

Condensed Interim Consolidated Financial Statements  
(Expressed in U.S. dollars)

**YOOMA WELLNESS INC.**  
**(FORMERLY YOOMA CORP.)**  
(as amended)

For the six months ended June 30, 2021, and June 30, 2020

The accompanying unaudited Condensed Interim Consolidated Financial statements for the interim period ended June 30, 2021 have not been reviewed by the Company's auditors. These financial statements are the responsibility of the management and have been reviewed and approved by the Company's Audit Committee.

**Note to Reader:** The Company has refiled these Condensed Interim Consolidated Financial Statements to amend the Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency) to include comparative information for the periods ended June 30, 2021 and June 30, 2020.

# YOOMA WELLNESS INC.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in U.S. dollars)

|   | June 30,<br>2021     | December 31,<br>2020 |
|---|----------------------|----------------------|
| <b>Assets</b>                               |                      |                      |
| <b>Current</b>                              |                      |                      |
| Cash  | \$ 3,784,844         | \$ 2,481,924         |
| Amounts receivable                          | 1,552,747            | 85,169               |
| Prepaid and other current assets (Note 7)   | 815,252              | 16,882               |
| Notes receivable (Note 6)                   | 1,513,148            | -                    |
| Inventory (Note 5)                          | 627,477              | 116,837              |
|   | <b>8,293,468</b>     | <b>2,700,812</b>     |
| <b>Non-current</b>                          |                      |                      |
| Lease assets                                | 33,029               | -                    |
| Fixed assets                                | 4,808,642            | -                    |
| Intangible assets                           | 997,202              | -                    |
| Goodwill (Note 4 (a), (b))                  | 25,806,449           | 1,365,779            |
|   | <b>\$ 39,938,790</b> | <b>\$ 4,066,591</b>  |
| <b>Liabilities and Shareholders' Equity</b> |                      |                      |
| <b>Current</b>                              |                      |                      |
| Accounts payable and accrued liabilities    | \$ 1,781,127         | \$ 816,382           |
| Due to related parties (Note 12)            | 392,797              | 56,251               |
| Note payable                                | 19,852               | -                    |
| Subscription deposits                       | 1,172,200            | -                    |
|   | <b>3,365,977</b>     | <b>872,633</b>       |
| <b>Non-current</b>                          |                      |                      |
| Lease liabilities                           | \$ 33,524            | \$ -                 |
| Loan payable and other liabilities          | 467,277              | -                    |
|   | <b>500,801</b>       | <b>-</b>             |
| <b>Shareholders' Equity</b>                 |                      |                      |
| Capital stock (Note 13 (a))                 | 43,654,868           | 5,517,350            |
| Contributed surplus                         | 309,602              | -                    |
| Deficit                                     | (7,892,458)          | (2,323,392)          |
|   | <b>36,072,012</b>    | <b>3,193,958</b>     |
|   | <b>\$ 39,938,790</b> | <b>\$ 4,066,591</b>  |

Subsequent events (Note 17)

Approved by the Board                     "Lorne Abony                    "                                         "Jordan Greenberg                    "                      
Director (Signed) Director (Signed)

See accompanying notes to the condensed interim consolidated financial statements.

# YOOMA WELLNESS INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in U.S. dollars, except per share and weighted average share figures)

