



**Lifeist Wellness Inc. (formerly Namaste Technologies Inc.)**  
**Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

For the three and nine months ended August 31, 2022 and August 31, 2021

(In Canadian dollars)

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**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_**

## Condensed Consolidated Interim Statements of Financial Position

As at August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian dollars)

	Notes	August 31, 2022	November 30, 2021
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents		\$ 3,605,042	\$ 12,739,457
Trade and other receivables	6	7,301,816	4,369,977
Convertible loan receivable	23 (b)	-	2,044,077
Inventories	7	6,963,391	5,369,516
Prepaid expenses and other assets	13	2,247,587	3,073,041
<b>Total current assets</b>		<b>20,117,836</b>	<b>27,596,068</b>
<i>Non-current assets</i>			
Portfolio investments	9	282,487	362,603
Property and equipment	10	3,352,108	3,716,635
Intangible assets	11	3,918,066	5,169,804
Goodwill	12	667,091	667,091
Other assets	13	363,339	444,765
<b>Total non-current assets</b>		<b>8,583,091</b>	<b>10,360,898</b>
<b>Total assets</b>		<b>\$ 28,700,927</b>	<b>\$ 37,956,966</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	14	\$ 6,932,036	\$ 8,480,082
Other short-term liabilities	26	808,500	1,347,500
Short-term portion of lease liabilities	17	164,077	190,445
Deferred revenue	15	174,181	874,512
Provisions	16	626,594	326,594
<b>Total current liabilities</b>		<b>8,705,388</b>	<b>11,219,133</b>
<i>Non-current liabilities</i>			
Deferred tax liabilities	22 (b)	28,361	40,817
Long-term portion of lease liabilities	17	223,674	364,140
Other long-term liabilities		-	269,500
<b>Total non-current liabilities</b>		<b>252,035</b>	<b>674,457</b>
<i>Shareholders' equity</i>			
Share capital	18	154,824,759	153,889,816
Contributed surplus		23,776,351	19,262,133
Options reserve		5,803,810	10,072,227
Warrants reserve		24,320,901	24,320,901
Other reserve	26	(3,769,219)	(3,769,219)
Accumulated deficit		(183,923,454)	(176,631,034)
Accumulated other comprehensive (loss)		(1,289,644)	(1,081,448)
<b>Total shareholders' equity</b>		<b>19,743,504</b>	<b>26,063,376</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 28,700,927</b>	<b>\$ 37,956,966</b>

*The accompanying notes are an integral part of the condensed consolidated interim financial statements.*

Approved on behalf of the Board on October 27th, 2022 by:

“Branden Spikes”

Director

“Meni Morim”

Director

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_****Condensed Consolidated Interim Statements of Operations**

For the three and nine months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended		Nine months ended	
		August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Gross revenue		\$ 8,855,459	\$ 6,662,272	\$ 20,724,621	\$ 18,279,514
Excise taxes		(2,020,543)	(1,279,341)	(4,889,740)	(2,904,323)
Net revenue	5,19	6,834,916	5,382,931	15,834,881	15,375,191
Cost of goods sold	7	5,448,308	4,457,991	12,916,722	13,981,095
Gross profit before inventory adjustment		1,386,608	924,940	2,918,159	1,394,096
Inventory adjustment	7	1,637,859	(432,710)	427,645	(1,517,903)
Gross profit (loss)		3,024,467	492,230	3,345,804	(123,807)
Salaries and other compensation costs		1,722,377	2,672,888	5,910,819	7,661,297
Office and general expenses		1,316,256	1,619,254	3,117,229	4,409,177
Technological development		11,779	99,408	118,369	546,492
Professional fees		285,155	429,122	1,146,896	1,419,321
Selling and marketing expense		739,382	709,892	2,060,614	1,388,068
Depreciation and amortization	10,11	332,213	454,685	1,120,092	1,272,446
Share-based compensation	18 (d)	105,117	(4,873)	336,622	889,252
Loss before following:		(1,487,812)	(5,488,146)	(10,464,837)	(17,709,860)
Other expense (income)	21	482,565	65,693	273,778	698,939
Foreign exchange loss (gain)		4,930	(9,925)	47,740	71,372
Loss from continuing operations before income tax		(1,975,307)	(5,543,914)	(10,786,355)	(18,480,171)
Income tax recovery (expense)	22 (a)	31,284	(106,369)	233,439	(199,625)
Net loss from continuing operations, net of tax		(1,944,023)	(5,650,283)	(10,552,916)	(18,679,796)
Gain (loss) on sale of discontinued operations	4	-	(403,139)	3,260,496	(1,124,710)
Net loss		\$ (1,944,023)	\$ (6,053,422)	\$ (7,292,420)	\$ (19,804,506)
Net loss attributable to:					
Shareholders of the Company		(1,944,023)	(6,053,422)	(7,292,420)	(19,804,506)
Net loss		\$ (1,944,023)	\$ (6,053,422)	\$ (7,292,420)	\$ (19,804,506)
Net loss per share (basic and diluted)	18 (e)	\$ (0.0047)	\$ (0.02)	\$ (0.02)	\$ (0.05)
Weighted average number of outstanding common shares (basic and diluted)		414,610,790	386,024,310	412,839,537	398,138,317

