October 1, 2020. On the Effective Date, the Company advanced \$255,000 under the note. The note may be converted into common shares of Biopharma at a price equal to a 10% discount to the price assigned to the common shares of Biopharma from any financing immediately prior to the date of conversion. The Company is not able to exert significant influence over the operations of Biopharma.

In addition, Biopharma issued 18,684 warrants, exercisable at a price of \$2.10 per warrant, to acquire one Class A common share in the capital of Biopharma for a period of 24 months. The option to settle the convertible note and the stock warrants in Class A common shares of Biopharma represents an embedded derivative in the form of a call option. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. As at September 30, 2018, the Company had not received repayment of such note and management has assessed the high likelihood of collectability. Thus, the entire balance of convertible note receivable had been impaired.

On October 1, 2018, a further \$250,000 was loaned to Biopharma under the same terms as the previously loaned \$255,000. This loan continues to be secured by the borrowers' assets. During the year ended September 30, 2020, Biopharma has made monthly interest payments in accordance with the promissory note totaling \$47,176.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has not been satisfied through the review of financial information of Biominales and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable was impaired \$505,000 as at September 30, 2020.

On October 1, 2021, the Company extended the loan payable maturity date to October 31, 2022. Biopharma has not made monthly interest payments in accordance with the promissory note as at June 30, 2022.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**4. Convertible loans receivable (continued)****RxMM Health Capital Inc.**

On October 1, 2018, the Company entered into a US\$500,000 promissory note with RxMM Health (“RxMM”). The loan is secured by a general security agreement on assets of RxMM. The loan bears an interest at 14% compounded monthly and is repayable within 24 months. Furthermore, RxMM granted additional consideration to the Company providing an option to purchase common shares of RxMM equal to 20% of the amount of the loan based on a valuation agreed upon between RxMM and the Company. On October 9, 2018, the Company made a first tranche loan of \$220,740 to RxMM. This loan continues to be secured by the borrowers’ assets.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of RxMM and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers’ assets. As at June 30, 2022 and September 30, 2021, the loan was in default.

**Mary’s Wellness Ltd.**

On October 15, 2018, the Company entered into a \$1,000,000 promissory note with Mary’s Wellness Ltd. (“MWL”). The loan was secured by a general security agreement on assets of MWL. The loan bore an interest rate of 12.5% per annum compounded monthly and was repayable by November 1, 2020. Furthermore, MWL granted additional consideration to the Company providing an option to purchase common shares of MWL equal to 20% of the amount of the loan based on a valuation agreed upon between MWL and the Company. On October 19, 2018, the Company made a first tranche loan of \$100,000 to MWL. This loan was secured by the borrowers’ assets. The entire loan was converted on March 20, 2019 to a 5% equity interest in MWL.

**Winterlife Inc.**

On November 1, 2018, the Company entered into a USD\$1,000,000 promissory note with Winterlife Inc. (“Winterlife”). The loan is secured by a general security agreement on assets of Winterlife made effective on November 1, 2018. The loan bears an interest rate of 14% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, Winterlife granted additional consideration to the Company providing an option to purchase common shares of Winterlife equal to 20% of the amount of the loan based on a valuation agreed upon between Winterlife and the Company. On November 6, 2018, the Company made a first tranche loan of \$100,080 to Winterlife.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Winterlife and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers’ assets. As at June 30, 2022 and September 30, 2021, the loan was in default.

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## Global Wellness Strategies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### (Unaudited – Prepared by management)

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For the nine months ended June 30, 2022 and June 30, 2021

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#### 5. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited preferred shares without par value. No preferred shares have been issued.

##### Transactions for the issue of share capital during the nine months ended June 30, 2022:

On October 14, 2021, the Company issued 1,360,000 common shares with a fair value of \$340,000 as settlement of debt pursuant to services rendered. In connection with the shares issued for debt, the Company recognized a loss on debt settlement in an amount of \$175,000

On February 22, 2022, The Company announced the first tranche closing of its non-brokered private placement for gross proceeds of \$588,500. The securities sold pursuant to the Offering consisted of 2,977,779 units of the Issuer ("Units") at a price of CAD\$0.18 per unit. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase, for a period of 3 years from the date of issue, one additional common share of the Issuer at an exercise price of CAD \$0.30 per common share. In addition, the Company also issued 291,667 common shares for the settlement of current debts incurred to a consultant of the Company representing a total of \$52,500. The Company has \$152,209 recorded to subscriptions receivables. The Company will continue with the placement for an aggregate total of up to \$3 million.

On June 22, 2022, the Company issued 2,500,000 shares for consideration of the acquisition of Shanti with a fair value of \$625,000 (Note 3).

On June 22, 2022, the Company issued 1,850,000 common shares with a fair value of \$462,500 as settlement of debt pursuant to services rendered.