|  | For the three month<br>period ended | For the three<br>month period<br>ended | For the six month period<br>ended | For the six<br>month period<br>ended |
|--|-------------------------------------|--|-----------------------------------|--------------------------------------|
|  | June 30,<br>2021                    | June 30,<br>2020                       | June 30,<br>2021                  | June 30,<br>2020                     |
| Revenue  | \$ 2,177,337                        | \$ -                                   | \$ 2,781,017                      | \$ -                                 |
| Cost of sales  | (1,934,628)                         | -                                      | (2,208,155)                       | -                                    |
| <b>Gross profit</b>  | <b>242,708</b>                      | <b>-</b>                               | <b>572,862</b>                    | <b>-</b>                             |
| <b>Expenses</b>  |                                     |  |                                   |                                      |
| Depreciation and amortization  | \$ 212,669                          | \$ -                                   | \$231,523                         | \$ -                                 |
| Consulting fees  | 227,566                             | 132,808                                | 390,689                           | 151,840                              |
| Professional fees  | 511,931                             | 83,745                                 | 901,727                           | 108,415                              |
| Listing expense  | -                                   | -                                      | 960,725                           | -                                    |
| Stock-Based compensation   | 52,304                              | -                                      | 99,602                            | -                                    |
| Office and administrative  | 2,307,477                           | 232,089                                | 3,485,700                         | 233,380                              |
|  | <b>3,311,947</b>                    | <b>448,642</b>                         | <b>6,069,967</b>                  | <b>493,635</b>                       |
| <b>Net loss before other income and expenses</b>                                 | <b>\$ (3,069,239)</b>               | <b>\$ (448,642)</b>                    | <b>\$ (5,497,105)</b>             | <b>\$ (493,635)</b>                  |
| Assets write-off (Note 5)  | (134,810)                           | -                                      | (134,810)                         | -                                    |
| Other income   | 10,374                              | 17,499                                 | 62,848                            | 17,499                               |
| <b>Net loss and comprehensive loss for the period</b>                            | <b>\$(3,193,674)</b>                | <b>\$ (431,143)</b>                    | <b>\$ (5,569,066)</b>             | <b>\$(476,136)</b>                   |
| <b>Loss per share – basic and diluted:</b>                                       | <b>\$ (0.04)</b>                    | <b>\$ (0.03)</b>                       | <b>\$ (0.12)</b>                  | <b>\$ (0.02)</b>                     |
| <b>Weighted average number of common shares outstanding – basic and diluted:</b> | <b>75,540,765</b>                   | <b>16,349,517</b>                      | <b>46,977,197</b>                 | <b>19,735,819</b>                    |

See accompanying notes to the condensed interim consolidated financial statements.

# YOOMA WELLNESS INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)  
(Expressed in U.S. dollars, except number of shares) (as amended)

|                                   | For six month period ended<br>June 30, 2021 |                    | For six month period<br>ended June 30, 2020 |                  |
|-----------------------------------|---|--------------------|---|------------------|
| <b>Share Capital</b>              |   |                    |   |                  |
| Balance at beginning of period    | \$  | 5,517,350          | \$  | 37,000           |
| Issuance of capital stock         |   | 38,137,518         |   | 5,480,350        |
| Balance at end of period          | <b>\$</b>                                   | <b>43,654,868</b>  | <b>\$</b>                                   | <b>5,517,350</b> |
| <b>Contributed Surplus</b>        |   |                    |   |                  |
| Balance at beginning of period    | \$  | -                  | \$  | -                |
| Stock-based compensation          |   | 309,602            |   | -                |
| Balance at end of period          | <b>\$</b>                                   | <b>309,602</b>     | <b>\$</b>                                   | <b>-</b>         |
| <b>Deficit</b>                    |   |                    |   |                  |
| Balance at beginning of period    | \$  | (2,323,392)        | \$  | (49,560)         |
| Net income (loss) for the period  |   | (5,569,066)        |   | (476,136)        |
| Balance at end of period          | <b>\$</b>                                   | <b>(7,892,458)</b> | <b>\$</b>                                   | <b>(525,696)</b> |
| <b>Total Shareholders' Equity</b> |   |                    |   |                  |
| Balance at beginning of period    | \$  | 3,193,958          | \$  | (12,560)         |
| Issuance of capital stock         |   | 38,137,518         |   | 5,480,350        |
| Stock-based compensation          |   | 309,602            |   | -                |
| Net loss for the period           |   | (5,569,066)        |   | (476,136)        |
| Balance at end of period          | <b>\$</b>                                   | <b>36,072,012</b>  | <b>\$</b>                                   | <b>4,991,654</b> |

See accompanying notes to the condensed interim consolidated financial statements.

# YOOMA WELLNESS INC.

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in U.S. dollars)