*The accompanying notes are an integral part of the condensed consolidated interim financial statements.*

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_****Condensed Consolidated Interim Statements of Comprehensive Loss**  
**For the three and nine months ended at August 31, 2022 and August 31, 2021**  
**(Unaudited - Expressed in Canadian dollars)**

	Three months ended		Nine months ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Net loss	\$ (1,944,023)	(6,053,422)	(7,292,420)	(19,804,506)
<b>Other comprehensive loss:</b>				
<i>Items that are or may be reclassified to profit or loss</i>				
Cumulative translation adjustment	(28,823)	(14,739)	(28,197)	(623,447)
<i>Items that will not be reclassified to profit or loss</i>				
Changes in the fair value of equity investments designated at FVOCI	(46,667)	-	(179,999)	600,000
	(75,490)	(14,739)	(208,196)	(23,447)
<b>Total comprehensive loss</b>	<b>\$ (2,019,513)</b>	<b>(6,068,161)</b>	<b>(7,500,616)</b>	<b>(19,827,953)</b>

*The accompanying notes are an integral part of the condensed consolidated interim financial statements.*

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)**
**LIFEIST**
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**

For the nine months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian dollars)

	Attributable to Shareholders of the Company										Non-controlling interests	Total Shareholders' Equity	
	Share Capital		Warrants Reserve		Options Reserve		Contributed Surplus	Other Reserves	Accumulated OCI	Accumulated Deficit			Total Shareholders' Equity
	#	\$	#	\$	#	\$							
<b>Balance at November 30, 2021</b>	404,650,916	153,889,816	85,863,587	24,320,901	17,217,811	10,072,227	19,262,133	(3,769,219)	(1,081,448)	(176,631,034)	26,063,376	-	26,063,376
Net loss	-	-	-	-	-	-	-	-	-	(7,292,420)	-	-	(7,292,420)
Other comprehensive loss	-	-	-	-	-	-	-	-	(208,196)	-	(208,196)	-	(208,196)
	404,650,916	153,889,816	85,863,587	24,320,901	17,217,811	10,072,227	19,262,133	(3,769,219)	(1,289,644)	(183,923,454)	18,562,760	-	18,562,760
<b>Transactions directly recorded in equity:</b>													
Camnart Labs purchase	10,687,794	808,500	-	-	-	-	-	-	-	-	808,500	-	808,500
Shares issued (Note 18(b))	664,121	40,000	-	-	-	-	-	-	-	-	40,000	-	40,000
Forfeiture of options and warrants	-	-	-	-	(5,596,224)	(4,518,596)	4,514,218	-	-	-	(4,378)	-	(4,378)
Share-based compensation	1,721,359	86,443	-	-	4,461,735	250,179	-	-	-	-	336,622	-	336,622
<b>Balance at August 31, 2022</b>	417,724,190	154,824,759	85,863,587	24,320,901	16,083,322	5,803,810	23,776,351	(3,769,219)	(1,289,644)	(183,923,454)	19,743,504	-	19,743,504

	Attributable to Shareholders of the Company										Non-controlling interests	Total Shareholders' Equity	
	Share Capital		Warrants Reserve		Options Reserve		Contributed Surplus	Other Reserves	Accumulated OCI	Accumulated Deficit			Total Shareholders' Equity
	#	\$	#	\$	#	\$							
<b>Balance at November 30, 2020</b>	323,954,483	133,992,359	13,922,500	20,114,526	16,435,205	9,319,817	19,085,412	-	(427,626)	(152,830,285)	29,254,203	(264,781)	28,989,422
Net loss	-	-	-	-	-	-	-	-	-	(19,804,506)	(19,804,506)	-	(19,804,506)
Other comprehensive loss	-	-	-	-	-	-	-	(3,769,219)	(23,447)	-	(3,792,666)	-	(3,792,666)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	264,781	264,781
	323,954,483	133,992,359	13,922,500	20,114,526	16,435,205	9,319,817	19,085,412	(3,769,219)	(451,073)	(172,634,791)	5,657,031	-	5,657,031
<b>Transactions directly recorded in equity:</b>													
Issue of shares for purchase of non-controlling interest in Camnart Labs, Inc.	9,278,538	2,147,500	-	-	-	-	-	-	-	-	2,147,500	-	2,147,500
Issue of shares and warrants for public offering, net of issuance costs	65,780,000	16,689,710	69,726,800	4,507,375	-	-	-	-	-	-	21,197,085	-	21,197,085
Forfeiture of options and warrants	-	-	-	-	(708,333)	(110,746)	110,746	-	-	-	-	-	-
Share-based compensation	-	-	-	-	2,297,439	889,326	-	-	-	-	889,326	-	889,326
<b>Balance at August 31, 2021</b>	399,013,021	152,829,569	83,649,300	24,621,901	18,024,311	10,098,397	19,196,158	(3,769,219)	(451,073)	(172,634,791)	29,890,942	-	29,890,942

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_**

## Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended August 31, 2022 and August 31, 2021

