

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

YOOMA WELLNESS INC.
(FORMERLY YOOMA CORP.)

For the nine and three months ended September 30, 2021, and
September 30, 2020

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

YOOMA WELLNESS INC.

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

	September 30, 2021	December 31, 2020
Assets		
Current		
Cash	\$ 4,677,347	\$ 2,481,924
Amounts receivable	1,966,286	85,169
Prepaid and other current assets (Note 7)	1,298,826	16,882
Notes receivable (Note 6)	1,384,109	-
Inventory (Note 5)	2,059,437	116,837
	11,386,006	2,700,812
Non-current		
Lease assets	16,614	-
Fixed assets	4,810,889	-
Intangible assets	968,285	-
Goodwill (Note 4 (a-d))	37,680,056	1,365,779
	\$ 54,861,849	\$ 4,066,591
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 2,511,471	\$ 816,382
Due to related parties (Note 13)	263,713	56,251
	2,775,184	872,633
Non-current		
Warrants reserve	\$ 1,602,774	\$ -
Loan payable and other liabilities	1,120,837	-
	2,723,611	-
Shareholders' Equity		
Capital stock (Note 14 (a))	58,972,335	5,517,350
Contributed surplus	916,941	-
Deficit	(10,526,222)	(2,323,392)
	49,363,054	3,193,958
	\$ 54,861,849	\$ 4,066,591

Subsequent events (Note 18)

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

 "Jordan Greenberg "
Director (Signed)

See accompanying notes to the condensed interim consolidated financial statements.

YOOMA WELLNESS INC.

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

	For the three month period ended	For the three month period ended	For the nine month period ended	For the nine month period ended
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue	\$ 2,128,620	\$ -	\$ 4,909,637	\$ -
Cost of sales	(1,568,512)	-	(3,776,668)	-
Gross profit	560,107	-	1,132,969	-
Expenses				
Depreciation and amortization	\$177,804	\$ -	\$409,327	\$ -
Consulting fees	130,767	308,437	521,456	460,277
Professional fees	363,172	217,575	1,264,899	325,960
Listing expense	-	-	960,725	-
Stock-Based compensation	574,839	-	674,441	-
Office and administrative	1,961,692	224,788	5,447,392	458,168
	3,208,273	750,770	9,278,240	1,244,405
Net loss before other income and expenses	\$ (2,648,166)	\$ (750,770)	\$ (8,145,270)	\$ (1,244,405)
Assets write-off (Note 5)	-	-	(134,810)	-
Other income	14,402	20,216	77,250	37,715
Net loss and comprehensive loss for the period	\$(2,633,763)	\$ (730,554)	\$ (8,202,830)	\$(1,206,690)
Loss per share – basic and diluted:	\$ (0.03)	\$ (0.02)	\$ (0.14)	\$ (0.05)
Weighted average number of common shares outstanding – basic and diluted:	78,389,781	33,831,330	60,310,551	24,468,618

See accompanying notes to the condensed interim consolidated financial statements.

YOOMA WELLNESS INC.

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

	For nine month period ended September 30, 2021		For nine month period ended September 30, 2020	
Share Capital				
Balance at beginning of period	\$	5,517,350	\$	37,000
Issuance of capital stock		53,454,984		5,480,350
Balance at end of period	\$	58,972,334	\$	5,517,350
Contributed Surplus				
Balance at beginning of period	\$	-	\$	-
Stock-based compensation		916,941		-
Balance at end of period	\$	916,941	\$	-
Deficit				
Balance at beginning of period	\$	(2,323,392)	\$	(49,560)
Net income (loss) for the period		(8,202,830)		(1,206,690)
Balance at end of period	\$	(10,526,222)	\$	(1,256,250)
Total Shareholders' Equity				
Balance at beginning of period	\$	3,193,958	\$	(12,560)
Issuance of capital stock		53,454,984		5,480,350
Stock-based compensation		916,941		-
Net loss for the period		(8,202,830)		(1,206,690)
Balance at end of period	\$	49,363,053	\$	4,261,100

See accompanying notes to the condensed interim consolidated financial statements.

YOOMA WELLNESS INC.

