

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

YOOMA WELLNESS INC.
(FORMERLY YOOMA CORP.)

For years ended December 31, 2021 and
December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yooma Wellness Inc.

Opinion

We have audited the consolidated financial statements of Yooma Wellness Inc. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss for the year ended December 31, 2021 of \$33,117,145 and has an accumulated deficit of \$35,440,537 at December 31, 2021. As stated in Note 1, these events, or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grand Lui.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
May 16, 2022
Toronto, Ontario

YOOMA WELLNESS INC.

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

	December 31, 2021	December 31, 2020
Assets		
Current		
Cash	\$ 1,232,538	\$ 2,481,924
Accounts receivable (Note 6)	3,059,441	85,169
Note receivable (Note 8)	100,000	-
Prepaid expenses and other assets (Note 9)	1,490,958	16,882
Inventory (Note 7)	2,458,291	116,837
	8,341,228	2,700,812
Non-current		
Property, plant and equipment (Note 10)	3,043,392	-
Note receivable (Note 8)	175,109	-
Intangible assets (Note 11)	8,989,784	-
Goodwill (Notes 5, 12, 26)	16,039,291	1,365,779
	\$ 36,588,804	\$ 4,066,591
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities (Note 13)	\$ 4,471,263	\$ 816,382
Due to related parties (Note 18)	377,051	56,251
Current portion of lease liability (Note 25)	510,094	-
Contingent consideration (Notes 5 (c)((e)), 15)	1,738,131	-
	7,096,539	872,633
Non-current		
Warrant liability (Note 14)	\$ 156,211	\$ -
Lease liability (Note 25)	1,107,462	-
Deferred tax liability (Note 24)	2,045,427	-
Loan payable and other liabilities (Notes 5 (e), 16)	10,886,472	-
	21,292,111	-
Shareholders' Equity		
Capital stock (Note 19 (a))	50,180,065	5,517,350
Warrants (Note 19 (d))	122,501	-
Contributed surplus (Notes 19 (b,c))	670,209	-
Accumulated other comprehensive income	(235,545)	-
Deficit	(35,440,537)	(2,323,392)
	15,296,693	3,193,958
	\$ 36,588,804	\$ 4,066,591

Subsequent events (Note 27)

Nature of operations and going concern (Note 1)

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

 "Jordan Greenberg"
Director (Signed)

See accompanying notes to the consolidated financial statements.

YOOMA WELLNESS INC.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in U.S. dollars, except per share and weighted average share figures)

	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue (Note 21)	\$ 10,184,545	\$ 42,765
Cost of sales (Note 7)	(7,811,554)	(86,276)
Gross profit	\$ 2,372,991	\$ (43,511)
Expenses		
Depreciation and amortization	\$912,461	\$17,358
Consulting fees	755,001	747,579
Professional fees	2,383,699	572,186
Listing expense (Note 4)	960,725	-
Loss on disposition of capital assets (Note 10)	715,142	-
Assets write-off (Note 26)	2,830,804	-
Impairment of goodwill and intangible assets (Note 11, 12 and 26)	19,672,801	-
Stock-Based compensation (Note 19 (b))	427,709	-
Liability warrants fair value adjustment (Note 14)	(1,909,978)	-
Other income	(149,220)	(11,489)
General and administrative (Note 20)	9,105,890	857,688
Fair value adjustment on investments	-	46,999
	35,705,034	2,230,321
Current income tax expense (Note 24)	(167,612)	-
Deferred income tax recovery (Note 24)	382,510	-
Net loss for the year	\$(33,117,145)	\$ (2,273,832)
Other Comprehensive loss		
Foreign currency translation	(235,545)	-
Comprehensive loss	\$(33,352,690)	\$ (2,273,832)
Loss per share – basic and diluted	\$(0.43)	\$(0.08)
Weighted average number of common shares outstanding – basic and diluted:	77,554,161	26,822,087

See accompanying notes to the consolidated financial statements.

YOOMA WELLNESS INC.

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

	Shares	Amount	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2019	13,000,023	\$ 37,000	\$ -	\$ -	\$ -	\$ (49,560)	\$ (12,560)
Shares issued for cash	7,831,307	5,090,350	-	-	-	-	5,090,350
Shares issued for acquisition of EDA	13,000,000	390,000	-	-	-	-	390,000
Net loss for the year	-	-	-	-	-	(2,273,832)	(2,273,832)
Balance, December 31, 2020	33,831,330	\$ 5,517,350	\$ -	\$ -	\$ -	\$ (2,323,392)	\$ 3,193,958
Shares issued on the Globalive transaction (Note 4)	11,508,147	5,000,000	-	-	-	-	5,000,000
Shares issued on the EMMAC Life Sciences Group transaction (Note 5(a))	7,459,981	6,453,000	-	-	-	-	6,453,000
Shares issued on the Socati transaction (Note 5 (b))	23,320,894	18,916,000	-	-	-	-	18,916,000
Shares issued on the Private Placement	14,059,411	8,070,859	-	-	-	-	8,070,859
Cost of issuance of shares (Note 19 (a)(i))	-	(428,081)	122,501	-	-	-	(305,580)
Shares issued on the Vitality CBD transaction (Note 5 (c))	7,706,422	5,236,759	-	-	-	-	5,236,759
Shares issued on the Big Swig transaction (Note 5 (d))	1,477,986	646,000	-	-	-	-	646,000
Shares issued on the settlement of debt (Note 19(a))	321,726	188,753	-	-	-	-	188,753
Shares issued on acquisition of N8 (Note 5 (f))	1,173,847	579,425	-	-	-	-	579,425
Stock-based compensation (Note 19 (b))	-	-	-	427,709	-	-	427,709
Issuance of Deferred Share Units (Note 19 (c))	-	-	-	242,500	-	-	242,500
Foreign currency translation	-	-	-	-	(235,545)	-	(235,545)
Net loss for the year	-	-	-	-	-	(33,117,145)	(33,117,145)
Balance, December 31, 2021	100,859,744	\$ 50,180,065	\$122,501	\$ 670,209	\$ (235,545)	\$ (35,440,537)	\$15,296,693

See accompanying notes to the consolidated financial statements.

YOOMA WELLNESS INC.

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

	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash provided by (used in)		
Operating activities:		
Net loss for the year	\$(33,117,145)	\$ (2,273,832)
Item not affecting cash:		
Depreciation and amortization	912,461	17,358
Assets write-off (Note 26)	2,830,804	-
Inventory write-off (Note 26, 7)	651,864	-
Stock-based compensation	670,209	-
Accretion	157,000	-
Listing expense (Note 4)	960,725	-
Impairment (Note 10, 11, and 12)	19,672,801	-
Fair value adjustment on liability warrants (Note 14)	(1,909,978)	-
Current income tax expense	167,612	-
Deferred Income tax recovery	(382,510)	-
Loss on disposition of assets	715,142	-
Net changes in non-cash working capital:		
Amounts receivable	(790,099)	(47,127)
Prepaid and other current assets	2,180,504	(12,993)
Inventory	133,738	(116,837)
Due to related parties	320,800	-
Fair value adjustment on investment	-	46,999
Due from shareholders	-	37,000
Accounts payable and accrued liabilities	(4,142,038)	676,801
Net cash used in operating activities	(10,968,110)	(1,672,631)
Investing activities:		
Net cash received on EDA business acquisition	-	319,929
Net cash paid on Vertex business acquisition	(3,440,784)	-
Net cash paid on Vitality business acquisition	(2,429,413)	-
Net cash received on EMMAC business acquisition	14,444	-
Net cash received on N8 Essentials business acquisition	4,133	-
Net cash received on Socati business acquisition	2,338,935	-
Net cash received on Big Swig business acquisition	24,467	-
Net cash received on disposal of capital assets	130,750	-
Cash received on going public transaction	3,839,275	-
Net cash provided by investing activities	481,807	319,929
Financing activities:		
Proceeds from note payable	-	1,250,000
Proceeds from related parties	-	(5,694)
Net proceeds from issuance of common shares	9,831,467	3,600,350
Payment of lease obligations	(129,014)	-
Loan payable and other liabilities	(414,848)	-
Net cash provided by financing activities	9,287,605	2,344,656
Impact of foreign exchange rate changes on cash	(50,688)	-
Net change in cash during the year	(1,249,386)	991,954
Cash, beginning of the year	2,481,924	1,489,970
Cash, end of the year	\$ 1,232,538	\$ 2,481,924

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

1. Nature of operations and going concern:

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 Yooma Japan K.K. (Japan).