|  | For the six month period<br>June 30, 2021 | For the six month period<br>June 30, 2020 |
|--|---|---|
| <b>Cash provided by (used in)</b>                        |   |   |
| <b>Operating activities:</b>                             |   |   |
| <b>Net loss for the period</b>                           | <b>\$ (5,569,066)</b>                     | <b>\$ (476,136)</b>                       |
| Item not affecting cash:                                 |   |   |
| Depreciation and amortization                            | 231,523                                   | 4,248                                     |
| Assets write-off   | 134,810                                   | -   |
| Stock-based compensation                                 | 99,602                                    | -   |
| Accrued interest on note receivable                      | (13,148)                                  | -   |
| Listing expense  | 960,725                                   | -   |
| Net changes in non-cash working capital:                 |   |   |
| Amounts receivable                                       | (1,251,989)                               | (20,025)                                  |
| Prepaid and other current assets                         | (533,649)                                 | (15,015)                                  |
| Inventory  | 197,176                                   | -   |
| Due to related parties                                   | 336,546                                   | -   |
| Accounts payable and accrued liabilities                 | 964,745                                   | 48,792                                    |
|  | <b>(4,442,725)</b>                        | <b>(458,136)</b>                          |
| <b>Investing activities:</b>                             |   |   |
| Acquisition of EDA                                       | -   | 319,929                                   |
| Acquisition of Socati                                    | 2,339,085                                 | -   |
| Acquisition of Yooma Europe                              | 14,486                                    | -   |
| Note receivables   | (1,500,000)                               | -   |
| Cash received on going public transaction with Globalive | 3,839,275                                 | -   |
|  | <b>4,692,846</b>                          | <b>319,929</b>                            |
| <b>Financing activities:</b>                             |   |   |
| Proceeds from note payable                               | -   | (1,250,000)                               |
| Repayment of note payable                                | (119,400)                                 | -   |
| Proceeds from related parties                            | -   | 4,351                                     |
| Proceeds from issuance of common shares                  | -   | 3,600,350                                 |
| Proceeds from subscription deposits                      | 1,172,200                                 | -   |
|  | <b>1,052,800</b>                          | <b>2,354,701</b>                          |
| Net change in cash during the period                     | <b>1,302,920</b>                          | <b>2,216,494</b>                          |
| <b>Cash, beginning of period</b>                         | <b>2,481,924</b>                          | <b>1,489,970</b>                          |
| <b>Cash, end of period</b>                               | <b>\$ 3,784,844</b>                       | <b>\$ 3,706,464</b>                       |

See accompanying notes to the condensed interim consolidated financial statements.

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the six month period ended June 30, 2021 and 2020

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## 1. Nature of operations:

Yooma Wellness Inc. (formerly Yooma Corp.) (the “Yooma” or the “Company”) was incorporated under the laws of the Province of Ontario on July 10, 2019 as a private holding company to make acquisitions in the cannabidiol (“CBD”) and wellness space.

On April 22, 2020, the Company completed the acquisition of all issued and outstanding shares of Entertainment Direct Asia Ltd. (“EDA”), a company incorporated and domiciled in the British Virgin Islands. EDA’s wholly owned subsidiaries include Entertainment Direct Asia (Hong Kong) Limited (Hong Kong), Gaoweidi Business Consulting (Shanghai) Limited (China), and K.K. Fenollosa (Japan).

Subsequent to the completion of the transaction with Globalive Technology Inc. (“Globalive”) on February 10, 2021, Yooma Corp. changed its name to Yooma Wellness Inc. (Note 3). Globalive acquired all of the issued and outstanding securities of Yooma in exchange for common shares of Globalive. The transaction was completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario) with the common shares of Yooma continuing following the amalgamation of Globalive and Yooma listed on the Canadian Securities Exchange as of February 11, 2021. The transaction with Globalive was accounted for as a reverse takeover that is not a business combination. Therefore, accounting for the transaction includes the carry forward of the assets, liabilities and operations of Yooma and Globalive’s share capital, deficit, and contributed surplus have been eliminated.

On March 11, 2021, the Company completed a transaction to acquire the wellness brands of EMMAC Life Sciences Group, including Blossom, MYO, Hello Joya and What the Hemp (Note 4 (a))

On March 22, 2021, the Company completed a merger (the “Merger”) between Socati and Yooma Acquisition Inc., a wholly-owned subsidiary of Yooma, under a merger agreement between the three parties dated March 19, 2021 (the “Merger Agreement”) (Note 4 (b)).

The registered head office of the Company is 135 Yorkville Ave, Suite 900, Toronto, Ontario, Canada, M5R 0C7.

The directors approved these condensed interim consolidated financial statements on August 27, 2021.

## 2. Basis of presentation:

### Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company’s audited financial statements for the year ended December 31, 2020. These unaudited condensed interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Accordingly certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted.