(Unaudited - Expressed in Canadian dollars)

		Nine months ended	
	Notes	August 31, 2022	August 31, 2021
<b>Cash flows from operating activities:</b>			
Net loss		\$ (7,292,420)	\$ (19,804,506)
Adjustments for:			
Gain on sale of discontinued operations	4	(930,052)	-
Depreciation	10	962,025	558,844
Amortization	11	158,067	713,602
Share-based compensation	18(d)	336,622	889,252
Unrealized (gain) loss on equity instruments	21	120,687	582,861
Unrealized (gain) loss on derivatives	21	-	(1,983)
Change in provisions		-	(191,206)
Other non-cash (income) expense	4	(4,003,369)	501,331
Deferred tax (expense) recovery	22(a)	(11,394)	36,881
Foreign exchange loss		47,740	80,212
Cash used in operations before changes in non-cash working capital		(10,612,094)	(16,634,712)
Cash used in discontinued operations	4	(836,062)	(1,124,710)
Changes in non-cash working capital	24(a)	(4,056,470)	4,575,550
Net cash used in operating activities		(15,504,626)	(13,183,872)
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	10	(597,424)	(317,331)
Proceeds from settlement of convertible loan receivable	23b(ii)	2,044,077	-
Proceeds from disposal of discontinued operations	4	5,023,606	-
Proceeds from disposal of equity investments	9	192,724	5,277
Proceeds from disposal of property and equipment		-	131,347
Net cash provided by (used in) investing activities		6,662,983	(180,707)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of share capital	18(b)	-	18,835,862
Proceeds from issuance of warrants	18(c)	-	4,507,375
Share issuance costs	18(b)	-	(2,146,152)
Lease liability principal and interest payment	17	(211,395)	(210,144)
Net cash provided by (used in) financing activities		(211,395)	20,986,941
Net increase (decrease) in cash and cash equivalents		(9,053,038)	7,622,362
Effect of movement in exchange rates on cash held in foreign currencies		(81,377)	(85,809)
Cash and cash equivalents, beginning of the period		12,739,457	10,278,026
Cash and cash equivalents, end of the period		\$ 3,605,042	\$ 17,814,579

See Note 24 for additional cash flow information.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## 1. General information

Lifeist Wellness Inc. (formerly Namaste Technologies Inc.) (“Lifeist” or the “Company”) is a publicly traded company incorporated under the British Columbia Business Corporations Act and is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. Lifeist’s common shares are listed on the TSXV under the symbol “LFST”, on the OTCQB® Venture Market under the symbol “NXTTF” and traded as open stock on the Frankfurt Stock Exchange under the symbol “M5BQ”. The Company’s registered office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada.

Lifeist is a portfolio of wellness companies leveraging advancements in science and technology to enable consumers to find their individual path to wellness.

On May 25, 2022, the Company completed the sale of Findify AB, the Swedish subsidiary that operates an AI-powered product search and discovery platform, to Maropost AB for total consideration of US\$4,450,000 in cash.

Lifeist’s portfolio of brands includes:

- CannMart Inc. (“CannMart”), a distributor of licensed and in-house branded adult-use cannabis and cannabis derived products in Canada;
- CannMart Marketplace Inc. through a U.S. subsidiary operates [CannMart.com](https://www.cannmart.com), an online marketplace for hemp-derived CBD and accessories in the U.S.;
- CannMart Labs Inc., (“Labs”), licensed facility for BHO (butane hash oil) extraction within Canada;
- Australian Vapes ([AustralianVaporizers.com.au](https://www.AustralianVaporizers.com.au)), online supplier of hardware, including vaporizers, and related accessories in Australia; and
- Mikra, Cellular Sciences Inc., a biosciences and consumer wellness subsidiary.

The condensed consolidated interim financial statements were approved and authorized by the Board of Directors of the Company on October 27, 2022.

**2. Summary of significant accounting policies***(a) Basis of presentation*

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, and should be read in conjunction with the Company’s audited consolidated financial statements as at and for the fiscal year ended November 30, 2021 (“last annual financial statements”), which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

*(b) Basis of measurement*

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency and are prepared on a historical cost basis, except for certain financial instruments which are measured either through fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

*(c) Basis of consolidation*

These condensed consolidated interim financial statements incorporate the financial statements of the Company, including its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intracompany balances and transactions, and any unrealized income and expenses arising from intracompany transactions, are eliminated in full on consolidation. The table below lists the Company’s subsidiaries, associates, and the ownership interests in each:

Entity	% Ownership	Jurisdiction	Functional currency	Accounting method
Australian Vaporizers Pty Ltd.	100%	Australia	Australian dollar	Consolidation
CannMart Inc.	100%	Canada	Canadian dollar	Consolidation
CannMart Labs Inc.	100%	Canada	Canadian dollar	Consolidation
CannMart Marketplace Inc.	100%	Canada	Canadian dollar	Consolidation
CannMartMD Inc. (formerly NamastedMD Inc.)	100%	Canada	Canadian dollar	Consolidation
Lifeist Bahamas Inc. (formerly Namaste Bahamas Inc.)	100%	Bahamas	U.S. dollar	Consolidation
Lifeist Worldwide Inc. (formerly Namaste Technologies Holdings Inc.)	100%	Canada	U.S. dollar	Consolidation

*(d) Classification of expenses*

Included in Selling & general expenses are advertising and promotional expense and referral fees. Office and general expense include consulting fees, software, subscription and licenses, insurance expense and all other administration costs.