Subsequent to the completion of the reverse take over transaction with Globalive Technology Inc. ("Globalive") on February 10, 2021, Yooma Corp. changed its name to Yooma Wellness Inc. Globalive acquired all of the issued and outstanding securities of Yooma in exchange for common shares of Globalive (Note 4). 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 5 (a)).

On March 22, 2021, the Company completed a merger (the "Merger") between Socati Corp. 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 5 (b)) with Yooma as an acquirer.

On August 10, 2021, the Company began trading on the Aquis Stock Exchange Growth Market (AQSE). Shares are trading under the ticker YOOM. Yooma is dual-listed and continues to trade on the Canadian Securities Exchange under the ticker YOOM.

On August 19, 2021, the Company, through its wholly owned subsidiary Yooma Europe Limited, completed the acquisition of United Kingdom-based Vitality CBD Limited (Note 5(c)).

On September 30, 2021, the Company completed the acquisition of Big Swig Inc., a U.S.-based seller of sparkling water beverages (Note 5 (d)).

On October 2, 2021, the Company completed the acquisition of Tokyo-based Vertex Co. Ltd. (Note 5 (e)).

On October 14, 2021, the Company acquired N8 Essentials LLC, a U.S.-based manufacturer and seller of wellness products that incorporate CBD (cannabidiol), cannabinoids and other functional ingredient (Note 5 (f)).

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

These consolidated financial statements have been prepared by management 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. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At December 31, 2021, the Company had working capital of \$1,244,689 (December 31, 2020 - \$1,828,179), net loss for the year ended December 31, 2021 of \$33,117,145 (December 31, 2020 - \$2,273,832) and has an accumulated deficit of \$35,440,537 (December 31, 2020 - \$2,323,392). The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future and to repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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

The directors approved these consolidated financial statements on May 16, 2022.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee ("IFRIC").

2. Basis of presentation:

Basis of consolidation and preparation

These 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.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

The following is a list of the Company's operating subsidiaries as of December 31, 2021:

Subsidiaries	Jurisdiction of incorporation	Ownership interest	Functional currency
Entertainment Direct Asia Ltd.	British Virgin Islands	100%	USD
Big Swig Inc	United States of America	100%	USD
Socati Corp.	United States of America	100%	USD
N8 Essentials LLC	United States of America	100%	USD
Vertex Co.	Japan	100%	JPY
Yooma Japan K.K.	Japan	100%	JPY
Yooma Europe Limited	United Kingdom	100%	GBP
Vitality CBD Limited	United Kingdom	100%	GBP
Green Leaf Company SAS	France	100%	EUR

The following is a list of the Company's operating subsidiary as at December 31, 2020:

Subsidiaries	Jurisdiction of incorporation	Ownership interest	Functional currency
Entertainment Direct Asia Ltd.	British Virgin Islands	100%	USD

Functional currency

All figures presented in the consolidated financial statements are presented in United States Dollars; Items included in the financial statements of each entity consolidated by the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of each of the Company's significant subsidiaries is disclosed in the table above.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into United States Dollars, the Group's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into United States Dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income and accumulated in equity.

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.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

3. Significant accounting policies

Significant accounting judgment, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition- date fair value and included as part of the consideration transferred in a business combination.

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by considering the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

The fair value of share-based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

The Company regularly reviews and makes an assessment of its ability to continue as a going concern. This assessment relies on significant judgements and assumptions, taking into account known future information, including whether events or conditions create material uncertainties that may cast significant doubt on the ability to continue as a going concern.

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment and in identifying the Company's cash generating units ("CGUs"). Judgements and estimates are required are also required in forecasting the future cash generation, the appropriate weighted average cost of capital to apply for discounted cashflows.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Operating segment

The Company is comprised of the following operating segments: Corporate, Europe, Japan and the United States. In making this judgement, the Company evaluated the business activities from which it earns revenues and incurs expenses, at which level operating results are reviewed at the chief operating decision maker and for which discrete financial information is available. The chief executive officer has been deemed the chief operating decision maker.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Financial instruments

Financial assets

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”) based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company does not have financial assets classified as subsequently measured at FVTOCI. A financial asset is measured at FVTPL if the financial assets is neither classified as amortized cost nor FVTOCI or can be designated FVTPL at initial recognition.

Financial liabilities

The Company measures all of its non-derivative financial liabilities as subsequently measured at amortized cost. Non-derivative financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Gains and losses on derecognition are recorded in profit or loss.

Financial instruments

The following is a summary of the classification of financial instruments:

Financial instruments	Classification
Assets	
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Note receivable	Amortized Cost
Liabilities	
Accounts payable and accrued liabilities	Amortized Cost
Due to related parties	Amortized Cost
Loan payable and other liabilities	Amortized Cost
Warrant liability	FVTPL
Lease liability	Amortized Cost
Contingent consideration	FVTPL

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at December 31, 2021, the contingent consideration and warrant liability were recognized and measured at fair value.

Impairment

Financial assets

At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to FVTPL instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, amounts receivable have been grouped based on days overdue.

Inventory

Inventories, consisting of raw materials, work in progress and packaged finished goods, are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average cost principle. Cost includes all costs of acquiring the inventories. Net realizable value refers to the amount the Company expects to realize from the sale of the inventories in the ordinary course of business less direct costs to sell. A provision for slow moving inventories is calculated based on historical experience and is periodically reviewed by management for adequacy.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that may add to the total number of common shares.

Deferred taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Income taxes

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to U.S. dollars at exchange rates at the reporting date. This income and expenses of foreign operations are translated to U.S. dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income in the cumulative translation account. When a foreign operation is disposed of, the relevant amount in the cumulative amount of foreign currency translation differences is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss. Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Revenue

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, which is upon the transfer of control of the contracted goods. Control is transferred when title and physical possession of the product has transferred to the customer, which is determined by respective shipping terms and certain additional considerations. Invoices are generally issued at the time of delivery (which is when the Company has satisfied its performance obligation under the arrangement). Revenue is recognized when all specific requirements for transfer of control.

Amounts disclosed as net revenue are net of sales tax, duty tax, allowances, discounts and rebates.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the acquirer assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. Contingent consideration to be transferred by the acquirer is recognized at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognized in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred is recognized as goodwill.

If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Contingent consideration to be transferred by the acquirer is recognized at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognized in profit or loss.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Amortization of assets commences once the asset is ready for use, which is defined as the condition in which the assets is capable of operating in the manner intended by management. Useful life is reviewed at the end of each reporting period.

Subsequent to initial recognition, the cost model is applied to property, plant and equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual value on the straight-line and declining balance methods, over the estimated useful lives, as follows:

Computer equipment	55% Declining balance
Furniture and fixtures	20% Declining balance
Building and improvements	Straight line, over 50 years
Land	Not amortized
Machinery and equipment	20% Declining balance
Leasehold improvements	Over the lease term
Right of Use	Over the lease term

Property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to disposal. Value in use is equal to the present value of future cash flows expected to be derived from the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”).

Intangible assets

Developed intellectual properties and licenses acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values at the acquisition date. Subsequent to initial recognition intangibles acquired in a business combination are recorded at cost less accumulated amortization and impairment.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Intangible assets are stated at cost, net of accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the following terms and methods:

Patents	Straight line, over 10 years
Customer relationships	Straight line, over 10 years
Non-competition agreements	Over term of non-compete
Brand/Trade names	Straight line, over 10 years

Goodwill and impairment of non-financial assets

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit ("CGU").

Stock based compensation

The stock option plan includes options for cashless exercises as well as the option to receive cash in lieu of shares, however both are subject to the sole and entire discretion of the Company.

All stock options granted have been recognized using the equity method based on the assumption that they will be equity settled.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are further discussed in Note 19 (b).