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in U.S. dollars)  
For the six month period ended June 30, 2021 and 2020

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## 2. Basis of presentation (continued):

### Basis of consolidation and preparation

These condensed interim consolidated financial statements of the Company include the transactions and balances of its subsidiaries. The Company consolidates its subsidiaries on the basis that it controls the subsidiaries. In determining whether the Company controls each subsidiary, management is required to assess the definition of control in accordance with IFRS 10 - Consolidated Financial Statements. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity as to obtain benefits from its activities. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

The following is a list of the Company's operating subsidiaries:

| Subsidiaries                   | Jurisdiction of incorporation     | Ownership interest |
|--------------------------------|-----------------------------------|--------------------|
| Entertainment Direct Asia Ltd. | British Virgin Islands            | 100%               |
| Yooma Japan K.K.               | Japan                             | 100%               |
| Socati Corp.                   | Montana, United States of America | 100%               |
| Yooma Europe Limited           | United Kingdom                    | 100%               |

These condensed interim consolidated financial statements are presented in United States Dollars. The functional currency of the Company is the United States Dollar. The functional currency of its wholly owned subsidiaries is also the United States Dollar.

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

## 3. Going Public Transaction:

On February 10, 2021, Yooma completed a reverse takeover transaction with Globalive Technologies Inc. ("Globalive"), pursuant to which Globalive acquired all of the issued and outstanding securities of Yooma in exchange for common shares of Globalive. The transaction was completed by way of a court-approved plan of arrangement under the Business Corporations Act (Ontario) with the common shares of Yooma listed on the Canadian Securities Exchange following the amalgamation of Globalive and Yooma. The Company changed its name from Yooma Corp. to Yooma Wellness Inc. on February 10, 2021.

The legal acquisition of Yooma by Globalive constitutes a reverse asset acquisition for accounting purposes as Yooma is identified as the acquirer and Globalive does not meet the definition of a business, as defined in IFRS 3, Business Combinations. This transaction resulted in a reverse takeover with Yooma being identified as the accounting acquirer and the net assets of Globalive being recorded at fair value at the date of the transaction. Consequently, the historical results of operations are those of Yooma.

The consideration was paid by issuing common shares of Globalive to the Yooma security holders at a price per share calculated by dividing the value of cash and cash equivalents remaining in the Company on closing plus \$500,000, by the number of issued and outstanding common shares of the company, on a fully diluted basis, on the date of the closing. Globalive's minimum cash balance of \$4.5 million as at the closing date of the transaction consisted of actual cash on hand of \$3,839,275, plus a note receivable of \$200,000 (Note 6), and was net of transaction fees. Upon completing the transaction, the Company had 44,759,888 common shares issued and outstanding.

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the six month period ended June 30, 2021 and 2020

### 3. Going Public Transaction (continued):

The following summarizes the reverse take-over and the Globalive assets acquired and assumed by Yooma:

|                                 | Estimated preliminary<br>fair value |
|---------------------------------|-------------------------------------|
| <b>Total consideration paid</b> | <b>\$ 5,000,000</b>                 |
| <b>Net assets acquired</b>      |                                     |
| Current assets                  |                                     |
| Cash                            | \$ 3,839,275                        |
| Long-term assets                |                                     |
| Note receivable                 | 200,000                             |
| <b>Net assets assumed</b>       | <b>4,039,274</b>                    |
| <b>Deemed listing costs</b>     | <b>\$ 960,725</b>                   |

As the transaction was not considered to be a business combination, the excess of the fair value of the consideration over the net assets acquired in the amount of \$960,725 are included as listing costs on the consolidated statement of loss and comprehensive loss totaling \$2,494,540.

### 4. Acquisitions:

- (a) On March 11, 2021, the Company completed the transaction to acquire the wellness brands of EMMAC Life Sciences Group, including Blossom, MYO, Hello Joya and What the Hemp, and issued 7,459,981 shares of Yooma to EMMAC Life Sciences Limited (the "Consideration Shares") as the consideration for the acquired assets. The value of Yooma shares issued is \$8,317,518 based on a price of CAD\$1.38 per share and a deemed exchange rate of \$1.2651 CAD to \$1.00 USD. The assets acquired in the transaction are held by Yooma Europe Limited, a company incorporated in the laws of the United Kingdom.

