

YOOMA WELLNESS INC.

FORM 51-102F1 INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS

The following is a discussion and analysis ("MD&A") of the operating results and financial position of Yooma Wellness Inc. ("Yooma") and its subsidiaries (together "the Company"), dated May 28, 2021, which covers the interim period ended March 31, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the same period, which were prepared in accordance with International Financial Reporting Standards. Additional information on the Company is also available on SEDAR at www.sedar.com

Where we say "we", "us", "our", or the "Company" we mean Yooma Wellness Inc. and its subsidiaries unless otherwise indicated. All amounts are presented in U.S. dollars unless otherwise indicated.

Forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the completion of the Transaction and the terms on which the Transaction is intended to be completed as well as the Company's ability to complete any qualifying transaction.

With respect to forward-looking statements above and otherwise contained in this MD&A, the Company has made assumptions regarding, among other things:

- the legislative and regulatory environment;*
- the impact of increasing competition;*
- ability to obtain regulatory and shareholder approvals; and*
- the Company's ability to obtain additional financing on satisfactory terms.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below:

- volatility in the market conditions;*
- incorrect assessments of the value of acquisitions;*
- due diligence reviews; and*
- competition for suitable acquisitions.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of these risk factors set forth above.

Overview

Yooma was originally incorporated as 2705507 Ontario Inc. on July 10, 2019, under the laws of the Province of Ontario, Canada. Pursuant to articles of amendment dated October 29, 2019, the name of the corporation was changed to "Yooma Corp." On February 10, 2021, Yooma completed a reverse takeover transaction with Globalive Technology 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.

As at March 31, 2021, Yooma had the following operating subsidiaries:

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

Acquisition of EDA

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) (currently Yooma Japan K.K.). The EDA Acquisition was carried out by way of a share exchange agreement pursuant to which Yooma issued 13,000,000 Yooma Shares to the shareholders of EDA in exchange for all of the issued and outstanding shares in the capital of EDA based on an agreed purchase price value for EDA of US\$390,000 (US\$0.03 per share). The EDA Acquisition included all of EDA's subsidiaries: EDAHK and its subsidiary, Gaoweidi, as well as Yooma Japan.

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.

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

Cross Border eCommerce

Yooma has signed distribution agreements with several skincare and beauty brands, primarily US and Australian brands. These brands include Lab 2 Beauty, Hemptathy, SAYA Skincare, Kalologie and The Base Collective. Under the terms of these agreements, Yooma has obtained exclusive distribution rights for certain beauty and skincare products in China and in some cases for other Asian markets, as part of the company's Chinese e-commerce strategy. Yooma has launched its China e-commerce strategy through its listing on Alibaba's Tmall Global overseas fulfillment program ("TOF"). The TOF model provides access to Chinese consumers seeking overseas products, while providing a low-cost market entry strategy for feasibility testing and product assortment optimization. Tmall Global manages marketing and selling on the platform. After the delivery of goods to the Tmall warehouse in Los Angeles, Tmall Global then sells the products on its online store and handles delivery to end consumers in China.

Yooma has also launched peachandcoco.com, its US-based B2C e-commerce website which targets Chinese American consumers. For this US e-commerce sales channel, the Company has secured non-exclusive distribution in the United States for many of the same beauty and skincare products noted above. Yooma has non-exclusive rights to sell, market and distribute partner brands via the US e-commerce website. Yooma has also established preferred partner discount pricing with no minimum order quantities.

Subsequent to the initial launch of Yooma's TOF and B2C channels, the Company was successfully able to migrate certain brands onto a Yooma Tmall Global Specialty Store, the Tmall store format for merchants with exclusive distribution rights to sell products without geographical restrictions in mainland China.

On March 29, 2021, the China National Institute for Food and Drug Control released an announcement inviting comments and suggestions from industry participants on a proposal to list cannabis sativa and CBD as prohibited components of cosmetics. As a result of this announcement, Tmall Global updated the platform regulations for the sale of CBD products, adding additional labelling standards and testing requirements. More significantly, the platforms have restricted promotion and marketing efforts for CBD products, including key word and traffic generating tools, platform events and live streams. Yooma continues to sell certain non-CBD wellness products in China, while the company awaits regulatory clarity.

Reverse take-over with Globalive Technology Inc.

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

The 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 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, Yooma had 44,759,888 common shares issued and outstanding.

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

	Estimated preliminary fair value
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.

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 "EMMAC Consideration Shares") as 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 \$1.2651 CAD to \$1.00 USD. The assets acquired in the transaction are assets of Yooma Europe Limited, a company incorporated in the laws of the United Kingdom.

The EMMAC 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. They are also subject to a contractual lock-up, with 50% of the EMMAC Consideration Shares becoming tradeable on September 1, 2021 and the remaining 50% becoming tradable on February 28, 2022.

