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

YOOMA WELLNESS INC.
(FORMERLY YOOMA CORP.)

For the period from incorporation on July 10, 2019 to
December 31, 2019 and
for the year ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yooma Wellness Inc. (formerly Yooma Corp.)

Opinion

We have audited the consolidated financial statements of Yooma Wellness Inc. (formerly Yooma Corp), (the Company), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended December 31, 2020 and for the period from July 10, 2019 (date of incorporation) to December 31, 2019, 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 Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and for the period from July 10, 2019 (date of incorporation) to December 31, 2019, 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 Company 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.

Other information

Management is responsible for the other information. The other information comprises 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 identified above 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 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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 performance of the entities or business activities within the Company 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
April 30, 2021
Toronto, Ontario

YOOMA WELLNESS INC.

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

		December 31, 2020		December 31, 2019
Assets				
Current				
Cash	**$**	**2,481,924**	$	1,489,970
Accounts receivable		**85,169**		-
Prepaid and other current assets		**16,882**		-
Due from shareholders (Notes 8 and 12)		**-**		37,000
Inventory (Note 4)		**116,837**		-
Demand note receivable (Note 5)		**-**		1,250,000
		2,700,812		2,776,970
Non-current				
Goodwill (Note 3)		**1,365,779**		-
Total assets	**$**	**4,066,591**	$	2,776,970
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**816,382**	$	49,530
Due to related parties (Note 12)		**56,251**		-
Note payable (Note 7)		**-**		1,250,000
Subscription deposits (Note 8)		**-**		1,490,000
		872,633		2,789,530
Shareholders' Equity				
Capital stock (Note 8)		**5,517,350**		37,000
Accumulated deficit		**(2,323,392)**		(49,560)
		3,193,958		(12,560)
Total liabilities and shareholders' equity	**$**	**4,066,591**	$	2,776,970

Subsequent events (Note 15)

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, 2020		For the period from incorporation (July 10, 2019) to December 31, 2019
Revenue	$	**42,765**	$	-
Cost of sales		**86,276**		-
Gross profit (loss)		**(43,511)**		-
Expenses				
Consulting fees		**747,579**		13,565
Professional fees		**572,186**		34,075
Office and administrative		**875,046**		1,920
Fair value adjustment on investments		**46,999**		-
Net loss before other income and expenses		**(2,285,321)**		(49,560)
Other income		**11,489**		-
Net loss and comprehensive loss for the period	$	**(2,273,832)**	$	(49,560)
Loss per share – basic and diluted	$	**(0.08)**	$	0.00
Weighted average number of common shares outstanding – basic and diluted		**26,822,087**		13,000,023

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		Accumulated Deficit		Total
Balance, July 10, 2019	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Shares issued – founders' shares (Note 8)	**13,000,023**		37,000		-		37,000
Net loss and comprehensive loss for the period	-		-		(49,560)		(49,560)
Balance, December 31, 2019	**13,000,023**	$	37,000	$	(49,560)	$	(12,560)
Shares issued for cash (Note 8)	**7,831,307**		5,090,350		-		5,090,350
Shares issued for acquisition of EDA (Note 8)	**13,000,000**		390,000		-		390,000
Net loss and comprehensive 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**

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, 2020	For the period from incorporation (July 10, 2019) to December 31, 2019
Cash provided by (used in)		
Operating activities:		
Net loss for the year	**$ (2,273,832)**	$ (49,560)
Amortization	**17,358**	-
Net changes in non-cash working capital:		
Accounts receivable	**(47,127)**	-
Due from shareholders	**37,000**	-
Prepaid and other current assets	**(12,993)**	-
Inventory	**(116,837)**	-
Fair value adjustment on investment	**46,999**	-
Accounts payable and accrued liabilities	**676,801**	49,530
	(1,672,631)	(30)
Investing activities:		
Cash acquired in business combination (Note 3)	**319,929**	-
Promissory note receivable	**-**	(1,250,000)
	319,929	(1,250,000)
Financing activities:		
Proceeds from note payable	**-**	1,250,000
Repayment of note payable	**(1,250,000)**	-
Proceeds from related parties	**(5,694)**	-
Proceeds from issuance of common shares	**3,600,350**	-
Proceeds from subscription deposits	**-**	1,490,000
	2,344,656	2,740,000
		-
Net change in cash during the year	**991,954**	1,489,970
Cash, beginning of year	**1,489,970**	-
Cash, end of year	**$ 2,481,924**	$ 1,489,970

See accompanying notes to the consolidated financial statements.