The Consideration Shares were subject to a standard resale restriction of four months plus one day and, unless permitted under applicable securities laws, could not be traded before July 12, 2021.

The acquisition has been accounted for as a business combination with the Company as the acquirer. The allocation of the purchase consideration was as follows:

|   |                     |
|---|---------------------|
| <b>Total consideration paid (7,459,981 common shares)</b> | <b>\$ 8,137,518</b> |
| <b>Net assets acquired</b>                                |                     |
| Current assets  |                     |
| Cash  | 14,486              |
| Account receivables                                       | 505,252             |
| Prepaid expenses  | 32,648              |
| Inventory   | 70,900              |
| Long-term assets  |                     |
| Investments   | 7,947               |
| Intangible assets   | 55,035              |
| Capital assets  | 17,030              |
| <b>Total assets</b>                                       | <b>703,299</b>      |



# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the six month period ended June 30, 2021 and 2020

## 4. Acquisitions (continued):

|  |                     |
|--|---------------------|
| Current liabilities                      |                     |
| Accounts payable and accrued liabilities | 513,620             |
| Loan                                     | 20,277              |
| Long-term assets                         |                     |
| Other liabilities                        | 169,402             |
| <b>Total liabilities</b>                 | <b>703,299</b>      |
| <b>Net assets assumed</b>                | <b>-</b>            |
| <b>Goodwill</b>                          | <b>\$ 8,137,518</b> |

As at June 30, 2021, the Company recognized goodwill of \$8,137,518 arising from the acquisition of the EMMAC wellness brands. Goodwill is not deductible for tax purposes.

- (b) On March 22, 2021, the Company completed a merger (the "Merger") between Socati and Yooma Acquisition Inc., a wholly-owned subsidiary of Yooma, under a merger agreement between the three parties dated March 19, 2021 (the "Merger Agreement"). On completion of the Merger, Socati became a wholly-owned subsidiary of Yooma and the Socati shareholders, as well as certain creditors and other parties having convertible or contingent rights to receive Socati shares, have exchanged their securities of Socati for a right to receive common shares of Yooma, subject to delivery of certain documentation required under the Merger Agreement.

In total, the consideration paid by Yooma in connection with the Merger amounted to US\$25,000,000, which has been satisfied by the issuance of 23,320,894 common shares of Yooma (the "Consideration Shares") at a price of CAD\$1.34 per share based on a deemed exchange rate of \$1.25 CAD to \$1.00 USD. With the exception of 928,512 Consideration Shares, the Consideration Shares are subject to (a) an 18-month lock-up period, with one third of the shares releasing on the 6-, 12- and 18-month anniversaries of the closing date, and (b) a 12-month escrow indemnity holdback for 10% of the issued Consideration Shares, which allows them to be accessed to satisfy the indemnity obligations of the parties under the Merger Agreement.

Operating primarily out of its 22,000 square-foot manufacturing facility in Montana, Socati's business focuses on the manufacture of cannabidiol ("CBD"), minor cannabinoids such as cannabigerol ("CBG") and cannabinol ("CBN"), and other functional ingredients. It also specializes in the sale of an extensive catalogue of wellness products made with these ingredients. Its intellectual property and proprietary technology in cannabinoid extraction and separation, as well as best-in-class in-house analytical capabilities, has positioned Socati as a leader in the U.S. market. It is one of the first scale producers of 'USDA Organic' certified cannabinoid ingredients with non-detectable levels of THC, the psychoactive component of hemp, which creates compelling brand value and an early-mover advantage as consumers begin to shift towards organic CBD products. The USDA Organic Seal is the gold standard for supply chain integrity in the United States with consumer demand for organic products driving higher prices relative to non-organic products.

The acquisition has been accounted for as a business combination with the Company as the acquirer. The allocation of the purchase consideration was as follows:

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the six month period ended June 30, 2021 and 2020