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

	For the nine month period September 30, 2021	For the nine month period September 30, 2020
Cash provided by (used in)		
Operating activities:		
Net loss for the period	\$ (8,202,830)	\$ (1,206,690)
Item not affecting cash:		
Depreciation and amortization	409,327	4,248
Assets write-off	134,810	-
Stock-based compensation	674,441	-
Accrued interest on note receivable	(13,148)	-
Listing expense	960,725	-
Net changes in non-cash working capital:		
Amounts receivable	(1,050,082)	(31,440)
Prepaid and other current assets	(489,002)	(8,357)
Inventory	(743,833)	(139,291)
Due to related parties	207,462	-
Accounts payable and accrued liabilities	1,261,104	390,148
	(6,851,026)	(991,352)
Investing activities:		
Acquisition of EDA	-	319,929
Acquisition of Socati	2,339,085	-
Acquisition of Yooma Europe	14,486	-
Acquisition of Vitality CBD Ltd	(5,257,403)	-
Acquisition of Big Swig	(351,060)	-
Note receivables	(1,500,000)	-
Cash received on going public transaction with Globalive	3,839,275	-
	(615,617)	319,929
Financing activities:		
Proceeds from note payable	-	(1,250,000)
Repayment of note payable	(119,400)	-
Proceeds from related parties	-	(1,805)
Proceeds from issuance of common shares	9,781,467	3,600,350
	9,662,067	2,348,545
Net change in cash during the period	2,195,424	1,677,122
Cash, beginning of period	2,481,924	1,489,970
Cash, end of period	\$ 4,677,348	\$ 3,167,092

See accompanying notes to the condensed interim consolidated financial statements.

YOOMA WELLNESS INC.

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

For the nine and three month period ended September 30, 2021 and 2020

1. Nature of operations:

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

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

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

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

On March 22, 2021, the Company completed a merger (the “Merger”) between Socati 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 4 (b)).

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 4 (c)).

On September 30, 2021, the Company completed the acquisition of Big Swig Inc., a U.S.-based seller of sparkling water beverages (Note 4 (d)).

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

The directors approved these condensed interim consolidated financial statements on November 26, 2021.

YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the nine and three month period ended September 30, 2021 and 2020

2. Basis of presentation:

Statement of compliance

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

Basis of consolidation and preparation

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

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

Subsidiaries	Jurisdiction of incorporation	Ownership interest
Entertainment Direct Asia Ltd.	British Virgin Islands	100%
Yooma Japan K.K.	Japan	100%
Big Swig Inc.	United States of America	100%
Socati Corp.	United States of America	100%
Yooma Europe Limited	United Kingdom	100%

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

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

3. Going Public Transaction:

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

YOOMA WELLNESS INC.

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3. Going Public Transaction (continued):

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

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

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	200,000
Net assets assumed	4,039,274
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 totaling \$2,494,540.

4. Acquisitions:

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

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

YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the nine and three month period ended September 30, 2021 and 2020

4. Acquisitions (continued):

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:

Total consideration paid (7,459,981 common shares)	\$	8,137,518
Net assets acquired		
Current assets		
Cash		14,486
Account receivables		505,252
Prepaid expenses		32,648
Inventory		70,900
Long-term assets		
Investments		7,947
Intangible assets		55,035
Capital assets		17,030
Total assets		703,299
Current liabilities		
Accounts payable and accrued liabilities		513,620
Loan		20,277
Long-term assets		
Other liabilities		169,402
Total liabilities		703,299
Net assets assumed		-
Goodwill	\$	8,137,518

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

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

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

YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the nine and three month period ended September 30, 2021 and 2020

4. Acquisitions (continued):

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

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

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

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

YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the nine and three month period ended September 30, 2021 and 2020

4. Acquisitions (continued):

- (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.

	<i>GBP</i>	<i>USD (FX 1.3631)</i>
Consideration: common shares issued 7,706,422	<i>GBP 4,200,000</i>	\$ 5,725,020
Cash consideration	<i>GBP 4,000,000</i>	5,452,400
Less: intercompany debt	<i>(GBP 2,042,147)</i>	(2,783,651)
Net Consideration	<i>GBP 6,157,853</i>	\$8,393,769
Net assets acquired		
Current assets		
Cash	<i>GBP 181,055</i>	246,797
Account receivables	<i>GBP 639,425</i>	871,600
Prepaid expenses and other assets	<i>GBP 71,735</i>	97,782
Inventory	<i>GBP 432,015</i>	588,880
Long-term assets		
Intangible assets	<i>GBP 5,392</i>	7,350
Capital assets	<i>GBP 22,593</i>	30,797
Total assets	<i>GBP 1,352,216</i>	\$ 1,843,205
Current liabilities		
Accounts payable and accrued liabilities	<i>GBP 1,498,969</i>	2,043,245
Tax provisions	<i>GBP 456</i>	621
Tax payable	<i>GBP 354,123</i>	482,704
Loan	<i>GBP 705,167</i>	961,213
Total liabilities	<i>GBP 2,558,714</i>	3,487,784
Net assets assumed	<i>(GBP 1,206,499)</i>	(1,644,578)
Goodwill	<i>GBP 7,364,352</i>	\$ 10,038,348

As at September 30, 2021, the Company recognized goodwill of \$10,038,348 arising from the acquisition of Vitality CBD Ltd. Goodwill is not deductible for tax purposes.