*(e) Use of management estimates, judgments and measurement uncertainty*

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed

consolidated interim financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are outlined in Note 2 of the last annual financial statements. There have been no significant changes in the Company's judgments and estimates applied during the three months ended August 31, 2022.

COVID-19 estimation uncertainty

In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the three months ended August 31, 2022. The production and sale of cannabis have been recognized as essential services in Canada and across Europe. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's condensed consolidated interim financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

**3. Recently issued but not yet effective standards**

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these

accounting standards on its financial statements would not be material.

#### 4. Discontinued Operations

On May 25, 2022, the Company completed the sale of Findify AB, the Swedish subsidiary that operates an AI-powered product search and discovery platform, for total consideration of US\$4,450,000 in cash, and a net gain of \$3,260,496 was recorded from this transaction.

The following table summarizes the assets and liabilities of Findify and consideration received:

	Nine months ended August 31, 2022
<b>Carrying value of net assets sold:</b>	
Cash and cash equivalents	\$ 116,584
Trade receivable and others	197,441
Intangible assets	931,686
Accounts payable and accrued liabilities	(279,274)
Deferred revenue	(303,596)
	<u>662,841</u>
<b>Sale consideration on disposition of net assets:</b>	
Cash	5,023,606
Amount holdback -Account receivable	185,793
Cost to sell	(450,000)
	<u>4,759,399</u>
Gain on sale of discontinued operations	4,096,558
Net loss from discontinued operations	(836,062)
<b>Net gain from discontinued operations</b>	<b>\$ 3,260,496</b>

Revenue, expenses and gains or losses relating to the discontinuance of Findify have been eliminated from the profit or loss from the Company's continuing operations and are shown as a single line item in the Consolidated Statements of Operations. As a result, the Company's prior period has been restated to present Findify as a discontinued operation.

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars, unless otherwise noted)

Net gain from the discontinued operations is summarized as follows:

	Nine months ended	
	August 31, 2022	August 31, 2021
Gross revenue	1,142,435	1,203,072
Cost of goods sold	(113,809)	(83,700)
<b>Gross profit</b>	<b>1,028,626</b>	<b>1,119,372</b>
Salaries and other compensation costs	496,780	601,453
Office and general	1,176,732	1,319,680
Professional fees	22,448	34,598
Selling and marketing expense	6,046	34,247
Depreciation and amortization	162,108	243,162
<b>Total operating expense</b>	<b>1,864,114</b>	<b>2,233,140</b>
<b>Loss from operations</b>	<b>(835,488)</b>	<b>(1,113,768)</b>
Foreign exchange loss (gain)	(3,184)	8,840
Other (income) expense	3,758	439
Total other expense	574	9,279
Loss from discontinued operations	(836,062)	(1,123,047)
Income tax (expense) recovery	-	(1,663)
Net loss from discontinued operations	(836,062)	(1,124,710)
Gain on sale of discontinued operations	4,096,558	-
<b>Net gain (loss) from discontinued operations</b>	<b>3,260,496</b>	<b>(1,124,710)</b>

**5. Operating segments***Segmented information*

In addition to the Corporate segment, the operating segments of the Company are known as Lifeist Vapes (i), Australian Vaporizers, CannMart, CannMart Marketplace, and CannMart Labs (together referred to as “CannMart”), CannMart MD, and Mikra Cellular Sciences. In determining the operating segments, management considered the product mix as well as the geographical segments that the business units sell under.

Disclosure by segment pertaining to income statement transactions are for the three months ended August 31, 2022 and August 31, 2021, while asset and liability balances are as at August 31, 2022 and November 30, 2021, as follows:

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended August 31, 2022 and August 31, 2021

(Expressed in Canadian dollars, unless otherwise noted)

Three months ended	Lifeist Vapes (i)	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q3 2022:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	29,730	1,449,694	5,087,942	5,358	262,192	-	6,834,916
External revenue	29,730	1,449,694	5,087,942	5,358	262,192	-	6,834,916
Depreciation and amortization	9,794	3,978	295,579	435	180	22,247	332,213
Income tax (expense) recovery	-	37,467				(6,183)	31,284
Net (loss)	(1,197,864)	143,759	886,118	4,905	(601,590)	(1,179,351)	(1,944,023)
Total assets	308,168	4,318,807	20,015,902	40,353	1,066,847	2,950,850	28,700,927
Total liabilities	2,070,743	453,097	2,849,435	-	486,240	3,097,908	8,957,423