The grant-date fair value of equity-settled share-based payment awards is generally recognized as an expense, with a corresponding increase in contributed surplus, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and nonmarket performance conditions at the vesting date.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs plus amounts previously recognized as contributed surplus, are credited to share capital.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized for the initial grant date fair value of the award. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if they were a modification of the original award, as described in the previous paragraph.

Share-based payment expense relating to cash-settled awards, is accrued over the vesting period of the units based on the quoted market value of the Company's common shares. As these awards will be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are assumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has elected to use this practical expedient.

Unit issuance

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing.

If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

In situations where warrants are issued as consideration for goods and services received and some or all of the goods or services received cannot be specifically identified or reliably measured, then these warrants are measured at the fair value of the share-based payment. The fair value of the share-based payment is determined using the Black-Scholes option pricing model.

Share issue costs

The Company charges incremental costs incurred in respect of raising capital against the equity proceeds raised, including legal, accounting, agent and investment banking fees, net of income taxes.

Warrant liability

Under IFRS, when the currency of the exercise price of non-share-based compensation warrants is different than the functional currency of the legal entity in which they were issued, the warrants are accounted for as a derivative warrant liability. For the Company's warrants that have an exercise price denominated in Canadian dollars, the issued Canadian dollar warrants are accounted for as a derivative warrant liability, which is measured at fair value each reporting period using the Black-Scholes valuation model. Gains and losses from changes in fair value are recorded in the consolidated statement of operations.

The Company measures the initial warrant liability and subsequent revaluations of the warrant liability by reference to the fair value of the warrants at the date at which they were granted and subsequently revalues them at each reporting date. Estimating fair value for these warrants requires management to determine the most appropriate valuation model.

This estimate also requires management to make assumptions about the most appropriate inputs to the valuation model including estimated fair value of the Company's common shares, the expected life of the warrants, volatility and dividend yield.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

4. 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. Based on 7,556,663 shares of Globalive outstanding on a fully diluted basis, the price per share of \$0.6617 resulted in an exchange ratio of 1.1168 Globalive shares issued to Yooma security holders for each Yooma share owned prior to the transaction. Globalive’s minimum cash balance of \$4,500,000 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 8), and was net of transaction fees.

During the year ended December 31, 2021, the Company expensed transactions costs of \$465,000 in connection with this transaction.

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

Total consideration paid	\$ 5,000,000
Net assets acquired	
Current assets	
Cash	\$ 3,839,275
Long-term assets	
Note receivable (Note 8)	200,000
Net assets assumed	4,039,275
Deemed listing costs	\$ 960,725

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.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

5. Acquisitions:

- (a) On March 11, 2021, the Company through its wholly-owned subsidiary Yooma Europe Limited, completed a transaction to acquire the wellness brands of EMMAC Life Sciences Group, including Blossom Skincare and MYO Plant Nutrition in the UK, along with 100% of the issued shares of Green Leaf Company SAS in France with its hemp-based protein brands Hello Joya and What the Hemp. The Company issued 7,459,981 shares of Yooma to EMMAC Life Sciences Limited (the "Consideration Shares") as the consideration for the acquired assets. The assets and shares acquired in the transaction are held by Yooma Europe Limited, a company incorporated in the laws of the United Kingdom.

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

Cash	\$	14,444
Account receivables (i)		505,252
Other assets		40,596
Right of use assets		401,166
Inventory		70,900
Intangible assets - Brand		1,150,000
Intangible assets - Patents		940,000
Property plant & equipment		72,065
Accounts payable and accrued liabilities		(513,620)
Lease liability		(401,166)
Loan		(20,277)
Other liabilities		(169,402)
Net assets acquired	\$	2,089,958
Goodwill	\$	4,363,042
Acquisition-date fair value of the total consideration transferred	\$	6,453,000
Representing:		
Shares issued (ii)	\$	6,453,000
Cash used to acquire the business combination, net of cash acquired		
Acquisition-date fair value of the total consideration transferred	\$	6,453,000
Less: cash and cash equivalents acquired	\$	(14,444)
Less: shares issued	\$	(6,453,000)
Net cash used in / (provided by) the business combination	\$	(14,444)

(i) The fair value of trade receivables and the gross contractual amount is \$505,252. There is no provision for uncollectable trade receivables as of the acquisition date.

(ii) The fair value of the common shares was determined using Yooma's closing share price of CAD\$1.46 per share and foreign exchange rate of \$1.265 CAD to \$1.00 USD at the close of business on March 11, 2021. The value was adjusted for the 4-month statutory hold period using the Chaffee Put Model.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

The goodwill of \$4,363,042 represents the expected synergies from establishing a presence and potential growth platform in the UK and France. As of December 31, 2021, the goodwill was impaired by \$3,300,000, and the foreign currency translation loss of \$32,322 was recorded in other comprehensive income. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2021, the Company expensed acquisition costs of \$8,942 in connection with this transaction.

The acquired business contributed revenues of \$1,697,253 and loss of \$(1,827,497) to the consolidated entity for the period from March 11, 2021 to December 31, 2021.

- (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 was satisfied by the issuance of 23,320,894 common shares of Yooma (the "Consideration Shares"). The fair value of the Consideration Shares issued was estimated as \$18,916,000. 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.

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:

Cash	\$	2,338,935
Account receivables (i)		390,601
Other assets		2,356,762
Right of use assets		256,220
Inventory		1,232,730
Intangible assets - Patents		720,000
Property plant & equipment		4,940,457
Accounts payable and accrued liabilities		(3,068,270)
Deferred tax liability		(219,660)
Lease liability		(256,220)
Net assets acquired	\$	8,691,555
Goodwill	\$	10,224,445
Acquisition-date fair value of the total consideration transferred	\$	18,916,000

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Representing:		
Shares issued (ii)	\$	18,916,000
Cash used to acquire the business combination, net of cash acquired		
Acquisition-date fair value of the total consideration transferred	\$	18,916,000
Less: cash and cash equivalents acquired	\$	(2,338,935)
Less: shares issued	\$	(18,916,000)
Net cash used in / (provided by) the business combination	\$	(2,338,935)

(i) The fair value of trade receivables and the gross contractual amount is \$390,601. There is no provision for uncollectable trade receivables as of the acquisition date.

(ii) The fair value of the Consideration Shares issued was determined using Yooma's closing share price of CAD\$1.35 per share and foreign exchange rate of \$1.25 CAD to \$1.00 USD at the close of business on 22 March 2021. The value was adjusted for the 4-month statutory hold period using the Chaffee Put Model.

The goodwill was estimated as \$10,224,445 represents the anticipated future revenue potential at the time of acquisition, as well as ingredient manufacturing capabilities which was expected to serve as the foundation of Yooma's vertical integration strategy. As of December 31, 2021, the goodwill was impaired by \$10,224,445. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2021, the Company expensed transaction costs of \$103,018 in connection with this transaction.

The acquired business contributed net revenues of \$2,393,655 and net loss of \$(6,997,042) to the consolidated entity for the period from March 20, 2021 to December 31, 2021.

(c) On August 19, 2021, the Company, through its wholly owned subsidiary Yooma Europe Ltd., completed the acquisition of United Kingdom-based Vitality CBD Limited. Under the terms of a sale and purchase agreement, the Company has acquired 100% of the issued shares of Vitality for total of GBP 8.2 million (USD \$11,177,420) comprising: (i) GBP 4 million cash at closing subject to an agreed level of working capital (ii) 7,706,422 new common shares of the Company representing GBP 4.2 million issued at an implied price of GBP 0.545 per share; and (iii) up to GBP 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.

The acquisition adds a significant source of recurring revenue to Yooma and its subsidiaries through Vitality's presence at mainstream retail outlets such as Boots, Lloyds Pharmacy, Tesco and Sainsbury's, as well as expanding Yooma's target customer base and distribution network for its existing European-focused brands.