##### Transactions for the issue of share capital during the nine months ended June 30, 2021:

The Company issued a total of 2,044,124 common shares to consultants and an officer on the following dates for consulting and professional services rendered:

- November 10, 2020: 500,000 shares for \$60,000 (\$0.12 per share);
- November 11, 2020: 500,000 shares for \$60,000 (\$0.12 per share);
- January 14, 2021: 104,124 shares for \$25,000 (\$0.24 per share);
- February 24, 2021: 740,000 shares for \$201,000 (\$0.27 per share); and
- April 14, 2021: 200,000 shares for \$54,000 (\$0.27 per share).

The fair value of shares issued were recognized and included in consulting expenses. In connection with the shares issued for services, the Company recognized a gain on contract settlement in an amount of \$106,328.

On February 2, 2021, the Company announced a raise up to \$1,000,000 through a non-brokered private placement. The offering will consist of up to 4,000,000 common shares of the Company at an issue price of \$0.25. As at June 30, 2021 the Company has received \$45,050 in advance subscriptions, the Company has not closed this financing.

On April 15, 2021, the company issued 350,000 shares at a deemed price of \$0.25 per common share for consideration of membership interest in KM at a deemed value of \$87,500 (Note 3). Each common share is subject to a four month hold restriction.

On April 15, 2021, the company issued 1,400,000 shares at a deemed price of \$0.25 per common share for consideration of membership interest in KM at a deemed value of \$350,000 (Note 3). Each common share is subject to a four month hold restriction.

## Global Wellness Strategies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Prepared by management)

For the nine months ended June 30, 2022 and June 30, 2021

#### 5. Share capital (continued)

##### Stock options

The Company has adopted a stock option plan (the “Plan”) whereby the Company may from time to time grant to directors, Officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company’s common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company or 30 days following cessation of an optionee conducting investor relations activities’ position.

A summary of the status of the Company’s stock options and changes is as follows:

	Period ended June 30, 2022		Year ended September 30, 2020	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	716,250	0.35	487,500	0.47
Granted	-	-	250,000	0.255
Expired/cancelled	(66,250)	0.32	(21,250)	2.04
<b>Options outstanding, end of period/year</b>	<b>650,000</b>	<b>0.35</b>	<b>716,250</b>	<b>0.35</b>

As at June 30, 2022 the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
62,500	62,500	0.68	September 6, 2024
25,000	25,000	0.68	November 19, 2024
275,000	275,000	0.32	May 14, 2025
37,500	37,500	0.32	May 20, 2025
250,000	250,000	0.255	February 24, 2026
<b>650,000</b>	<b>650,000</b>		

The following table summarizes information about the stock options outstanding as at June 30, 2022:

Number of options outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$
<b>650,000</b>	<b>3.10</b>	<b>0.35</b>

On November 19, 2019, the Company granted 25,000 options to a Director of the Company. Each option is exercisable into one common share of the Company for \$0.68 per share and expires November 19, 2024. These options had a fair value on grant of \$5,500 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.68; ii) share price: \$0.34; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 1.45%.

On May 14, 2020, the Company granted 360,000 options to Officers, Directors, and consultants of the Company. Each option is exercisable into one common share of the Company for \$0.32 per share and expires May 14, 2025. These options had a fair value on grant of \$42,600 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.32; ii) share price: \$0.18; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 0.36%.

On May 20, 2020, the Company granted 37,500 options to Officers, Directors, and consultants of the Company. Each option is exercisable into one common share of the Company for \$0.32 per share and expires May 20, 2025. These options had a fair value on grant of \$5,100 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.32; ii) share price: \$0.20; iii) term: 5 years; iv) volatility: 100%; v) risk-free rate: 0.41%.



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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**5. Share capital (continued)****Stock options (continued)**

On February 24, 2021, the Company granted 250,000 options to Officers, Directors, and consultants of the Company. Each option is exercisable into one common share of the Company for \$0.255 per share and expires February 24, 2026. These options had a fair value on grant of \$63,600 using the Black-Scholes option pricing model with the following assumptions: i) exercise price: \$0.255; ii) share price: \$0.26; iii) term: 5 years; iv) volatility: 204%; v) risk-free rate: 0.73%.

**Warrants**

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at June 30, 2022 and September 30, 2021, and changes during the period/year then ended is as follows:

	<b>Period ended June 30, 2022</b>		<b>Year ended September 30, 2021</b>	
	<b>Warrants #</b>	<b>Weighted average exercise price \$</b>	<b>Warrants #</b>	<b>Weighted average exercise price \$</b>
Warrants outstanding, beginning of period/year	-	-	3,214,395	1.29
Private placement warrants issued	3,269,446	0.30	-	-
Private placement warrants expired	-	-	(3,214,395)	1.29
<b>Warrants outstanding, end of period/year</b>	<b>3,269,446</b>	<b>0.30</b>	-	-

**6. Loss per share**

The calculation of basic and diluted loss per share for the period June 30, 2022 was based on the loss attributable to common shareholders of \$1,276,865 (2021 - \$507,194) and a weighted average number of common shares outstanding of 24,446,821 (2021 – 15,228,131).