Three months ended	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Corporate & Other	Total
<b>Q3 2021:</b>						
Revenue	\$	\$	\$	\$	\$	\$
Net segment revenue	406,741	1,817,597	3,126,754	72,159	-	5,423,251
Intersegment revenue	-	-	-	(40,320)	-	(40,320)
External revenue	406,741	1,817,597	3,126,754	31,839	-	5,382,931
Depreciation and amortization	80,081	10,778	301,634	21,379	40,813	454,685
Income tax (expense) recovery	-	106,369	-	-	-	106,369
Net income (loss)	(603,547)	83,343	(3,094,096)	(75,767)	(1,960,216)	(5,650,283)
Total assets	2,703,926	479,477	14,971,893	103,438	17,066,648	35,325,382
Total liabilities	1,624,499	784,949	2,739,518	7,620	5,776,967	10,933,553

Disclosure by segment pertaining to income statement transactions are for the nine months ended August 31, 2022 and August 31, 2021, while asset and liability balances are as at August 31, 2022 and November 30, 2021 were as follows:

**LIFEIST WELLNESS INC. (formerly Namaste Technologies Inc.)****LIFEIST\_**

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(Expressed in Canadian dollars, unless otherwise noted)

Nine months ended	Lifeist Vapes (i)	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q3 2022:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	29,728	3,603,373	11,786,213	51,402	368,456	-	15,839,172
Intersegment revenue	-	-	-	(4,291)	-	-	(4,291)
External revenue	29,728	3,603,373	11,786,213	47,111	368,456	-	15,834,881
Depreciation and amortization	167,176	23,365	852,748	4,293	180	72,330	1,120,092
Income tax (expense) recovery	-	257,289	-	-	-	(23,850)	233,439
Net (loss)	(1,828,135)	(366,586)	(2,056,296)	(33,348)	(1,983,427)	(4,285,124)	(10,552,916)
Total assets	308,168	4,318,807	20,015,902	40,353	1,066,847	2,950,850	28,700,927
Total liabilities	2,070,743	453,097	2,849,435	-	486,240	3,097,908	8,957,423
<b>Q3 2021:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	1,980,996	4,771,008	8,504,513	263,722	-	-	15,520,239
Intersegment revenue	-	-	-	(145,048)	-	-	(145,048)
External revenue	1,980,996	4,771,008	8,504,513	118,674	-	-	15,375,191
Depreciation and amortization	239,704	33,036	686,211	136,205	-	177,290	1,272,446
Income tax (expense) recovery	-	120,125	-	-	-	79,500	199,625
Net income (loss)	(1,118,573)	280,296	(10,194,959)	(464,533)	-	(7,182,027)	(18,679,796)
Total assets	2,703,926	4,789,477	14,971,893	103,438	-	17,066,648	39,635,382
Total liabilities	1,624,499	784,949	2,739,518	7,650	-	5,776,967	10,933,583

Included in net revenue arising from the CannMart operating segment for the three months ended August 31, 2022 are net revenues of \$4,730,074 (three months ended August 31, 2021: \$2,544,329) which arose from sales to the Company's major wholesale customers. Included in net revenue arising from the CannMart operating segment for the nine months ended August 31, 2022 are net revenues of \$10,648,391 (nine months ended August 31, 2021: \$7,029,046) which arose from sales to the Company's major wholesale customers. Included in net revenue arising from Australian Vapes operating segment for the nine months ended August 31, 2022 is a two month loss of sales due to a flood event in Australia.

Furthermore, \$136,693 of corporate costs, mainly consisting of head office expenditures, have been allocated from the corporate & other segment to the other operating segments (three months ended August 31, 2021: \$1,231,663), and for the nine months ended August 31, 2022 were \$444,294 (nine months ended August 31, 2021: \$7,029,046).

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- (i) On November 1, 2021, Lifeist Bahamas Inc. which is part of the Lifeist Vapes operating segment ceased operations. Lifeist Bahamas Inc. has not been presented as a discontinued operations as the criteria under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* for presenting discontinued operations and assets held for sale were not met as at August 31, 2022.

*Geographical information*

The Company markets its products and services globally. Net revenue is attributed to the following regions based on the location of customers:

	Three months ended		Nine months ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
North America	\$ 5,385,222	\$ 3,160,977	\$ 12,237,515	\$ 8,633,098
Australia	1,449,694	1,817,790	3,597,366	4,772,224
Europe	-	403,654	-	1,963,470
Other	-	510	-	6,400
	<u>\$ 6,834,916</u>	<u>\$ 5,382,931</u>	<u>\$ 15,834,881</u>	<u>\$ 15,375,191</u>

**6. Trade and other receivables**

Trade and other receivables as at August 31, 2022 and November 30, 2021 were as follows:

	August 31, 2022	November 30, 2021
Trade receivables	\$ 5,849,332	\$ 3,397,004
Sales tax receivable	625,405	155,995
Other receivables	446,295	529,863
Income tax receivable	380,784	287,115
	<u>\$ 7,301,816</u>	<u>\$ 4,369,977</u>

Information about the Company's exposure to credit and market risks is included in Note 23 (b(i) and b(ii)). The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the

risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. 86% of the Company's trade receivables are less than 60 days old.