Cash	247,559
Account receivables (i)	874,286
Other assets	98,083
Right of use assets	41,343
Inventory	590,694
Intangible assets – Brand	991,293
Intangible assets – Customer list	198,259
Property plant & equipment	30,891
Accounts payable and accrued liabilities	(894,986)

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Deferred tax liability	(226,639)
Lease liability	(41,343)
Net assets acquired	\$ 1,909,440
Goodwill	\$ 9,056,342
Acquisition-date fair value of the total consideration transferred	\$ 10,965,782
Representing:	
Cash paid or payable	2,676,972
Shares issued (ii)	5,236,759
Contingent consideration	449,131
Liabilities assumed	2,602,920
Cash used to acquire the business combination, net of cash acquired	
Acquisition-date fair value of the total consideration transferred	10,965,782
Less: cash and cash equivalents acquired	(247,559)
Less: shares issued	(5,236,759)
Less: contingent consideration	(449,131)
Less: liabilities assumed	(2,602,920)
Net cash used in / (provided by) the business combination	\$ 2,429,413

(i) The fair value of trade receivables was \$874,286. There is no provision for uncollectable trade receivables as of the acquisition date.

(ii) The fair value of the common shares was determined using Yooma's closing share price of CAD\$1.00 per share and foreign exchange rate of \$1.268 CAD to \$1.00 USD at the close of business on August 19, 2021. The value was adjusted for the 4-month statutory hold period using the Chaffee Put Model.

The goodwill was estimated as \$9,056,342 represents the future revenue potential for the brand, the extensive distribution network for Vitality CBD products as well as the expected synergies from the integration with Yooma's existing UK operations. As of December 31, 2021, the goodwill was impaired by \$2,100,000, and the foreign currency translation loss of \$81,141 was recorded in other comprehensive income. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2021, the Company expensed acquisition costs of \$109,196 in connection with this transaction.

The acquired business contributed net revenues of \$1,606,975 and net loss of \$(186,963) to the consolidated entity for the period from August 19, 2021 to December 31, 2021.

(d) On September 30, 2021, the Company completed the acquisition of Big Swig Inc., a U.S.-based seller of sparkling water beverages.

The transaction was implemented through a merger between Big Swig and Yooma Acquisition II Inc., a wholly owned subsidiary of Yooma, under a merger agreement between the three parties dated September 20, 2021. On completion of the merger, Big Swig became a wholly owned subsidiary of Yooma and its former shareholders exchanged their shares for common shares of Yooma.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

The merger agreement valued Big Swig at \$2.5-million, less liabilities and a final working capital adjustment on closing totalling \$1,325,000 (including \$375,000 owing to Yooma for funds advanced in anticipation of the transaction. The total consideration paid by Yooma on completion of the merger has been satisfied by the issuance of 1,477,986 common shares.

The consideration shares are subject to a 24-month lock-up period, with one-quarter of the consideration shares releasing from lock-up every six months. In addition, 10 per cent of the consideration shares are subject to a 24-month escrow indemnity holdback, which allows them to be accessed to satisfy the indemnity obligations of the parties under the merger agreement.

Cash	\$	24,467
Account receivables (i)		159,195
Other assets		21,701
Right of use assets		250,704
Inventory		273,240
Intangible assets – Brand		300,000
Intangible assets – Customer list		190,000
Property plant & equipment		4,937
Accounts payable and accrued liabilities		(428,037)
Deferred tax liability		(102,900)
Lease Liability		(250,704)
Loan payable and other liabilities		(570,838)
Net assets acquired	\$	(128,235)
Goodwill	\$	1,149,235
Acquisition-date fair value of the total consideration transferred	\$	1,021,000
Representing:		
Shares issued (ii)	\$	646,000
Promissory note converted to equity at close		375,000
Cash used to acquire the business combination, net of cash acquired		
Acquisition-date fair value of the total consideration transferred	\$	1,021,000
Less: cash and cash equivalents acquired		(24,467)
Less: shares issued		(646,000)
Less: promissory note converted to equity at close		(375,000)
Net cash used in / (provided by) the business combination	\$	(24,467)

(i) The fair value of trade receivables and the gross contractual amount is \$159,195. There is no provision for uncollectable trade receivables as of the acquisition date.

(ii) The fair value of the common shares was determined using Yooma's closing share price of CAD\$0.64 per share and foreign exchange rate of \$1.274 CAD to \$1.00 USD at the close of business on September 30, 2021. The value was adjusted for the 4-month statutory hold period using the Chaffee Put Model.

The goodwill was estimated as \$1,149,235 represents the expected future revenue potential at the time of acquisition, as well as know-how in the beverage industry to potentially use in the

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

future development of functional drinks. As of December 31, 2021, the goodwill was impaired by \$1,149,235. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2021, the Company expensed acquisition costs of \$29,646 in connection with this transaction.

The acquired business contributed net revenues of \$264,016 and net loss of \$(979,468) to the consolidated entity for the period from September 30, 2021 to December 31, 2021.

(e) On October 2, 2021, the Company completed the acquisition of Tokyo-based Vertex Co. Ltd. The acquisition added new product lines to Yooma's wellness offerings, increases its customer base and the size of its distribution network, and provides a foothold in the Japanese marketplace for further expansion in Japan.

The transaction was implemented through a stock purchase agreement between Yooma and the shareholders of Vertex entered into on October 2, 2021. Under the purchase agreement, Yooma acquired all of the issued and outstanding securities of Vertex for a purchase price of \$12,000,000, with \$2,500,000 paid in cash on closing and the balance of the purchase price to be paid in two cash instalments of \$6,500,000 on April 30, 2023, and \$3,000,000 on April 30, 2024. Fair value of these payments is amounted at \$11,140,000. As security for its obligations in respect of the deferred payments, Yooma granted the vendors a security interest over the shares of Vertex that it has acquired. Yooma is also required to repay or refinance the third-party debt of Vertex, not to exceed \$2 million, on or before March 31, 2022. To date Yooma has not completed the required repayment or refinancing of this debt. Yooma continues to negotiate with the vendors of Vertex to extend the timing of the payments due under the share purchase agreement; the vendors have granted an extension until May 24, 2022.

Cash	\$	146,737
Account receivables (i)		616,404
Other assets		1,136,972
Right of use assets		159,468
Inventory		683,901
Intangible assets – Brand		700,000
Intangible assets – Customer list		5,260,000
Intangible assets – Non-competition agreement		190,000
Property plant & equipment		32,060
Accounts payable and accrued liabilities		(37,927)
Deferred tax liability		(1,881,900)
Lease liability		(159,468)
Loan payable and other liabilities		(1,620,096)
Net assets acquired	\$	5,226,151
Goodwill	\$	8,133,370
Acquisition-date fair value of the total consideration transferred	\$	13,359,521

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Representing:		
Cash paid or payable to vendor (ii)	\$	11,140,000
Contingent consideration (iii)		1,132,000
Liabilities assumed		1,087,521

Cash used to acquire the business combination, net of cash acquired

Acquisition-date fair value of the total consideration transferred	\$	13,359,521
Less: cash and cash equivalents acquired		(146,737)
Less: contingent consideration		(1,132,000)
Less: fair value of cash payable after balance date		(8,640,000)
Net cash used in / (provided by) the business combination	\$	3,440,784

(i) The fair value of trade receivables and the gross contractual amount is \$616,404. There is no provision for uncollectable trade receivables as of the acquisition date.

(ii) \$6,500,000 is payable to the Vendors on April 30, 2023 and \$3,000,000 is payable to the Vendors on April 30, 2024. Accordingly, the Company discounted this portion of the purchase price to reflect the time value of money with the discount factor at 5.16% (after tax). The Company re-valued the amount payable as of December 31, 2021, and recorded an accretion expense of \$157,000 into the profit and loss.

(iii) Contingent consideration is payable to the Vendors based on achieving certain financial targets, either in cash or shares at the option of the Company in the following amounts: \$250,000 for the year ended December 31, 2021 due on April 30, 2022, \$1,000,000 for the year ending December 31, 2022 due on April 30, 2023 and \$1,000,000 for the year ending December 31, 2023 due on April 30, 2024. Accordingly, the Company discounted this portion of the purchase price to reflect the probability of payout and time value of money. The \$250,000 amount that was due on April 30, 2022 remains outstanding at the date of these consolidated financial statements.

The goodwill was estimated as \$8,133,370 and represents the expected future revenue potential as well as the addition of a platform in Japan for potential future wellness product line expansion. As of December 31, 2021, there was no goodwill impairment. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2021, the Company expensed acquisition costs of \$146,972 in connection with this transaction.