YOOMA WELLNESS INC.

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

For the nine and three month period ended September 30, 2021 and 2020

4. Acquisitions (continued):

- (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.

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 of Yooma at a price per share of \$0.795 (CAD \$1.01).

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.

		USD
Consideration: 1,477,986 common shares	\$	1,175,000
Consideration: existing debt converted into equity		375,000
Total consideration	\$	1,550,000
Net assets acquired		
Current assets		
Cash		23,940
Account receivables		159,195
Prepaid expenses and other assets		370,701
Inventory		534,679
Long-term assets		
Note receivables		176,109
Capital assets		4,937
Total assets	\$	1,269,562
Current liabilities		
Accounts payable and accrued liabilities		433,984
Loan payable		1,120,837
Total liabilities	\$	1,554,822
Net assets assumed		(285,259)
Goodwill		\$1,835,259

As at September 30, 2021, the Company recognized goodwill of \$1,835,259 arising from the acquisition of Big Swig Inc. Goodwill is not deductible for tax purposes.

YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in U.S. dollars)

For the nine and three month period ended September 30, 2021 and 2020

5. Inventory:

The Company's inventory of \$2,059,437 as at September 30, 2021 consists of packaged finished products, as well as raw material and finished goods inventory. For the nine months period ended September 30, 2021, the Company recognized \$3,776,668 of inventories in cost of sales and \$134,810 was written off due to expiry of the products and discontinuing operations in China effective June 17, 2021. During the period ended September 30, 2021, the Company acquired inventory as a part of the net assets acquisitions (Note 4 (a-d)) in the amount of \$1,965,585.

6. Notes 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 3). The amount is due on February 11, 2023 and bears Nil interest in the first year, then at 12% per annum. As of September 30, 2021, the outstanding amount on the note was \$200,000.

(b) On April 8, 2021, the Company advanced to Vertex Co., Ltd. the amount of \$600,000, and on June 30, 2021 the amount of \$400,000 by way of promissory notes. The amounts are due on December 31, 2021 and bear interest at 3% per annum. As of September 30, 2021, the outstanding amount on the notes was \$1,009,000, which includes accrued interest of \$9,000. On October 2, 2021, the Company completed the acquisition of Tokyo-based Vertex Co. Ltd., with the loan remaining due from Vertex.

(c) During the period ended September 30, 2021, the Company advanced \$375,000 as a loan to Big Swig Inc (Note 4 (d)), which was converted into equity on acquisition of Big Swig.

7. Prepaid expenses and other receivables:

	September 30, 2021	December 31, 2020
Prepaid expenses	\$ 482,538	\$ 16,882
Other assets	790,788	
Security deposits	25,500	-
	\$ 1,298,826	\$ 16,882

8. Capital assets

During the period ended September 30, 2021, the Company purchased as a part of net assets on acquisitions (Notes 4 (a-d)) the total of \$4,993,221 in capital assets. During the period ended September 30, 2021, the company acquired an additional of \$132,895 in capital assets and recorded depreciation of capital assets of \$315,227.

9. Intangible Assets

During the period ended September 30, 2021, the Company purchased as a part of net assets acquired on acquisitions (Notes 4 (a-d)) a total of \$1,062,385 in intangible assets, consisting of licenses and developed intellectual property. During the period ended September 30, 2021, the company recorded amortization of intangible assets in the total of \$94,100.

YOOMA WELLNESS INC.