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 March 31, 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.

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 "Socati 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 Socati Consideration Shares, the Socati 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 Socati Consideration Shares, which allows them to be accessed to satisfy the indemnity obligations of the parties under the Merger Agreement.

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

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

Total consideration paid (23,320,896 common shares)	\$ 25,000,000
Net assets acquired	
Current assets	
Cash	2,339,085
Account receivables	390,601
Prepaid expenses and other assets	236,760
Inventory	771,126
Security deposits	272,949
Subscription receivable	1,992,886
Long-term assets	
Lease assets	1,370,566
Intangible assets	265,000
Capital assets	4,940,457
Total assets	12,579,431
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	8,107,832
Goodwill	\$ 16,892,168

As at March 31, 2021, the Company recognized goodwill of \$16,892,168 arising from the Merger. Goodwill is not deductible for tax purposes.

Financial Highlights

A summary of selected financial information as follows:

	For the three month period ended March 31, 2021	For the three month period ended March 31, 2020
Revenue	\$ 603,680	-
Cost of sales	(273,527)	-
Gross profit	\$ 330,153	-
Expenses		
Office and administrative	\$ (1,197,077)	(1,291)
Stock based compensation	(47,298)	-
Listing expense	(960,725)	-
Consulting fees	(163,123)	(19,032)
Professional fees	(389,796)	(24,670)
Total expenses	\$ (2,427,866)	(44,993)
Other income	52,474	-
Net loss and comprehensive loss	\$ (2,375,393)	(44,993)
Basic and diluted loss per share attributable to common shareholders	\$ (0.06)	(0.00)
Cash flows provided by (used in)		
Operating activities	\$ (3,743,190)	(69)
Investing activities	6,392,846	-
Financing activities	1,094,360	900,000
	As at March 31, 2021	As at December 31, 2020
Total assets	\$ 43,140,122	4,066,591
Shareholders' equity (deficit)	39,003,382	3,193,958

Results of Operations

Results of Operations for the period ended March 31, 2021

Yooma launched in cross-border ecommerce sales channel during the fourth quarter of 2020, becoming one of the early market entrants selling CBD skincare and beauty products in China through cross-border ecommerce. The experience provided the Company with valuable sales data and insights, shaping Yooma's strategy moving forward.

The Company incurred a net loss and comprehensive loss for the period ended March 31, 2021 of \$2,375,393 (Q1/2020 - \$(44,993)). The gross profit for the interim period was \$330,153 (Q1/2020 - \$Nil), other income was \$52,474 (Q1/2020 - \$Nil) and expenses of \$2,758,020 (Q1/2020 - \$44,993). Expenses for the period ended March 31, 2021 include the deemed listing expense of \$960,725 calculated on the reverse take over transaction with Globalive.

During the period, Yooma spent considerable efforts developing the foundation and strategy for its future operations. This included the following:

- (a) Concept creation – Including developing Yooma’s strategy, evaluating the competitive landscape, determining core competencies and positioning in the international markets. This phase also included the creation of the Yooma brand.
- (b) Organization building – Considerable time and effort was spent to build the Yooma organization.
- (c) Opportunity identification – Yooma sourced various opportunities both in Canada and in international markets. Considerable resources were spent pursuing these opportunities including various acquisition targets. Yooma engaged local consultants and advisors to perform legal and financial due diligence.
- (d) Execution – After successfully completing the acquisitions of EDA, EMMAC wellness brands and Socati, the Yooma team has been actively working to operate and integrate these businesses into the overall corporate strategy.

The consolidated operating results include the subsidiaries operations results: for EDA for the three month period ended March 31, 2021; for Yooma Europe from March 1, 2021 to March 31, 2021, and for Socati from March 20, 2021 to March 31, 2021.

Transactions with Related Parties

During the period ended March 31, 2021, there was key management compensation as follows (Q1/2020 - \$Nil):

Salaries	\$	56,517
Stock based compensation granted ⁽ⁱ⁾		485,279
	\$	541,796

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

For the period ended March 31, 2021, the Company recorded \$70,625 (2020 - \$Nil) in board compensation fees. As at March 31, 2021, the total of \$70,625 is recorded in accounts payable and accrued liabilities.