The acquired business contributed net revenues of \$3,101,351 and net profit of \$462,480 to the consolidated entity for the period from October 2, 2021 to December 31, 2021.

(f) On October 14, 2021, the Company acquired N8 Essentials LLC, a U.S.-based manufacturer and seller of wellness products that incorporate CBD, cannabinoids and other functional ingredients. The acquisition was completed through Yooma's wholly owned subsidiary, Socati Corp

The transaction was completed through an equity purchase agreement between Socati, Yooma, N8 and its equityholders dated October 13, 2021. The purchase agreement values N8 at \$850,000, less working capital adjustments on closing of \$60,000. On completion of the transaction, Socati became the owner of all of the issued and outstanding equity in N8 and Yooma issued 1,173,847 common shares to the former equityholders.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

The consideration shares will be subject to a 28-month lock-up period, with one-quarter of the consideration shares releasing from lock-up 10 months following the closing and one-quarter of the consideration shares releasing every six months thereafter.

Cash	\$	4,133
Account receivables (i)		343
Other assets		465
Right of Use assets		605,830
Inventory		275,591
Property plant & equipment		9,199
Accounts payable and accrued liabilities		(102,898)
Lease liability		(605,830)
Net assets acquired	\$	186,833
Goodwill	\$	392,592
Acquisition-date fair value of the total consideration transferred	\$	579,425
Representing:		
Shares issued (ii)	\$	579,425
Cash used to acquire the business combination, net of cash acquired		
Acquisition-date fair value of the total consideration transferred	\$	579,425
Less: cash and cash equivalents acquired		(4,133)
Less: shares issued		(579,425)
Net cash used in / (provided by) the business combination	\$	(4,133)

(i) The fair value of trade receivables and the gross contractual amount is \$343. There is no provision for uncollectable trade receivables as of the acquisition date.

(ii) The fair value of the common shares was determined using Yooma's closing share price of CAD\$0.78 per share and foreign exchange rate of \$1.244 CAD to \$1.00 USD at the close of business on October 13, 2021. The value was adjusted for the 4-month statutory hold period using the Chaffee Put Model.

The goodwill was estimated as \$392,592 represents the opportunity for downstream manufacturing of consumer finished products which would further the Company's vertical integration strategy. As of December 31, 2021, the goodwill was impaired by \$392,592. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2021, the Company expensed acquisition costs of \$16,912 in connection with this transaction.

The acquired business contributed net revenues of \$(50,408) and net loss of \$(229,867) to the consolidated entity for the period from October 14, 2021 to December 31, 2021.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

6. Accounts receivable:

	2021	2020
Trade receivable	\$ 3,059,441	\$ 51,657
Tax refund receivable	-	33,512
	\$ 3,059,441	\$ 85,169

(a) Trade receivable

	2021	2020
Trade receivables	\$ 3,421,349	\$ 82,194
Less: Receivables written off	(361,908)	-
	\$ 3,059,441	\$ 82,194

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carry Amount		Write off	
	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$
Not overdue	0%	0%	2,461,998	82,194	(361,908)	-
0 to 3 months overdue	0%	0%	705,176	-	-	-
3 to 6 months overdue	0%	0%	181,813	-	-	-
Over 6 months overdue	0%	0%	72,362	-	-	-
			\$ 3,421,349	\$ 82,194	\$(361,908)	-

7. Inventory:

The Company's inventory of \$2,458,291 as at December 31, 2021 (2020 - \$116,837) consists of raw material, WIP, and finished goods inventory. For the year ended December 31, 2021, the Company recognized \$7,811,554 (2020- \$86,276) of inventories in cost of sales. During the year ended December 31, 2021, the Company acquired inventory as a part of the net assets acquired (Note 5 (a-f)) in the amount of \$3,127,056.

	2021	2020
Raw Materials	\$ 907,281	\$ -
WIP	124,806	-
Finished Goods	1,426,204	116,837
Total	\$ 2,458,291	\$ 116,837

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

8. Note receivable

(a) On February 10, 2021, the Company assumed a \$200,000 promissory note as a part of the reverse takeover transaction with Globalive (Note 4). The amount is due on February 11, 2023 and bears nil interest in the first year, then at 12% per annum. As of December 31, 2021, the outstanding amount on the note was \$100,000. The balance was paid in full subsequent to the year end.

(b) The Company's has a note receivable to from a non-related party in the amount of \$175,109. The note bears interest at 0.45% per annum and is due July 19, 2029.

9. Prepaid expenses and other assets

	December 31, 2021	December 31, 2020
Prepaid expenses	\$ 1,052,253	\$ 16,882
HST receivable	176,953	-
Other assets	57,502	-
Other amounts receivable	204,250	-
	<u>\$ 1,490,958</u>	<u>\$ 16,882</u>

10. Property, plant and equipment

Cost						
	Balance, December 31, 2020	Acquired during business combinations	Additions	Dispositions	Impairment	Balance, as of December 31, 2021
Land	\$ -	\$300,000	\$ -	\$ -	\$ -	\$300,000
Building and improvements	-	1,624,019	-	-	-	1,624,019
Leasehold improvements	-	167,500	-	-	-	\$167,500
Machinery & equipment	-	2,946,417	-	(886,683)	(1,368,262)	\$691,472
Furniture and fixtures	-	39,240	-	-	(39,240)	\$-
Computer equipment	-	12,433	-	-	(12,433)	\$-
Right of Use	-	1,746,570	-	-	(1,156,888)	\$589,862
Total cost	\$ -	\$6,836,179	\$ -	(886,683)	\$(2,576,823)	\$3,372,673

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Accumulated Depreciation						
	Balance, December 31, 2020	Acquired during business combination	Additions	Dispositions	Impairment	Balance, as of December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building and improvements	-	-	(33,330)	-	-	(33,330)
Leasehold improvements	-	-	(26,688)	-	-	(26,688)
Machinery & equipment	-	-	(382,426)	40,791	99,002	(242,633)
Furniture and fixtures	-	-	(5,956)	-	5,956	-
Computer equipment	-	-	(2,969)	-	2,969	-
Right of Use	-	-	(26,630)	-	-	(26,630)
Total accumulated depreciation	\$ -	\$-	(477,999)	40,791	107,927	(329,281)
Net Book Value	\$ -	\$6,836,179	\$(477,999)	\$(845,892)	\$(2,468,896)	\$3,043,392

The machinery and equipment held in Socati were written down to their recoverable amounts as of December 31, 2021 due to the reduction of operations in the United States (Note 27 (a)).

11. Intangible assets

Summary of intangible assets as of December 31, 2021 is as follows:

	Patents	Customer Relationships	Non-Competition Agreements	Brand/Tradenames	TOTAL
Acquired in business combinations (Note 5)	\$1,660,000	\$5,648,259	\$190,000	\$3,141,293	\$10,639,552
Amortization	(126,579)	(143,623)	(17,273)	(146,987)	(434,462)
Impairment (Note 26)	(663,000)	(185,250)	-	(292,500)	(1,140,750)
Foreign Exchange	(27,359)	(2,288)	-	(44,909)	(74,556)
Balance, Dec 31, 2021	\$843,062	\$5,317,098	\$172,727	\$2,656,897	\$8,989,784

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

12. Goodwill

	EDA	Big Swig	N8	Socati	EMMAC	Vitality	Vertex	TOTAL
Balance, Jan 1, 2021	\$1,365,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,365,779
Additions	-	1,149,235	392,592	10,224,445	4,363,042	9,056,342	8,133,370	33,319,026
Impairment (Note 26)	(1,365,779)	(1,149,235)	(392,592)	(10,224,445)	(3,300,000)	(2,100,000)	-	(18,532,051)
Foreign Exchange	-	-	-	-	(32,322)	(81,141)	-	(113,463)
Balance, Dec 31, 2021	\$ -	\$ -	\$ -	\$ -	\$1,030,720	\$6,875,201	\$8,133,370	\$16,039,291

During the year, the goodwill in connection with EDA was fully written off subsequent to the Company's decision to discontinue its operations in China.