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

For the nine and three month period ended September 30, 2021 and 2020

10. Accounts payable and accrued liabilities

	Sept. 30, 2021	Dec. 31, 2020
Accounts payable	\$ 1,777,857	\$ 168,233
Accrued liabilities	733,614	648,750
	\$ 2,511,471	\$ 816,382

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

11. Warrants reserve:

The Company had the following warrants outstanding as of September 30, 2021:

	Number of Options	Weighted Average Share Price
Outstanding, December 31, 2020	-	-
August 10, 2021 (a)	7,125,249	CDN\$ 1.35
August 10, 2021 (b)	224,600	CDN\$0.90
August 10, 2021 (b)	112,300	CDN\$1.35
Outstanding, September 30, 2021	7,462,149	CDN\$ 1.34

(a) On August 10, 2021, the Company granted 7,125,249 warrants with the expiry date August 10, 2024 to acquire one common share of the company for CDN\$1.35 per share. The fair value of the warrants was estimated to be \$1,559,914, less the cost of issuance of warrants of \$47,023.

(b) on August 10, 2021, the Company issued warrants to certain eligible persons who provided finance and investor introduction services in connection with the financing. The Company granted 224,600 warrants with the expiry date August 10, 2023 to acquire one common share of the company for CDN\$0.90 per share, and 112,300 warrants with the expiry date August 10, 2023 to acquire one common shares of the Company for CDN\$1.35 per share. The fair value of the agent's warrants was estimated to be \$89,883.

The Company designated the warrants as a derivative financial liability due to the warrants' exercise price set in Canadian dollars that is different from the functional currency of the Company. The warrants are measured at fair value each reporting period, with changes in value recognized in the statement of loss and comprehensive loss.

12. 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 nine-month period ended September 30, 2021 was based on the loss attributable to common shareholders of \$8,202,830 (2020- \$(1,206,690)) and the average weighted average number of common shares outstanding of 60,310,551 (2020- 24,468,618).

YOOMA WELLNESS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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13. Related party transactions and balances:

- (a) Compensation to key management is as follows:

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

	Sept. 30, 2021	Sept. 30 2020
Salaries	\$ 149,060	\$ 61,567
Stock based compensation granted ⁽ⁱ⁾⁽ⁱⁱ⁾	907,406	-
	\$ 1,056,466	\$ 61,567

- (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 \$485,279 was estimated based on the Black-Scholes option pricing model as described in note 14 (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 1,075,000 options granted to the Company's officers on September 3, 2021. The fair value of \$422,127 was estimated based on the Black-Scholes option pricing model as described in note 14(b)(i) which will be recognized in the statement of loss and comprehensive loss over the vesting period. On November 5, 2021, the options were cancelled unexercised. (Note 18 (c)).
- (b) For the period ended September 30, 2021, the Company recorded \$192,690 (2020 - \$110,959) 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 14(a)).
- (c) For the period ended September 30, 2021, the Company recorded \$189,044 (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 14(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 14 (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 14(a)).

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14. 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 3)	10,928,558	5,000,000
Shares issued on the EMMAC Life Sciences Group transaction (Note 4(a))	7,459,981	8,137,518
Shares issued on the Socati transaction (Note 4(b))	23,320,896	25,000,000
Shares issued on the financing (Note 14(i))	14,250,522	8,228,693
Shares issued on the Vitality CBD Limited (Note 4(c))	7,706,422	5,725,020
Shares issued on the Big Swig Inc (Note 4(d))	1,477,986	1,175,000
Shares issued on the debt settlement (Note 13(b) and (c))	321,726	188,753
Balance, September 30, 2021	99,297,421	58,972,334

- (i) On August 10, 2021, the Company completed an equity financing, raising gross proceeds of \$10,137,047, through the placing of 14,250,522 common shares at a price of CDN\$0.90 per share. Investors were granted one half warrant per share, resulting in the issuance of 7,125,249 warrants, exercisable at a price of CDN\$1.35 per share and with an expiry date of August 10, 2024. Gross proceeds on the financing were allocated between warrants and common shares using fair value calculations. The allocation to common shares was calculated as \$8,577,133, less cost of issuance of \$348,440.

(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 period ended September 30, 2021, the Company recognized a share-based compensation expense of \$674,441 (2020 - \$Nil), related to stock options. The total fair value of options granted during the period was \$3,382,705 (2020 - \$Nil).