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.

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

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), K.K. Fenollosa (Japan) and Yooma Lifestyle Inc. (USA).

Previously the business of EDA was social media marketing through its video content distribution platform. Yooma intends to utilize its existing corporate structure and management team to develop one of Asia’s leading CBD products social commerce companies through the distribution and sale of CBD beauty and skincare products via a strategically curated network of sales channels and experience in digital, ecommerce and social media.

The Company issued a total of 13,000,000 shares to the former shareholders of EDA in exchange for all issued and outstanding shares in EDA valued at $0.03 per share or $390,000.

The director approved these consolidated financial statements on April 30, 2021.

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, 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), K.K. Fenollosa (Japan) and Yooma Lifestyle Inc. (USA). 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.

Due to the incorporation date of the Company, the consolidated statements of loss and comprehensive loss and cash flows do not present information for the same period in the prior year. The information for the period from incorporation (July 10, 2019) to December 31, 2019 is included as the comparative period.

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

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

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.

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 considered to operate one segment. 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.

2. Basis of presentation: (Cont'd)

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 expire. Gains and losses on derecognition are generally 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
Due from shareholders	Amortized Cost
Demand note receivable	Amortized Cost
Investments	FVTPL
Liabilities	
Accounts payable and accrued liabilities	Amortized Cost
Due to related parties	Amortized Cost
Note payable	Amortized Cost
Subscription deposits	Amortized Cost

2. Basis of presentation: (Cont'd)

Financial instruments (Cont'd)

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, 2020 only the investments 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 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.

2. Basis of presentation: (Cont'd)

Cash-generating unit

For the purposes of assessing impairment, the Company has determined a single cash-generating unit ("CGU") as defined under IAS 36, which consists of all of its assets. Its intangible assets, property plant and equipment and goodwill, do not generate cash inflows that are largely independent of those from other assets. As a result, the smallest group of assets that generates independent inflows, in accordance with IAS 36, is all of the Company's assets including goodwill. The goodwill is not monitored at a lower level for internal management purposes and the single cash generating unit is not larger than an operating segment as defined within IFRS 8.

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.

Foreign currency

Items included in the consolidated financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates.

The Company translates monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates when they occur. Gains and losses on translation are recorded in the statement of loss and comprehensive loss.

2. Basis of presentation: (Cont'd)

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.

Revenue

Revenue is recognized when performance obligation 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 is met.

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

Investments

Investments consist of an investment in shares of a private company, which is recorded at fair value. Investments that are bought and held principally for the purpose of selling them in the near term are classified as fair value through profit or loss and are reported at fair value, with unrealized gains and losses recognized in the statement of loss and comprehensive loss. The fair value of substantially all investments is determined by quoted market prices, except for those investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost. The fair market valuation is categorized within Level 3 of the fair value hierarchy as one or more of the significant inputs is not based on observable market data.

2. Basis of presentation: (Cont'd)

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.

Goodwill

Goodwill is initially recognized at cost, being the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed at the date acquired, and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

Subsequently, goodwill and indefinite life intangible assets are not amortized but are assessed at the end of each reporting period for impairment and more frequently whenever events or circumstances indicate that their carrying value may not be fully recoverable. The Company considers the relationship between its market capitalization and its book value, as well as other factors, when reviewing for indicators of impairment. Goodwill is assessed for impairment based on the CGUs or group of CGUs to which the goodwill relates. Any potential goodwill impairment is identified by comparing the recoverable amount of a CGU or group of CGUs to its carrying value which includes the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use.

2. Basis of presentation: (Cont'd)

Goodwill (Cont'd)

The Company may need to test its goodwill for impairment between its annual test dates if market and economic conditions deteriorate or if volatility in the financial markets causes declines in the Company's share price, increases the weighted average cost of capital, or changes valuation multiples or other inputs to its goodwill assessment. In addition, changes in the numerous variables associated with the judgments, assumptions, and estimates made by management in assessing the fair value could cause them to be impaired. Goodwill impairment charges are non-cash charges that could have a material adverse effect on the Company's consolidated financial statements but in themselves do not have any adverse effect on its liquidity, cash flows from operating activities or debt covenants.

An impairment loss of goodwill is not reversed. For other assets, an impairment loss may be reversed if the estimates used to determine the recoverable amount have changed. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. The reversal is recognized in the consolidated statements of loss and comprehensive loss.