13. Accounts payable and accrued liabilities

	2021	2020
Accounts payable	\$ 3,271,068	\$ 167,632
Accrued liabilities	1,200,195	648,750
	\$ 4,471,263	\$ 816,382

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.

14. Warrant liability:

The Company had the following warrant liability outstanding as of December 31, 2021:

	Number of Warrants	Weighted Average Share Price
Outstanding, December 31, 2020	-	-
August 10, 2021	7,029,705	CAD\$ 1.35
Outstanding, December 31, 2021	7,029,705	CAD\$ 1.35

On August 10, 2021, the Company granted 7,029,705 warrants with the expiry date August 10, 2024 to acquire one common share of the Company for CAD\$1.35 per share.

Warrant liability

The fair value of the warrant liability was estimated to be \$2,066,189 at date of grant. The fair value was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions: risk-free rate of 0.44% on the date of grant; expected life of 3 years; volatility of 94% based on comparable companies; dividend yield of nil.

On December 31, 2021, the warrants were revalued using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility based on historical volatility of 92%, a risk free interest rate of 0.91%, share price of CAD\$0.16 and an

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

expected maturity of 2.61 years. The fair value adjustment of \$1,909,978 to the warrant liability was recorded as a gain in the profit and loss.

15. Contingent consideration and contingent liability

Contingent consideration consists of the Company obligations raised in the business combinations and being recognized at fair value on the date of the acquisition. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognized in profit or loss.

The Company had the following contingent liability outstanding as of December 31, 2021:

Opening balance, December 31, 2020	\$	-
Vitality transaction (a)		449,131
Vertex transaction (b)		1,132,000
Change in fair value		157,000
Balance, December 31, 2021	\$	1,738,131

- (a) On August 19, 2021, the Company, through its wholly owned subsidiary Yooma Europe Ltd., completed the acquisition of United Kingdom-based Vitality. Under the terms of a sale and purchase agreement, the Company has up to GBP2,000,000 of cash or share-based earn up consideration to pay, subject to the achievement of revenue milestones by Vitality for the financial year 2022. The Company applied the probability weighted average approach to value the contingent consideration.
- (b) On October 2, 2021, the Company completed the acquisition of Tokyo-based Vertex Co. Ltd. As the part of the Share Purchase Agreement, the Company agreed to \$2,250,000 in contingent consideration payments in cash or shares at the option of the Company based on achieving certain financial targets as: \$250,000 contingent consideration payable to the Vendors on April 30, 2022, \$1,000,000 is payable to the Vendors on April 30, 2023 and \$1,000,000 is payable to the Vendors on April 30, 2024.

Accordingly, the Company discounted this portion of the purchase price based on probability of achieving these financial targets and the time value of money for the total of \$1,132,000.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

16. Loan payable and other liabilities

	Due date	Interest rate	For the year ended	
			2021	2020
			Amount	
Private loan	October 7, 2050	3.75%	\$ 154,994	\$ -
Private loan	January 31, 2030	9.00%	150,000	-
Private loan	July 19, 2029	0.45%	440,000	-
Bank indebtedness in Vertex	Nov 20/2023 - Oct 28/2030	0.00% - 2.35%	1,501,478	-
Amount due to Vendors on Vertex transaction	April 30, 2023	0.00%	6,005,000	-
Amount due to Vendors on Vertex transaction	April 30, 2023, April 30, 2024	0.00%	2,635,000	-
			\$ 10,886,472	-

(a) On October 2, 2021, the Company completed the acquisition of Tokyo-based Vertex Co. Ltd. The Company agreed to (i) \$6,500,000 is payable to the Vendors on April 30, 2023 and \$3,000,000 is payable to the Vendors on April 30, 2024. Accordingly, the Company discounted this portion of the purchase price to reflect the time value of money with the discount factor at 5.16% (after tax), for total fair value of \$8,640,000.

17. 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 year ended December 31, 2021 was based on the loss attributable to common shareholders of \$33,117,145 (2020 - \$2,273,832) and the weighted average number of common shares outstanding of 77,554,161 (2020-26,822,087).

18. 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 years ended December 31, 2021 and 2020 was as follows:

	December 31, 2021	December 31, 2020
Salary	\$ 199,898	\$ 56,251
Board fees	257,794	-
Stock based compensation granted ⁽ⁱ⁾⁽ⁱⁱ⁾	1,077,870	-
	\$ 1,535,562	\$ 56,251

(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 of

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

\$485,279 was estimated based on the Black-Scholes option pricing model as described in note 19 (b (i)) which will be recognized in the statement of loss and comprehensive loss over the vesting period.

- (ii) Stock based compensation granted was estimated using the fair value of the 6,925,000 options granted to the Company's officer and a director on December 22, 2021. The fair value of \$592,591 was estimated based on the Black-Scholes option pricing model as described in note 19(b)(iv) which will be recognized in the statement of loss and comprehensive loss over the vesting period.
- (b) The acquisition of Socati on March 20, 2021 (Note 5 (b)) was considered a related party transaction on the basis that certain of the recipients of Yooma shares under the transaction were existing directors or officers of Yooma.
- (c) For the year ended December 31, 2021, the Company recorded \$264,472 (2020 - \$173,459) in consulting fees payable to an officer and a director. On September 30, 2021, the Company issued 298,911 common shares to its director to settle the liability of \$173,459 (Note 19(a)).
- (d) For the year ended December 31, 2021, the Company recorded \$257,794 (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 19(c)(i)).

On September 2, 2021, the Company granted 45,500 DSU's to a non-employee director 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 \$32,500 based on CDN\$0.90 per share on the date of the grant (Note 19 (c (ii))).

On September 30, 2021, the Company issued 22,815 common shares to a former director to settle a liability of \$15,294 (Note 19(a)).

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

19. 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 of shares	Amount
Balance, December 31, 2020	33,831,330	\$ 5,517,350
Shares issued on the Globalive transaction (Note 4)	11,508,147	5,000,000
Shares issued on the EMMAC Life Sciences Group transaction (Note 5(a))	7,459,981	6,453,000
Shares issued on the Socati transaction (Note 5(b))	23,320,894	18,916,000
Shares issued on the Private Placement (Note 19(i))	14,059,411	8,070,859
Shares issued on the Vitality CBD Limited transaction (Note 5(c))	7,706,422	5,236,759
Shares issued on the Big Swig Inc transaction (Note 5(d))	1,477,986	646,000
Shares issued on the debt settlement (Note 19(b) and (c))	321,726	188,753
Shares issued on the N8 transaction (Note 5(f))	1,173,847	579,425
Cost of issuance of shares (Note 19 (i))	-	(428,081)
Balance, December 31, 2021	100,859,744	\$ 50,180,065

(i) On August 10, 2021, the Company completed a unit placement, raising gross proceeds of \$10,137,047, through the placing of 14,059,411 units consisting one common share and half of warrant, at a price of CAD\$0.90 per share. Investors were granted one half warrant per share, resulting in the issuance of 7,029,705 warrants, exercisable at a price of CAD\$1.35 per share and with an expiry date of August 10, 2024. Gross proceeds on the financing were allocated between warrants and common shares using fair value calculation (Note 14). The allocation to common shares was calculated as \$8,070,859, less cost of issuance of \$428,081.

The warrants were assigned an estimated fair value of \$2,066,189 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 94%, a risk free interest rate of 0.44%, share price of CAD\$0.94 and an expected maturity of 3 years.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

(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.

During the year ended December 31, 2021, the Company recognized a share-based compensation expense of \$427,709 (2020 - \$Nil), related to stock options. The total fair value of options granted during the period was \$1,170,149 (2020 - \$Nil).