Detailed Quarterly Results

	Jul 10- 2019 to Sep 30, 2019	Q4- 2019	Q1- 2020	Q2- 2020	Q3- 2020	Q4- 2020	Q1- 2021
Gross sales loss	\$-	\$-	\$-	\$-	\$-	\$(43,511)	\$330,153
Other income (loss)	\$-	\$-	\$-	\$17,499	\$20,216	\$(26,227)	\$52,474
General and administration							
Costs:							
Office and General	\$-	\$1,920	\$1,290	\$232,089	\$224,788	\$463,877	\$1,197,077
Listing expenses	\$-	\$-	\$-	\$-	\$-	\$-	\$960,725
Stock based compensation	\$-	\$-	\$-	\$-	\$-	\$-	47,298
Consulting fees	\$-	\$13,565	\$19,032	\$132,808	\$308,437	\$287,302	\$163,123
Professional fees	\$-	\$34,075	\$24,670	\$83,745	\$217,545	\$246,225	\$389,796
Loss for the period	\$-	\$49,560	\$44,992	\$431,143	\$730,554	\$1,067,142	\$2,375,393
Loss per share*	\$0.00	\$0.00	\$0.00	\$0.02	\$0.02	\$0.02	\$0.06

Disclosure of Outstanding Share Data

As of the date of this MD&A, the following is a description of the outstanding equity securities and exercisable securities previously issued by the Company:

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 is as follows:

	Number of shares	Amount
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
Shares issued on the Globalive transaction	10,928,558	5,000,000
Shares issued on the EMMAC Life Sciences Group transaction	7,459,981	8,137,518
Shares issued on the Socati transaction	23,320,896	25,000,000
Balance, March 31, 2021 and May 28, 2021	75,540,765	43,654,868

The Company had the following stock options outstanding as of the date of this Discussion:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2020	-	-
Issued February 10, 2021 (a)	1,800,000	CDN\$0.84
Outstanding, March 31, 2021	1,800,000	CDN\$ 0.84
Issued May 6, 2021 (b)	5,455,000	CDN\$1.24
Forfeited May 28, 2021 (c)	(150,000)	CDN\$1.24
Outstanding, May 28, 2021	7,105,000	CDN\$ 1.14

- (a) On February 10, 2021, the Company granted 1,800,000 stock options to officers. 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.
- (b) On May 6, 2021, the Company granted 5,455,000 stock options to its directors and officers. Each option entitles the holder to purchase one common share at a price of CDN\$1.24 per common share, exercisable on or before May 6, 2031, with the vesting schedule 1/36 monthly for the period of 3 years or 1/3rd per year for the period of 3 years.
- (c) On May 28, 2021, 150,000 stock options were forfeited as a result of the departure of one of the Company's employees.

The Company had the following deferred share units outstanding as of the date of this Discussion:

	Number of Options	Weighted Average Share Price
Outstanding, March 31, 2021	-	-
Issued May 6, 2021 (a)	207,831	CDN\$1.24
Outstanding, May 28, 2021	207,831	CDN\$ 1.24

- (a) On May 6, 2021, the Company granted 207,831 deferred share units to its directors as board compensation fees for the year ending December 31, 2021. Each unit entitles the holder to purchase one common share at a price of CDN\$1.24 per common share. The units are vested immediately.

Financial risk management*Risk management framework:*

The sole director has overall responsibility for the establishment and oversight of the Company's 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 March 31, 2021 and December 31, 2020, 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.

(b) 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.

(c) 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 March 31, 2021, the Company had a cash balance of \$6,225,940 (December 31, 2020 - \$2,481,924) to settle current financial liabilities of \$2,602,249 (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.

(d) 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 March 31, 2021 and December 31, 2020.

(e) 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 March 31, 2021, the Company is not exposed to any significant market risks.

Liquidity And Capital Resources

As at March 31, 2021, Yooma had shareholders' equity of \$39,003,382 (December 31, 2020 - \$3,193,958). This includes accounts payable and accrued liabilities of \$1,745,229 (December 31, 2020 - \$816,382) which were due within 12 months, due to related parties of \$382,797 (December 31, 2020 - \$56,251) payable on demand, deferred revenue of \$454,540 (December 31, 2020 - \$Nil), note payable of \$19,703 (December 31, 2020 - \$Nil), non-current liabilities of \$1,534,491 (December 31, 2020 - \$Nil) and cash of \$6,225,940 (December 31, 2020 - \$2,481,924) in the Company's bank account. Yooma does not generate significant revenue from its operations and any significant improvements in working capital would result from the issuance of share capital. Up to the date of this Discussion, the net cash proceeds from the issue of share capital amounted to \$3,600,350.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. 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 to sustain future development of the business. The Company defines capital to include its working capital position and the capital stock, and option components of its shareholders equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended March 31, 2021. The Company is not a subject to externally imposed capital requirements.

Although economic conditions in the financial market appear to have made a modest recovery, it remains difficult under current economic conditions to secure debt or equity financing for some companies. If the current market conditions persist for an extended period of time, there can be no assurance that additional funding will be available to the Company or if available, that this funding will be on acceptable terms.

Critical Accounting policies and Estimates updated

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results. Significant items subject to

estimates and assumptions include the valuation of goodwill and the recognition of deferred income tax assets and liabilities. Actual results could differ from those 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.

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.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance finance arrangements.