## 4. Acquisitions (continued):

|  |                      |
|--|----------------------|
| <b>Total consideration paid (23,320,896 common shares)</b> | <b>\$ 25,000,000</b> |
| <b>Net assets acquired</b>                                 |                      |
| Current assets   |                      |
| Cash   | 2,338,935            |
| Account receivables  | 390,601              |
| Prepaid expenses and other assets                          | 90,927               |
| Inventory  | 771,126              |
| Security deposits  | 272,949              |
| Subscription receivable                                    | 1,992,886            |
| Long-term assets   |                      |
| Lease assets   | 1,370,566            |
| Intangible assets  | 1,000,000            |
| Capital assets   | 4,940,457            |
| <b>Total assets</b>  | <b>13,168,448</b>    |
| Current liabilities  |                      |
| Accounts payable and accrued liabilities                   | 3,068,270            |
| Long-term assets   |                      |
| Lease liability  | 1,403,330            |
| <b>Total liabilities</b>                                   | <b>4,471,599</b>     |
| <b>Net assets assumed</b>                                  | <b>8,696,848</b>     |
| <b>Goodwill</b>  | <b>\$ 16,303,152</b> |

As at June 30, 2021, the Company recognized goodwill of \$16,303,152 arising from the Merger. Goodwill is not deductible for tax purposes.

## 5. Inventory:

The Company's inventory of \$627,477 as at June 30, 2021 consists of packaged finished skin care products, as well as Socati's raw material and finished goods inventory. For the six months period ended June 30, 2021, the Company recognized \$1,327,597 of inventories in cost of sales and \$134,810 was written off due to expiry of the products and discontinuing operations in China effective June 17, 2021. During the period ended June 30, 2021, the Company acquired inventory as a part of the net assets acquisitions (Note 4 (a), (b)) for the total of \$842,026.

## 6. Notes receivable:

(a) On February 10, 2021, the Company assumed the \$200,000 promissory note as a part of the reverse takeover transaction with Globalive (Note 3). The amount is due on February 11, 2023 and bears interest at 12% per annum. As of June 30, 2021, the outstanding amount on the note was \$208,148, which includes accrued interest of \$8,148.

(b) On April 8, 2021, the Company advanced to an arms-length party the amount of \$600,000, and on June 30, 2021 the amount of \$400,000 by way of promissory notes. The amounts are due on December 31, 2021 and bear interest at 3% per annum. As of June 30, 2021, the outstanding amount on the notes was \$1,004,500, which includes accrued interest of \$4,500.

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the six month period ended June 30, 2021 and 2020

## 6. Notes receivable (continued):

(c) On June 11, 2021, the Company advanced to an arms-length party the amount of \$300,000 in the form of a promissory note. The amount is due on December 31, 2021 and bears interest at 3% per annum. As of June 30, 2021, the outstanding amount on the note was \$300,500, which includes accrued interest of \$500.

## 7. Prepaid expenses and other receivables:

|                   | June 30, 2021 | December<br>31, 2020 |
|-------------------|---------------|----------------------|
| Prepaid expenses  | \$ 658,192    | \$ 16,882            |
| Other assets      | 108,860       |                      |
| Security deposits | 48,200        | -                    |
|                   | \$ 815,252    | \$ 16,882            |

## 8. Capital assets

During the period ended June 30, 2021, the Company purchased as a part of net assets on acquisitions (Notes 4 (a), (b)) the total of \$4,957,487 in capital assets. During the period ended June 30, 2021, the company acquired an additional of \$24,845 in capital assets and recorded depreciation of capital assets of \$173,690.

## 9. Intangible Assets

During the period ended June 30, 2021, the Company purchased as a part of net assets acquired on acquisitions (Notes 4 (a), (b)) a total of \$1,055,035 in intangible assets, consisting of licenses and developed intellectual property. During the period ended June 30, 2021, the company recorded amortization of intangible assets in the total of \$57,833.

## 10. Accounts payable and accrued liabilities

|                     | June 30, 2021 | Dec. 31, 2020 |
|---------------------|---------------|---------------|
| Accounts payable    | \$ 481,365    | \$ 168,233    |
| Accrued liabilities | 1,299,762     | 648,750       |
|                     | \$ 1,781,127  | \$ 816,382    |

Accounts payable are unsecured and are usually paid within 30 days of recognition. The carrying amounts of accounts payable and accrued liabilities are considered to be the same as their fair values, due to their short-term nature.

## 11. Loss per share:

Loss per share has been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the period. The calculation of basic and diluted loss per share for the six month period ended June 30, 2021 was based on the loss attributable to common shareholders of \$5,569,066 and the average weighted average number of common shares outstanding of 46,977,197.