The Company issued stock options to acquire shares as follows:

	Number of Options	Average Exercise Price
Outstanding, December 31, 2020	-	-
Issued February 10, 2021 (i)	1,800,000	CAD\$ 0.84
Issued February 10, 2021 (i) - cancelled	(450,000)	CAD\$ 0.84
Issued February 10, 2021 (ii)	78,750	CAD\$5.00
Issued September 3, 2021 (iii)	7,310,000	CAD\$ 0.90
Issued September 3, 2021 (iii) cancelled	(7,075,000)	CAD\$ 0.90
Issued December 22, 2021 (iv)	6,925,000	CAD\$ 0.20
Outstanding, December 31, 2021	8,588,750	CAD\$ 0.36

- (i) On February 10, 2021, the Company granted 1,800,000 stock options to officers. On June 28, 2021, a total of 450,000 of these options were cancelled. Each option entitles the holder to purchase one common share at a price of CDN\$0.90 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 \$485,279 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 94% 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 \$1.2698 CAD to \$1.00 USD.
- (ii) On going public transaction with Globalive, the Company rolled over outstanding options of Globalive into options of Yooma.
- (iii) On September 3, 2021, the Company granted 7,310,000 stock options to officers, directors and employees. On November 5, 2021, 7,075,000 options were cancelled unexercised.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Each option entitles the holder to purchase one common share at a price of CDN\$0.90 per common share, exercisable on or before September 3, 2031, with the vesting schedule 1/3 annually for the period of 3 years. The fair value of these stock options of \$92,279 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions: risk-free rate of 0.81% 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 \$1.2518 CAD to \$1.00 USD.

- (iv) On December 22, 2021, the Company granted 6,925,000 stock options to an officer and a director. Each option entitles the holder to purchase one common share at a price of CDN\$0.20 per common share, exercisable on or before December 22, 2031, with the vesting schedule 1/36 for the period of 3 years. The fair value of these stock options of \$592,591 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions: risk-free rate of 1.23% 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 \$1.2865 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.

The Company had the following stock options outstanding at December 31, 2021:

Number of Options	Exercise Price	Expiry Date	Weighted average remaining life (years)
78,750	CAD\$5.00	June 8, 2025	4.42
1,350,000	CAD\$0.84	Feb. 10, 2031	9.12
235,000	CAD\$0.90	Sep. 3, 2031	9.68
6,925,000	CAD\$0.20	Dec. 22, 2031	9.93

(c) Deferred share units

	Number of DRUs	Weighted Average Share Price
Outstanding, December 31, 2020	-	-
Issued May 6, 2021	207,831	CAD\$1.24
Issued September 2, 2021	45,500	CAD\$0.90
Outstanding, December 31, 2021	253,331	CAD\$ 1.18

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

(i) 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. The units were vested immediately. The fair value of these DSU's is \$210,000 based on stock price on the date of issuance. The DSUs are to be settled in Common Shares when the director retires from all positions with the Company.

(ii) On September 2, 2021, the Company granted 45,500 deferred share units to its director as board compensation fees for the year ending December 31, 2021. The units were vested immediately. The fair value of these DSU's is \$32,500 based on stock price on the date of issuance. The DSUs are to be settled in Common Shares when the director retires from all positions with the Company.

(d) Warrants

The Company had the following agent warrant outstanding as of December 31, 2021:

	Number of Warrants	Weighted Average Share Price
Outstanding, December 31, 2020	-	-
August 10, 2021	224,600	CAD\$ 0.90
August 10, 2021	112,300	CAD\$ 1.35
Outstanding, December 31, 2021	336,900	CAD\$ 1.05

On August 10, 2021, the Company issued agent warrants to certain eligible persons who provided finance and investor introduction services in connection with the financing (Note 19 (a)(i)). The Company granted 224,600 warrants with the expiry date August 10, 2023 to acquire one common share of the company for CAD\$0.90 per share, and 112,300 warrants with the expiry date August 10, 2023 to acquire one common share of the Company for CAD\$1.35 per share. The fair value of the agent's warrants on the date of issuance was estimated to be \$122,501. The fair value was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions: risk-free rate of 0.44% on the date of grant; expected life of 2 years; volatility of 94% based on comparable companies.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

20. General and administrative expenses

	For the year ended	
	2021	2020
Executive salary and board fees	\$ 457,692	\$ 56,251
Research and development	8,703	-
Office and general	2,612,073	55,997
Sales and marketing expenses	2,112,382	7,771
Salaries and wages	3,319,739	703,864
Insurance	353,927	29,773
Travel and accommodation	63,235	4,032
Listing and escrow agent's fees	178,139	-
	\$ 9,105,890	\$ 857,688

21. Segmented information:

Identification of reportable operating segments

The consolidated entity is organised into four operating segments as described in Note 2.

The Company reviews EBITDA (earnings before interest, tax, depreciation and amortisation) on the regular basis. The accounting policies adopted for internal reporting to the Chief Operating Decision Maker are consistent with those adopted in the financial statements.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

During the year ended December 31, 2021, the Company's geographic segment financial information is summarised below. In the comparative period, there was only one operating segment identified. No comparative information has been included.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

	Canada	United States of America	Europe	Asia	Total
Sales revenues	\$ 120,401	\$ 2,657,671	\$ 3,304,229	\$ 4,102,244	\$ 10,184,545
Cost of sales	(170,030)	(3,286,346)	(2,015,672)	(2,339,506)	(7,811,554)
Gross profit	(49,629)	(628,675)	1,288,557	1,762,739	2,372,991
Depreciation and amortization	(12,250)	(501,092)	(232,846)	(166,273)	(912,461)
Net income (loss)	(22,434,967)	(8,639,510)	(2,014,460)	(28,208)	(33,117,145)
Total assets	8,749,309	3,791,459	14,475,360	9,572,676	36,588,804
Total liabilities	11,234,749	3,128,988	2,497,398	4,430,976	21,292,111

22. 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 December 31, 2021, managed capital was \$15,296,693 (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.

23. 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 sole director 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.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

(a) Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party.

(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. As at December 31, 2021, the Company had a cash balance of \$1,232,538 (December 31, 2020 - \$2,481,924).

				For the year ended	
				2021	2020
	Due date	Interest rate	Amount		
Accounts payable and accrued liabilities	1 year or less	0.00%	\$ 4,471,263	\$ 816,382	
Due to related parties	1 year or less	0.00%	377,051	56,251	
Lease liability, face value	1 year or less	0.00%	420,299	-	
Contingent consideration on Vitality transaction, face value	1 year or less	0.00%	545,240	-	
Contingent consideration on Vertex transaction, face value	1 year or less	0.00%	250,000	-	
Lease liability, face value	1 year to 2 years	0.00%	365,519	-	
Contingent consideration on Vertex transaction, face value	April 30, 2023	0.00%	1,000,000	-	
Amount due on Vertex transaction, face value	April 30, 2023	0.00%	6,500,000	-	
Contingent consideration on Vertex transaction, face value	April 30, 2024	0.00%	1,000,000	-	

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Amount due on Vertex transaction, face value	April 30, 2024	0.00%	3,000,000	-
Lease liability, face value	between 2 and 5 years	0.00%	400,122	-
Private loan	October 7, 2050	3.75%	154,994	-
Private loan	January 31, 2030	9.00%	150,000	-
Private loan	July 19, 2029	0.45%	440,000	-
Bank indebtedness	Nov 20/2023 - Oct 28/2030	0.00% - 2.35%	1,501,478	-
			20,575,966	\$872,633

(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 December 31, 2020 and December 31, 2021.

(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 December 31, 2021, the Company is not exposed to any significant market risks.

(e) Currency rate risk

As at December 31, 2021, a portion of the Company's financial assets and liabilities held in the Great British Pounds, Japanese Yen, Canadian Dollars and Euros consist of cash, accounts receivable, convertible notes receivable, prepaid and other current assets, and inventory. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

24. Income taxes:

(a) Reconciliation of effective tax rate:

The reconciliation of income taxes at the combined Canadian federal and provincial statutory income tax rate of 26.5% to the Company's reported taxes is as follows:

	December 31, 2021	December 31, 2020
Loss before tax	\$ (33,332,043)	\$ (2,273,832)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	(8,832,991)	(602,565)
Permanent differences	4,982,883	-
Rate Differences	589,954	-
Changes in deferred tax liability	(382,510)	-
Change in deferred taxes not recognized	3,427,766	602,565
Income tax expense	\$ (214,898)	\$ -

(b) Deferred income taxes:

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

Deferred tax assets

	December 31, 2021	December 31, 2020
Non-capital loss carry forwards	\$ 13,045,400	\$ 602,565
Deferred tax asset	13,045,400	602,565
Less: Deferred tax assets not recognized	(13,045,400)	(602,565)
Net deferred income tax asset	\$ -	\$ -

Deferred tax liabilities

	December 31, 2021	December 31, 2020
Intangible assets	\$ 2,045,427	\$ -

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

(c) Non-capital losses:

The Company has non-capital losses of approximately \$ 53,400,428 to apply against future taxable income. The \$46,370,781 of loss that is carried forward indefinitely relates to the Company's US operation. If not utilized, the non-capital losses will expire as follows:

2038	\$	60,331
2039		929,793
2040		491,273
2041		5,548,250
Carried forward indefinitely		46,370,781
		<hr/>
		\$ 53,400,428

25. Lease liability:

The Company recorded the present value of future lease liabilities using borrowing rate of 5%. The current lease liability was estimated as \$510,094, and non-current lease liability as \$1,107,462.