The Company uses estimates in determining the recoverable amount of its cash-generating unit ("CGU") in performing annual impairment testing of goodwill. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates. For the fiscal 2020, the recoverable amount was determined using a fair value less cost of disposal ("FVLCD") methodology using a market approach. Specifically, management determined the market value of the CGU, based on the reverse takeover transaction that was closed on February 11, 2021 (note 15). The FVLCD relies on arm's length transactions between unrelated, knowledgeable and willing parties that are under no compulsion to act, and therefore would qualify as Level 2 inputs. No reasonably possible change of any of the key assumptions would result in a carrying amount higher than the recoverable amount.

3. Acquisition:

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), K.K. Fenollosa (Japan) and Yooma Lifestyle Inc. (USA). The Company issued a total of 13,000,000 shares to the former shareholders of EDA in exchange for all issued and outstanding shares in EDA. The transaction was valued at $0.03 per share or $390,000. The Company used a third party appraiser to determine the fair value of the Company's shares.

The acquisition has been accounted for as a business combination with the Company as the acquirer. The Company acquired EDA as it intends to utilize the existing corporate structure and management team to develop one of Asia's leading CBD products social commerce companies.

(Expressed in U.S. dollars)

3. Acquisition: (Cont'd)

The allocation of the purchase consideration was as follows:

Allocation		
Cash and cash equivalents	$	**319,929**
Amounts receivable		**38,042**
Other current assets		**3,889**
Fixed assets		**11,728**
Intangible assets		**5,394**
Investments		**46,999**
Goodwill		**1,365,779**
Accounts payable and accrued liabilities		**(89,815)**
Due to related parties		**(61,945)**
Note payable		**(1,250,000)**
Net assets acquired	$	**390,000**

Purchase consideration:		
Consideration in the Company's common shares (13,000,000 common shares)	$	**390,000**
Purchase consideration	$	**390,000**

As at December 31, 2020, the Company recognized goodwill of $1,365,779 arising from the acquisition of EDA, on April 22, 2020. The acquisition of EDA allows the Company to leverage the success and experience of EDA's senior managers to build the Company's business into one of Asia's leading CBD products social commerce companies through the distribution and sale of CBD beauty and skincare products via a strategically curated network of sales channels.

Goodwill is not deductible for tax purposes.

4. Inventory:

The Company's inventory consists of packaged finished skin care products. The balance as of December 31, 2020 consists of purchased goods, for the total amount of $116,837. For the year ended December 31, 2020, the Company recognized $72,378 of inventories in cost of sales. There have been no write downs or reversals of write downs on inventory.

5. Demand note receivable:

On July 23, 2019, the Company advanced $1,250,000 for a promissory note to Entertainment Direct Asia Ltd, which was acquired by Yooma on April 22, 2020. The amount is due on demand, non-interest bearing and is unsecured. As of December 31, 2019, the total loan outstanding was $1,250,000. As at December 31, 2020, the balance has been eliminated on consolidation.

(Expressed in U.S. dollars)

6. Accounts payable and accrued liabilities

		2020		2019
Accounts payable	**$**	**168,233**	$	-
Accrued liabilities		**648,750**		49,530
	$	**816,382**	$	49,530

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.

7. Demand note payable:

On July 23, 2019, the Company received loan proceeds of $1,250,000 from the principal of one of the Company's corporate shareholders in the form of a promissory note. The amount was payable on demand, non-interest bearing and is unsecured. On March 3, 2020, the Company repaid the demand note payable of $1,250,000, as full settlement of this obligation.

8. Share capital:

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, June 10, 2019	**-**	$	**-**
Shares issued	13,000,023		37,000
Balance, December 31, 2019	**13,000,023**	**$**	**37,000**
Shares issued for cash	7,831,307		5,090,350
Shares issued for acquisition of EDA	13,000,000		390,000
Balance, December 31, 2020	**33,831,330**	**$**	**5,517,350**

i. On July 10, 2019, the Company issued 13,000,023 founder shares at a price of $0.0028 per share. The $37,000 in proceeds from the issuance of these common shares is receivable as at December 31, 2019. On December 31, 2020, the full receivable balance was forgiven.

ii. On May 19, 2020, the Company completed a non-brokered private placement of 7,831,307 common shares at a price per share of $0.65 for total gross proceeds of $5,090,350. The Company received $1,490,000 during the period ended December 31, 2019, and the amount was recorded as subscription deposits on the statements of financial position.