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the six month period ended June 30, 2021 and 2020

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## 11. Loss per share (continued):

The calculation of basic loss per share for the six month period ended June 30, 2020, was based on the loss attributable to common shareholders of \$476,136 and the average weighted average number of common shares outstanding of 19,735,819.

## 12. Related party transactions and balances:

(a) Compensation to key management is as follows:

Key management personnel include the directors and corporate officers who have authority and who are responsible for planning, directing and controlling the Company's business activities. Their compensation for the period ended June 30, 2021 (period ended June 30, 2020 - \$32,223) was as follows:

|   |    |                |
|---|----|----------------|
| Salaries  | \$ | 99,373         |
| Stock based compensation granted <sup>(i)</sup> |    | 485,279        |
|   | \$ | <b>584,652</b> |

(i) Stock based compensation granted was estimated using the fair value of the 1,350,000 options granted to the Company's officers on February 10, 2021. The fair value was estimated based on the Black-Scholes option pricing model as described in note 13 (b) which will be recognized in the statement of loss and comprehensive loss over the vesting period.

(b) For the period ended June 30, 2021, the Company recorded \$123,125 (2020 - \$Nil) in board compensation fees. On May 6, 2021, the Company granted 207,831 deferred share units ("DSU's") to non-employee directors of Yooma as compensation for board fees for the 2021 year. The DSU's are fully vested as of the date of grant. The fair value of the DSU's was estimated to be \$210,000 based on CDN\$1.24 per share on the date of the grant (Note 13 (c)).

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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## 13. Share capital:

(a) Authorized and issued capital:

The Company has unlimited authorized common shares with no par value. The movement in the Company's issued and outstanding common shares during the period and year is as follows:

|  | Number<br>of shares | Amount              |
|--|---------------------|---------------------|
| <b>Balance, December 31, 2020</b>                                      | <b>33,831,330</b>   | <b>\$ 5,517,350</b> |
| Shares issued on the Globalive transaction (Note 3)                    | 10,928,558          | 5,000,000           |
| Shares issued on the EMMAC Life Sciences Group transaction (Note 4(a)) | 7,459,981           | 8,137,518           |
| Shares issued on the Socati transaction (Note 4 (b))                   | 23,320,896          | 25,000,000          |
| <b>Balance, June 30, 2021</b>  | <b>75,540,765</b>   | <b>43,654,868</b>   |

(b) Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The maximum number of common shares reserved for issuance of stock options that can be granted under the plan is 10% of the issued and outstanding common shares of the Company. The options granted can be exercised for up to a maximum of 10 years and vest as determined by the Board of Directors. The exercise price of each option cannot be less than the market price of the common shares on the date of grant.

The Company recognized a share-based compensation expense of \$99,602 during the six months ended June 30, 2021 (2020 - \$Nil), related to stock options. The total fair value of options granted during the period was \$512,199 (2020 - \$Nil).

The Company issued stock options to acquire shares as follows:

|                                   | Number<br>of<br>Options | Weighted<br>Average<br>Exercise<br>Price |
|-----------------------------------|-------------------------|--|
| Outstanding, December 31, 2020    | -                       | -  |
| Issued February 10, 2021          | 1,425,000               | CDN\$0.84                                |
| <b>Outstanding, June 30, 2021</b> | <b>1,425,000</b>        | <b>CDN\$0.84</b>                         |

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Notes to the Condensed Interim Consolidated Financial Statements

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## 13. Share capital (continued):

On February 10, 2021, the Company granted 1,800,000 stock options to officers. On June 28, 2021, a total of 375,000 of these options were forfeited. Each option entitles the holder to purchase one common share at a price of CDN\$0.84 per common share, exercisable on or before February 10, 2031, with the vesting schedule 1/24 monthly for the period of 2 years. The fair value of these stock options of \$512,239 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions: risk-free rate of 0.503% on the date of grant; expected life of 5 years; volatility of 70% based on comparable companies; forfeiture rate of 5%; dividend yield of nil; and the exercise price of the respective option based on a deemed exchange rate of \$1.2689 CAD to \$1.00 USD.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The Company had the following stock options outstanding at June 30, 2021:

| Number of Options | Exercise Price | Expiry Date   | Weighted average remaining life (years) |
|-------------------|----------------|---------------|---|
| 1,425,000         | CDN\$0.84      | Feb. 10, 2031 | 9.65                                    |

(c) On May 6, 2021, the Company granted 207,831 deferred share units to its directors as board compensation fees for the year ending December 31, 2021. Each unit entitles the holder to purchase one common share at a price of CDN\$1.24 per common share. The units were vested immediately. The fair value of these DSU's is \$210,000.