## 7. Inventories

Inventories as at August 31, 2022 and November 30, 2021 were as follows:

	August 31, 2022	November 30, 2021
Hardware	\$ 1,084,561	\$ 2,354,065
Cannabis	5,625,171	3,015,451
Nutraceuticals	253,659	-
Total inventories	\$ 6,963,391	\$ 5,369,516

The cost of inventories recognized as an expense and included in cost of goods sold for the three and nine months ended August 31, 2022 was \$1,138,998 and \$6,507,194 respectively (Q3 2021: \$3,535,613 and \$10,029,597) respectively.

During the three and nine months ended August 31, 2022 the Company recorded an inventory adjustment of \$1,637,859 and \$427,645 respectively, including a supplier cost discount of \$1,917,937 received in August 2022, offset by a write down of \$280,078 and \$1,490,292 respectively, mainly related to the Lifeist Vapes segment and due to flood related losses in Australia, (Three and nine months ended August 31, 2021: write down of \$432,710 and \$1,517,903 respectively, mainly related to the Cannabis segment).

## 8. Investment in associates

(i) In 2019, the Company acquired 49% of the issued and outstanding shares of Choklat Inc. ("Choklat") for a purchase consideration of \$1,750,000, comprised of \$1,500,000 in cash and issuance of stock options having a fair value of \$250,000 based on the Black Scholes Model. Choklat is a private entity which is involved in the manufacture and distribution of chocolates in Canada.

During the year ended November 30, 2020, an impairment loss on the investment in Choklat was recognized in the amount of \$1,016,127. This impairment loss was recognized based on management's assessment of Choklat's working capital and operational constraints. The Company has not recognized any additional share of losses of the associate for the current period end.

(ii) Pineapple Express Delivery Inc. (“Pineapple”) is a private entity involved in the delivery of medical and recreational cannabis across Canada

On April 1, 2020, World-Class Extractions Inc. (“WCE”) acquired a controlling interest in Pineapple resulting in a decrease of the Company’s equity interest in Pineapple from 49% to 30.3%. As a result of this transaction and due to the resignation of the Company’s Board representative from Pineapple Board of Directors and other qualitative factors, the Company no longer holds significant influence over Pineapple.

In 2019, management recognised an impairment loss on the investment of Pineapple for \$2,918,318 bring the carrying value to nil. This \$nil carrying value of the 11,883,524 common shares held in Pineapple was derecognized from investment in associates and reclassified to equity investments at its fair value (see Note 8). On December 9, 2021, Fire & Flower Holdings Corp. (Fire & Flower) entered into a definitive agreement to acquire Pineapple, a holder of the Company’s convertible loan receivable.

On January 25, 2022, Fire & Flower completed the acquisition of Pineapple, and, as part of the purchase, Fire & Flower assumed and repaid the \$2,044,077 convertible loan receivable owed to the Company by Pineapple. In addition, as part of the agreement the Company received 75,100 shares of Fire & Flower in Q1 2022 and 45,502 shares of Fire & Flower in Q2 2022, with 57,500 shares sold in Q2 2022. As of August 31, 2022, the Company held 63,102 shares of Fire & Flower, and contingent on the earn-out conditions on September 30, 2022, the Company is potentially entitled to receive additional 238,209 shares of Fire & Flower in Q4 2022.

## 9. Portfolio investments

Portfolio investments at August 31, 2022 and November 30, 2021 were as follows:

	Notes	August 31, 2022	November 30, 2021
Equity investments – at FVOCI	(a)	\$ 105,979	\$ 285,978
Equity investments – at FVTPL	(a)	176,508	76,625
		\$ 282,487	\$ 362,603

(a) Equity investments designated at FVOCI comprise of investments in equity shares of listed and non-listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature. Equity investments designated at FVTPL comprise of investments in equity shares of a listed company.

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Details of equity investments as at August 31, 2022 and November 30, 2021 were as follows:

	Number of shares acquired	Cost	Fair Value	Unrealized (gain)/loss
<b>August 31, 2022</b>				
<i>Equity Instruments - FVOCI</i>				
Atlas Biotechnologies Inc.	200,000	\$ 200,000	\$ 35,333	\$ 164,667
Inolife R&D Inc.	666,667	200,000	53,333	146,667
Kief Cannabis Company Ltd.	46,729	250,000	8,255	241,745
Lovelabs.com Inc.	8,243	32,220	1,458	30,762
YPB Group Ltd.	3,800,000	130,000	7,600	122,400
<i>Equity Instruments - FVTPL</i>				
PeakBirch Logic Inc. (formerly Lifted Innovations Inc.) (i)	3,065,000	100,000	9,287	90,713
Fire & Flower Inc. (formerly Pineapple Express Delivery Inc. (ii))	63,102	220,570	167,220	53,350
		1,132,790	282,487	850,304

	Number of shares acquired	Cost	Fair Value	Unrealized (gain)/loss
<b>November 30, 2021:</b>				
<i>Equity Instruments - FVOCI</i>				
Atlas Biotechnologies Inc.	200,000	\$ 200,000	\$ 35,333	\$ 164,667
Inolife R&D Inc.	666,667	200,000	233,334	(33,334)
Kief Cannabis Company Ltd.	46,729	250,000	8,255	241,745
Lovelabs.com Inc.	8,243	32,220	1,456	30,764
YPB Group Ltd.	3,800,000	130,000	7,600	122,400
<i>Equity Instruments - FVTPL</i>				
PeakBirch Logic Inc. (formerly Lifted Innovations Inc.) (i)	3,065,000	100,000	76,625	23,375
Fire & Flower (formerly Pineapple Express Delivery Inc. (ii))	11,883,524	-	-	-
		912,220	362,603	549,617