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14. Share capital (continued):

The Company issued stock options to acquire shares as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2020	-	-
Issued February 10, 2021 (i)	1,425,000	CDN\$0.84
Issued September 2, 2021 (ii)	7,310,000	CDN\$0.90
Outstanding, September 30, 2021	8,735,000	CDN\$0.89

- (i) On February 10, 2021, the Company granted 1,800,000 stock options to officers. On June 28, 2021, a total of 375,000 of these options were forfeited. Each option entitles the holder to purchase one common share at a price of CDN\$0.84 per common share, exercisable on or before February 10, 2031, with the vesting schedule 1/24 monthly for the period of 2 years. The fair value of these stock options of \$512,239 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions: risk-free rate of 0.503% on the date of grant; expected life of 5 years; volatility of 70% based on comparable companies; forfeiture rate of 5%; dividend yield of nil; and the exercise price of the respective option based on a deemed exchange rate of \$1.2689 CAD to \$1.00 USD. On November 5, 2021, 75,000 options were canceled unexercised (Note 18 (c)).
- (ii) On September 2, 2021, the Company granted 7,310,000 stock options to an officer, director and employees. 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 2, 2031, with the vesting schedule 1/36 monthly or 1/3 annually for the period of 3 years. The fair value of these stock options of \$2,870,465 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. On November 5, 2021, 7,075,000 options were cancelled unexercised (Note 18 (c)).

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

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

Number of Options	Exercise Price	Expiry Date	Weighted average remaining life (years)
1,425,000	CDN\$0.84	Feb. 10, 2031	9.37
7,310,000	CDN\$0.90	Sep. 3, 2031	9.93

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14. Share capital (continued):

(c) The Company had the following deferred share units outstanding as of September 30, 2021:

	Number of Options	Weighted Average Share Price
Outstanding, December 31, 2020	-	-
Issued May 6, 2021	207,831	CDN\$1.24
Issued September 2, 2021	45,500	CDN\$0.90
Outstanding, September 30, 2021	253,331	CDN\$ 1.18

(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. 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. The DSUs are to be settled in Common Shares when the director retires from all positions with the Company.

15. Segmented information:

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

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

	For the period ended September 30, 2021	For the period ended September 30, 2020
Canada	\$ 85,180	\$ -
United States of America	569,348	-
Europe	380,333	-
Asia	98,108	-
	\$ 1,132,969	\$ -

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

	September 30, 2021	December 31, 2020
United States of America	\$ 5,574,799	\$ -
Europe	220,989	-
	\$ 5,795,788	\$ -

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16. 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 September 30, 2021, managed capital was \$49,363,054 (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.

17. Financial risk management:

Risk management framework:

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

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

(a) Credit risk:

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

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

Cash deposits:

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

(b) Liquidity risk:

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

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17. Financial risk management (continued):

As at September 30, 2021, the Company had a cash balance of \$4,677,347 (December 31, 2020 - \$2,481,924) to settle current financial liabilities of \$2,775,184 (December 31, 2020 - \$872,633). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

(c) Accounts receivable:

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

(d) Market risk:

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

18. Subsequent events:

- (a) On October 2, 2021, the Company completed the acquisition of Tokyo-based Vertex Co. Ltd. The transaction is valued at \$12-million. Vertex sells a range of proprietary wellness products in Japan through various home shopping networks including QVC, Fuji TV, Nihon TV and others, as well as popular on-line marketplaces Rakuten, Yahoo! Shopping and Amazon, and Vertex's own Shop-V. The acquisition adds new product lines to Yooma's wellness offerings and increases its customer base and the size of its distribution network.

The transaction was implemented through a stock purchase agreement between Yooma and the shareholders of Vertex entered into on Oct. 1, 2021 (Toronto time). Under the purchase agreement, Yooma acquired all of the issued and outstanding securities of Vertex for a purchase price of \$12-million, with \$2.5-million paid in cash on closing and the balance of the purchase price to be paid in two cash instalments of \$6.5-million on April 30, 2023, and \$3-million on April 30, 2024. 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.

Under the terms of the purchase agreement, Yooma also agreed to arrange to refinance up to \$2-million of Vertex debt by no later than March 31, 2022. Vertex's senior management has been retained and will continue to operate its business day-to-day.

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18. Subsequent events (continued):

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

The acquisition was completed through Yooma's wholly owned subsidiary, Socati Corp., and adds N8's 14,000-square-foot manufacturing facility in Kansas to Socati's existing 22,000-square-foot facility in Montana, significantly increasing the platform's downstream manufacturing capabilities in the United States.

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 of N8 at a price per share of \$0.673 (CAD \$0.853).

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. Key members of N8's senior management have been retained and will continue to operate the business day to day.

- (c) On November 5, 2021, the Company cancelled 7,150,000 stock options as (a) 75,000 issued on February 10, 2021 to purchase one common share at a price of CDN\$0.84 per common share, and (b) 7,075,000 issued on September 3, 2021 to purchase one common share at a price of CDN\$0.90 per common share.