## 14. Segmented information:

The Company is currently in the development stage and has determined that there is only one operating segment as they build the company anticipating future markets and opportunities.

During the period ended June 30, 2021, the Company's geographic net revenue was segmented as:

|                          | For the period ended June 30, 2021 | For the period ended June 30, 2020 |
|--------------------------|------------------------------------|------------------------------------|
| Canada                   | \$ 85,180                          | \$ -                               |
| United States of America | 272,203                            | -                                  |
| Europe                   | 203,136                            | -                                  |
| Asia                     | 12,343                             | -                                  |
|                          | \$ 572,862                         | \$ -                               |

As of June 30, 2021, the Company's non-current assets (except goodwill) were located in the following geographic areas:

|                          | June 30, 2021 | December 31, 2020 |
|--------------------------|---------------|-------------------|
| United States of America | \$ 5,757,463  | \$ -              |
| Europe                   | 81,410        | -                 |
|                          | \$ 5,838,873  | \$ -              |

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## 15. Capital management:

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares, contributed surplus and deficit in the definition of capital. The Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or debt instruments to reduce any debt. 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 team to sustain the future development of the business.

As at June 30, 2021, managed capital was \$36,072,012 (December 31, 2020 - \$3,193,958). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## 16. Financial risk management:

### *Risk management framework:*

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. Top management frequently meets to discuss early identification of those risks, if any, monitors its compliance with the policies and procedures and documents their follow-up.

The board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### (a) Credit risk:

Credit risk relates to cash and arises from the possibility that any counterparty to an instrument fails to perform. The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the management.

The Company has no significant concentration of credit risk arising from operations. The Company's cash is placed with major financial institutions. Management believes that the credit risk with respect to financial instruments included in cash is remote.

### Cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company's treasury function in accordance with the Company's policy.

### (b) Liquidity risk:

The Company's exposure to liquidity risk is dependent on its ability to raise funds to meet purchase commitments and to sustain operations. The Company controls its liquidity risk by managing working capital and cash flows. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

# YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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For the six month period ended June 30, 2021 and 2020

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## 16. Financial risk management (continued):

As at June 30, 2021, the Company had a cash balance of \$3,784,844 (December 31, 2020 - \$2,481,924) to settle current financial liabilities of \$2,193,777 (December 31, 2020 - \$872,633). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

### (c) Accounts receivable:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. No allowance for doubtful accounts was provided at June 30, 2021 or December 31, 2020.

### (d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2021, the Company is not exposed to any significant market risks.

## 17. Subsequent events:

- (a) On August 10, 2021, the Company completed an equity financing, raising gross proceeds of \$10,260,385, through the placing of 14,250,522 common shares at a price of CDN\$0.90 per share. Investors were granted one half warrant per share, resulting in the issuance of 7,125,249 warrants, exercisable at a price of CDN\$1.35 per share and with an expiry date of August 10, 2024. As a part of the financing, the Company granted to certain eligible persons who provided finance and investor introduction services in connection with the financing, 232,220 non-transferrable warrants at CDN\$0.90 per share with an expiry date of August 10, 2023.
- (b) On August 10, 2021, the Company's common shares began trading on the Aquis Stock Exchange Growth Market (AQSE). Effective on that date, the Company's common shares are dual-listed and continue to trade on the Canadian Securities Exchange under the ticker YOOM. The dual-listing is a market first for a North American cannabis company.
- (c) On August 19, 2021, the Company, through its wholly owned subsidiary Yooma Europe Ltd., completed the acquisition of United Kingdom-based Vitality CBD Ltd. Under the terms of a sale and purchase agreement, the Company has acquired 100% of the issued shares of Vitality for total consideration of up to £10.2 million (CAD\$17.7-million) comprising: (i) £4 million cash at closing subject to agreed working capital adjustments (Vitality being acquired on a cash-free / debt-free basis), (ii) 7,706,422 new common shares of the Company representing £4.2 million issued at an implied price of £0.545 per share; and (iii) up to £2 million of cash or share-based consideration, at the Company's option, subject to the achievement of revenue milestones by Vitality for the financial year 2022.