- (i) On August 24, 2020 the Company signed an agreement with Lifted Innovations Inc. (“Lifted”), under which Lifted issued 3,065,000 common shares to the Company. These shares were subsequently exchanged for 3,065,000 common shares of PeakBirch Logic Inc. as part of the Kootenay Zinc Corp acquisition of all issued and outstanding shares of Lifted.
- (ii) Please refer to Note 8 (ii) for details.

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(b) The following is the movement schedule for equity investments:

	Equity investments - FVOCI		Equity investments - FVTPL		Derivatives	Total
Balance at November 30, 2020	\$	207,092	\$	674,300	639	\$ 882,031
Unrealized (loss) gain		84,163		(597,675)	(639)	(514,151)
Disposition		(5,277)		-	-	(5,277)
Balance at November 30, 2021	\$	285,978	\$	76,625	-	\$ 362,603
Additions		-		220,570	-	220,570
Unrealized (loss) gain		(179,999)		(120,687)	-	(300,686)
Balance at August 31, 2022	\$	105,979	\$	176,508	-	\$ 282,487

**10. Property and equipment**

	Right of use Assets	Leasehold improvements	Computer equipment	Furniture & equipment	Total
<b>Cost:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2020	931,674	3,854,644	554,205	1,147,170	6,487,693
Additions	-	93,384	88,718	184,190	366,292
Disposals	(554,188)	-	-	(160,079)	(714,267)
Translation adjustment	-	-	(20,680)	17,340	(3,340)
Balance at November 30, 2021	377,486	3,948,028	622,243	1,188,621	6,136,378
Additions	-	176,530	48,983	371,911	597,424
Translation adjustment	-	-	-	(804)	(804)
Balance at August 31, 2022	377,486	4,124,558	671,226	1,559,728	6,732,998
<b>Accumulated depreciation:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2020	218,234	576,767	367,922	353,043	1,515,966
Depreciation	161,567	581,306	151,856	221,995	1,116,724
Disposals	(169,992)	-	-	(40,020)	(210,012)
Translation adjustment	-	(1)	(5,379)	2,445	(2,935)
Balance at November 30, 2021	209,809	1,158,072	514,399	537,463	2,419,743
Depreciation	78,678	594,228	73,369	215,750	962,025
Translation adjustment	-	-	-	(878)	(878)
Balance at August 31, 2022	288,487	1,752,300	587,768	752,335	3,380,890
<b>Net book value:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2021	167,677	2,789,956	107,844	651,158	3,716,635
Balance at August 31, 2022	88,999	2,372,258	83,458	807,393	3,352,108

The Company derecognized the Right of Use of Asset relating to the sublease of the head office space located at 365 Bloor Street East, Toronto, Suite 2001 from Property and Equipment to Other Assets, see Note 13.

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**11. Intangible assets**

	Intellectual properties	Licenses	Customer lists	Brand names	Computer software & domains	Total
<b>Cost:</b>	\$	\$	\$	\$	\$	\$
Balance at November 30, 2020	2,226,800	3,613,208	3,049,517	331,313	2,455,969	11,676,807
Translation adjustment	-	(4,616)	4,616	-	(29,602)	(29,602)
Balance at November 30, 2021	2,226,800	3,608,592	3,054,133	331,313	2,426,367	11,647,205
Discontinued operations	(2,226,800)	-	-	-	-	(2,226,800)
Translation adjustment	-	-	-	-	(416)	(416)
Balance at August 31, 2022	-	3,608,592	3,054,133	331,313	2,425,951	9,419,989
<b>Accumulated amortization:</b>	\$	\$	\$	\$	\$	\$
Balance at November 30, 2020	807,923	22,000	2,970,622	-	1,778,146	5,578,691
Amortization	324,216	-	79,800	-	523,078	927,094
Translation adjustment	-	-	-	-	(28,384)	(28,384)
Balance at November 30, 2021	1,132,139	22,000	3,050,422	-	2,272,840	6,477,401
Amortization	-	-	3,550	-	154,517	158,067
Discontinued operations	(1,132,139)	-	-	-	-	(1,132,139)
Translation adjustment	-	-	-	-	(1,406)	(1,406)
Balance at August 31, 2022	-	22,000	3,053,972	-	2,425,951	5,501,923
<b>Net book value:</b>	\$	\$	\$	\$	\$	\$
Balance at November 30, 2021	1,094,661	3,586,592	3,711	331,313	153,527	5,169,804
Balance at August 31, 2022	-	3,586,592	161	331,313	-	3,918,066

*(a) Finite life intangible assets*

Customer lists and computer software and domains are considered finite life intangible assets and are amortized over their useful lives. Amortization expense on finite life intangible assets in the nine months period ended August 31, 2022 has been recognized in the consolidated statement of operations in the amount of \$158,067 (Q3 2021: \$713,602).