8. Share capital: (Cont'd)

iii. The Company issued a total of 13,000,000 shares to the former shareholders of EDA in exchange for all issued and outstanding shares in EDA. The transaction was valued at $0.03 per share or $390,000. The value of the shares was determined based on an independent valuation of the Company performed by an external appraiser. The valuation is categorized within Level 3 of the fair value hierarchy as one or more of the significant inputs is not based on observable market data

9. 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, 2020, managed capital was $3,193,958 (December 31, 2019 - $(12,560)). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. 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.

(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. As at December 31, 2020 and December 31, 2019, the Company's maximum exposure to credit risk was the carrying value of cash.

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.

10. Financial risk management: (Cont'd)

Risk management framework: (Cont'd)

(a) Credit risk: (Cont'd)

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, 2020, the Company had a cash balance of $2,481,924 (December 31, 2019 - $1,489,970) to settle current financial liabilities of $872,633 (December 31, 2019 - $2,789,530). 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 December 31, 2019 and 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 December 31, 2020, the Company is not exposed to any significant market risks.

(Expressed in U.S. dollars)

11. Loss per share:

Loss per share has been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the period. The calculation of basic loss per share for the period ended December 31, 2019 was based on the loss attributable to common shareholders of $49,560 and the average weighted average number of common shares outstanding of 13,000,023.

The calculation of basic and diluted loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of $2,273,832 and the average weighted average number of common shares outstanding of 26,822,087.

12. Related party transactions and balances:

During the year ended December 31, 2020 there was key management compensation in the amount of $95,229 (period ended December 31, 2019 - $13,565).

As at December 31, 2020, an amount of $76,214 (December 31, 2019 - $13,565) is recorded in accounts payable and accrued liabilities. This amount is owed to a member of management of the Company.

As at December 31, 2020, certain shareholders owe the Company $nil (December 31, 2019 - $37,000) as consideration for the issuance of the founders' shares. On December 31, 2020, the full receivable balance was forgiven. See Note 8.

As at December 31, 2020, the Company owes directors and management of its subsidiaries $56,251 (December 31, 2019 - $nil).

13. 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, 2020		December 31, 2019
Loss before tax	$	(2,273,832)	$	(49,560)
Statutory income tax rate		26.50%		26.50%
Expected income tax recovery		(602,565)		(13,133)
Change in deferred taxes not recognized		602,565		13,133
Net expected deferred income tax recovery	$	-	$	-

(Expressed in U.S. dollars)

13. Income taxes: (Cont'd)

(b) Deferred income taxes:

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

	December 31, 2020	December 31, 2019
Non-capital loss carry forwards	$ 602,565	$ 13,333
Deferred tax asset	602,565	13,333
Less: Deferred tax assets not recognized	(602,565)	(13,333)
Net deferred income tax asset	$ -	$ -

(c) Non-capital losses:

The Company has non-capital losses of approximately $2,103,350 to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2039	$ 49,560
2040	2,226,597
	$ 2,276,157

14. COVID-19:

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the successful completion of the contemplated transaction or potential delays in the timing of closing a transaction and condition of the Company in future periods.

15. Subsequent events:

(a) Reverse take-over with Globalive Technology Inc.

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.

15. Subsequent events: (Cont'd)

(a) Reverse take-over with Globalive Technology Inc. (Cont'd)

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, and was net of transaction fees. Upon completing the transaction, the Company had 44,759,888 common shares issued and outstanding.

(b) Acquisition of EMMAC Life Sciences Group

On March 11, 2021, the Company completed the transaction to acquire the wellness brands of EMMAC Life Sciences Group. This included certain assets of Blossom (Swiss CBD skincare brand), MYO (UK nutraceutical brand specializing in sports nutrition), and the shares of Green Leaf SAS in France (which owns Hello Joya and What the Hemp, two hemp-protein snack brands). The Company issued 7,459,981 shares of Yooma to EMMAC Life Sciences Limited (the "Consideration Shares") as part of the consideration for the acquired assets. The value of Yooma shares issued on the transaction is valued at $8,137,518 based on a price of CAD$1.38 per share and a deemed exchange rate of $1.2651CAD to $1.00 USD.

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

(c) Merger with Socati Corp.

On March 22, 2021, the Company completed a merger (the "Merger") between Socati Corp (the "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 23,320,896 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.