All options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

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## Global Wellness Strategies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited – Prepared by management)

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For the nine months ended June 30, 2022 and June 30, 2021

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#### 7. Related party payables and transactions

A number of key management personnel and directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence, during the nine months ended June 30, 2022 or June 30, 2021.

Meris Kott, the Company's President and CEO receives a monthly consulting fee and incentive stock options. All other key management personnel and directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days notice. Key management personnel and directors participate in the Company's stock option plan.

No Stock options were granted during the nine months ended June 30, 2022 and June 30, 2021.

The Company transacted with the following related parties:

- (a) 1060606 BC Ltd. ("106 BC Ltd.") is a consulting firm over which the CEO of the Company has significant influence and ownership. Charges are for consulting, travel, office rent and administration.
- (c) Stephen Brohman the Company's former CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provided the Company with professional services.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	<b>Transactions 9 months ended June 30, 2022 \$</b>	Transactions 9 months ended June 30, 2021 \$	<b>Balances outstanding June 30, 2022 \$</b>	Balances outstanding September 30, 2021 \$
106 BC Ltd.				
- consulting services	-	-	89,991	89,991
DBM CPA	57,050	46,000	120,625	76,525
Meris Kott	90,000	90,000	-	128,150
	<b>147,050</b>	136,000	<b>210,616</b>	294,666

All related party balances are unsecured and are due within thirty days without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

- (a) Consulting and travel expenses
  - Includes Meris Kott fee related to consulting, administrative and travel related expenses.
- (b) Professional fees
  - Includes the accounting services of the Company's former CFO, Stephen Brohman, charged to the Company by DBM CPA.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**8. Supplemental cash flow information**

Changes in non-cash operating working capital during the nine months ended June 30, 2022 and June 30, 2021 were comprised of the following:

	<b>June 30, 2022</b>	June 30, 2021
	<b>\$</b>	\$
Accounts payable and accrued liabilities	125,107	139,135
Net change	<b>125,107</b>	139,135

During the nine months ended June 30, 2022 and June 30, 2021 there were no non-cash financing or operating activities, additionally, no amounts paid on account of interest or income taxes.

**9. Loan Payable**

On March 25, 2021 ("Effective Date"), the Company signed an unsecured Balloon Promissory Note (the "Loan") with an arm's length party, whereby the Company received an amount of \$75,025. The Loan bears interest at 4% annually and is due on March 24, 2024 (the "Maturity Date"). Following the Maturity Date, both principal and accrued interest shall bear interest at the rate of 8% annually. The Loan may be repaid at any time in whole or in part without penalty. As at June 30, 2022, the interest on the Loan was \$1,537, and the total Loan paid was \$77,287.

On June 13, 2022 the Company signed an unsecured Balloon Promissory Note (the "Loan") with an arm's length party, whereby the Company received an amount of \$24,992. The Loan bears interest at 2% annually and is due on December 13, 2022 (the "Maturity Date"). Following the Maturity Date, both principal and accrued interest shall bear interest at the rate of 8% annually. The Loan may be repaid at any time in whole or in part without penalty.

**10. Financial risk management****Capital management**

The Company is a merchant bank and considers items included in shareholders' equity (deficit) as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at June 30, 2022 is comprised of shareholders' deficit of \$600,343 (September 30, 2021 - \$517,219). There were no changes to the Company's management of capital during the nine months ended June 30, 2022.

The Company currently has no source of revenues except for interest received from convertible loans. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**10. Financial risk management (continued)****Financial instruments - fair value**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and loan payable.

The carrying value of accounts payable and accrued liabilities and loan payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>June 30, 2022</b>				
Cash	16,066	-	-	16,066
	<b>16,066</b>	-	-	<b>16,066</b>
<b>September 30, 2021</b>				
Cash	25,628	-	-	25,628
	<b>25,628</b>	-	-	<b>25,628</b>

**Financial instruments - risk**

The Company's financial instruments are exposed to certain financial risks, including credit risk, foreign exchange risk, and liquidity risk.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

**b) Foreign exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

**c) Liquidity risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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**Global Wellness Strategies Inc.****Notes to the Condensed Interim Consolidated Financial Statements****(Unaudited – Prepared by management)**

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**For the nine months ended June 30, 2022 and June 30, 2021**

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**11. Contingency**

On March 23, 2022, a former terminated consultant who filed a claim for severance pay in 2019 was granted \$24,333 by small claims court of British Columbia. All amounts have been reflected in accounts payable. The court determined that the Company will pay over a sixteen month period.

**12. Events after the reporting period**

- a) On July 12, 2022 the Company has issued to certain directors, officers and consultants an aggregate of 190,000 common shares of the company as bonuses. The Company issued 48,000 common shares of the Company as a settlement of \$12,000 debt to a creditor.
- b) On July 29, 2022, the Company has issued 1,500,000 common shares of the Company as a settlement of debt for services of \$150,000.