26. Impairment:

For purposes of impairment testing, goodwill has been allocated to the Socati, N8, Big Swig, Vertex, Vitality and EMMAC cash generating units (CGU). Socati CGU is based in the United States and is a manufacturer and seller of premium-quality cannabinoid ingredients and consumer products. N8 CGU is based in the United States and is a manufacturer and seller of wellness products that incorporate CBD (cannabidiol), cannabinoids and other functional ingredients. Big Swig CGU is based in the United States and is a manufacturer and seller of sparkling water products. Vertex CGU is based in Japan, and is a seller of various products through home-shopping networks. Vitality CGU is based in United Kingdom and is a seller of cannabinoid (CBD) related products through physical and online retailers. EMMAC CGU is based in the UK and France and is a collection of CBD and Hemp-related brands. The recoverable amount of the CGUs was based on fair value less costs of disposal for Socati, N8 and Big Swig CGUs, and value in use for Vertex, Vitality and EMMAC CGUs, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Following year end, due to the lack of regulatory clarity in the United States, which in the opinion of Yooma's management has limited market opportunities for growth in the CBD industry, and the significant decline in CBD public markets generally over the last year, which has proportionately affected the share price of Yooma's common shares and has limited the Company's ability to continue to raise capital to fund its operating subsidiaries and to pursue its "buy-and-build" strategy, Yooma has decided to significantly reduce its operational footprint in the United States. After the end of the reporting period, the operations have or will be suspended in Socati, N8 and Big Swig CGUs. As a result, the Socati, N8 and Big Swig CGUs have been impaired as at 31 December 2021, and all assets of these divisions were written down to their recoverable amount based on fair value less cost of disposal.

The fair value less cost of disposal is based on Level 2 and Level 3 inputs. The fair value of land and buildings was based on an agreement of purchase and sale entered into sale with an external party for anticipated gross proceeds of approximately \$2.5 million, which is expected to close in May 2022. Inventory fair value was determined based on actual sales made prior to the reduction in operational footprint. Working capital other than inventory and other liabilities were valued at their face value less

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

any known reductions for recoverability. The fair values of all other capital assets were valued at the sale proceeds less costs of disposal.

The impairment charges made in these CGUs (all within the United States of America segment) are:

- Socati & N8 CGUs: \$10,617,037 for Goodwill, \$663,000 for intangible assets (total impairment charge of \$11,280,037), \$61,889 for inventory, \$1,414,393 for Property Plant & Equipment and \$827,359 for right of use assets were also written off.
- Big Swig: \$1,149,235 for Goodwill, and \$477,750 for intangible assets (total impairment charge of \$1,626,985), \$227,145 in right of use assets and \$349,382 of inventory were also written off.

Further details regarding the writedown has been included within Note 27.

The recoverable amount of each of Vertex, Vitality and EMMAC's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management and a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for Vertex, Vitality and EMMAC cash generating units:

- Vertex: A 21.4% pre-tax discount rate, an average 21% revenue growth rate and a terminal growth rate declining to 2%. Gross margins of 40%, and EBITDA margins between 14.5% to 24.1%. Goodwill of \$8,133,370 has been allocated to this CGU.
- Vitality: A 19.7% pre-tax discount rate, an average 24% revenue growth rate and a terminal growth rate declining to 2%. Gross margins of 45%, and EBITDA margins between 4.1% to 17.2%. Goodwill of \$8,950,706 has been allocated to this CGU.
- EMMAC: A 21.6% pre-tax discount rate, an average 49% revenue growth rate and a terminal growth rate declining to 2%. Gross margins of between 35% and 40%, and EBITDA margins between -12.9% to 15.6% over the five year period. Goodwill of \$4,230,382 has been allocated to this CGU.

The discount rates reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for each CGU, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rate and other key assumptions listed above are prudent and justified, based on the expected growth in existing markets and available market data.

There were no other key assumptions for the three CGUs above.

Based on the above, an impairment charge of \$2,100,000 for Vitality and \$3,300,000 for EMMAC has been applied against goodwill within each entity, as the carrying amount of each CGU exceeded its recoverable amount. Both charges are recorded within the Europe operating segment. The recoverable amounts were assessed as a value in use of \$8,747,469 for Vitality and \$4,228,168 for EMMAC. The impairment was driven by lower revenue forecasts and higher operating costs encountered.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows for Vertex:

- A 10% decrease in revenue throughout the forecast period would not result in an impairment of goodwill with all other assumptions remaining constant.
- An increase in discount rate by a proportion of 10% of its estimate would not result in an impairment of goodwill, with all other assumptions remaining constant

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Vertex's division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the Vitality and EMMAC CGU's goodwill.

27. Subsequent events:

- (a) Due to the lack of regulatory clarity in the United States, which in the opinion of Yooma's management has limited market opportunities for growth in the CBD industry, and the significant decline in CBD public markets generally which has proportionately affected the share price of Yooma's common shares and has limited the Company's ability to continue to raise capital to fund its operating subsidiaries and to pursue its "buy-and-build" strategy, Yooma has decided to significantly reduce its operational footprint in the United States. The Company intends to instead focus its efforts and resources on its businesses and operations in jurisdictions where a more structured regulatory environment is expected to facilitate growth in the CBD industry (primarily the UK and Europe) as well as on the Company's non-CBD businesses, such as Vertex Co., Ltd. in Japan. To that end, since the end of the reporting period, the Company's US-based subsidiaries have taken the following steps:
- (i) Socati Corp. ("Socati"), the Company's US-based CBD ingredients manufacturer, is in the process of suspending its operations. Socati's employees have been terminated and all saleable inventory and equipment have been liquidated. An agreement of purchase and sale has been entered into for the sale of Socati's Montana real estate asset for anticipated gross proceeds of approximately \$2.5 million, which is expected to close in May 2022. Socati has retained ownership of its key intellectual property, preserving the Company's ability to relaunch the business, if warranted, in the future.
 - (ii) N8 Essentials, LLC ("N8"), a wholly-owned US-based subsidiary of Socati, has suspended its operations. On April 1, 2022, substantially all of the assets of N8 were sold to a third-party for gross proceeds of \$200,000, with \$100,000 payable in cash on closing and \$100,000 payable through a note receivable with 6 equal payments due over the 18 months following the closing date.
 - (iii) Big Swig Inc. ("Big Swig"), the Company's US-based subsidiary which operates a sparkling water business, is in the process of suspending its operations. Big Swig is currently in discussions with its secured creditor, landlord, suppliers and other trade creditors to attempt to resolve all outstanding liabilities.

As at December 31, 2021, all assets of these divisions were written down to their net realizable value based on the actual selling price in the first quarter of 2022.

YOOMA WELLNESS INC .

Notes to the Consolidated Financial Statements

(Expressed in U.S. dollars)

For the years ended December 31, 2021 and December 31, 2020

- (b) As indicated in Note 5(e), under the terms of the Vertex share purchase agreement, Yooma was required to refinance or repay the third-party debt of Vertex, not to exceed \$2 million, on or before March 31, 2022. As at March 31, 2022 the total outstanding debt was \$1.415 million (JPY 172,700,000). To date Yooma has not completed the required repayment or refinancing of this debt. Yooma continues to negotiate with the vendors of Vertex to extend the timing of the payments due under the share purchase agreement; the vendors have granted an extension until May 24, 2022.