The Company reviews the carrying value of its intangible assets at each reporting period for indicators of impairment. During the nine months ended August 31, 2022 management noted there were no indicators of impairment at the asset specific level, as a result no impairment loss was recognized.

*(b) Indefinite life intangible assets*

Licenses and brand names are considered to have indefinite lives. Brand names are considered part of the Australian Vaporizers CGU and tested annually for impairment. Licenses are considered part of the CannMart CGU and tested annually for impairment.

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**12. Goodwill**

The Company's goodwill was generated through various acquisitions and details are as follows:

	Australian Vaporizers	
Balance at November 30, 2020	\$	667,091
Impairment		-
Balance at November 30, 2021		667,091
Impairment		-
Balance at August 31, 2022	\$	667,091

Goodwill for each cash generating unit ("CGU") is tested for impairment annually at its designated date. The next designated date for the annual impairment test for Australian Vaporizers is August 31, 2023.

**13. Prepaid expenses and other assets**

Prepaid expenses and other assets listed in the current assets section of the consolidated statement of financial position as at August 31, 2022 and November 30, 2021 were as follows:

	Notes	August 31, 2022		November 30, 2021	
Prepaid expenses	(i)	\$	529,249	\$	433,920
Deposits	(i)		1,718,338		2,639,121
		\$	2,247,587	\$	3,073,041

Other assets included in the non-current assets section of the consolidated statement of financial position as at August 31, 2022 and November 30, 2021 were as follows:

	Notes	August 31, 2022		November 30, 2021	
Deposits		\$	227,306	\$	227,306
Other non-current receivables	(ii)		136,033		217,459
		\$	363,339	\$	444,765

- (i) Prepaid expenses and deposits mainly consist of payments made for directors' and officers' liability insurance, inventory purchases, software subscriptions, and legal and directors fees.
- (ii) Other non-current receivables represent the long-term portion of receivable arising from

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sublease agreement for the head office space located at 365 Bloor Street East, Toronto, Suite 2001, expiring on October 30, 2024.

**14. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities as at August 31, 2022 and November 30, 2021 were as follows:

	August 31, 2022		November 30, 2021	
Accounts payable	\$	3,329,263	\$	1,900,175
Accrued liabilities		3,602,773		6,579,907
	\$	6,932,036	\$	8,480,082

**15. Deferred Revenue**

Deferred revenue as at August 31, 2022 and November 30, 2021 was as follows:

	Hardware	Cannabis	Other	Nutraceuticals	Total
	\$	\$	\$	\$	\$
Balance at November 30, 2020	324,408	256,949	88,489	-	669,846
Additions	1,734,204	2,108,570	1,877,757	-	5,720,531
Revenue recognized during the year	(1,741,232)	(1,979,731)	(1,794,902)	-	(5,515,865)
Balance at November 30, 2021	317,380	385,788	171,344	-	874,512
Additions	760,213	899,050	-	160,542	1,819,805
Revenue recognized during the period	(973,168)	(1,262,380)	-	(113,244)	(2,348,792)
Discontinued operation	-	-	(171,344)	-	(171,344)
Balance at August 31, 2022	104,425	22,458	-	47,298	174,181

**16. Provisions**

The Company is involved in litigation, investigations or proceedings related to claims arising out of its operations and the completion of acquisitions or divestitures.

	August 31, 2022		November 30, 2021	
Opening balance	\$	326,594	\$	658,590
Legacy resolutions		-		(218,320)
Restructuring and other		300,000		(113,676)
Closing balance	\$	626,594	\$	326,594

**17. Lease liabilities**

The following is the continuity of lease liabilities as at the nine months ended August 31, 2022:

Balance at November 30, 2021	\$	554,585
Total lease payments (principal and interest)		(211,395)
Interest expense on lease liabilities		44,561
Balance at August 31, 2022	\$	387,751
Short-term portion of lease liabilities	\$	164,077
Long-term portion of lease liabilities		223,674
Total lease liabilities	\$	387,751

**18. Share capital***(a) Authorized share capital*

The Company is authorized to issue an unlimited number of common shares with no par value. As at August 31, 2022 the Company had 417,724,190 (2021: 404,650,916) common shares issued and outstanding.

*(b) Issuance of shares*

For the nine months ended August 31, 2022, the Company issued 10,687,794 common shares for the acquisition of CannMart Labs with a value of \$808,500, increasing its ownership interest from 51% to 100% (Note 26). 1,721,359 units of restricted shares with a value of \$86,443 vested and was recognized as share-based compensation. 664,121 units of shares with a value of \$40,000 was issued as part of cost of sale of Findify.

*(c) Share purchase warrants*

The following is a summary of the changes in the Company's share purchase warrants for the nine months ended August 31, 2022 and August 31, 2021:

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	August 31, 2022		August 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period (i)	85,863,587	\$ 0.89	13,922,500	\$ 3.14
Bought deal public offering (ii)	-	-	65,780,000	0.47
Granted to brokers (iii)	-	-	3,946,800	0.47
Outstanding, end of period	85,863,587	\$ 0.89	83,649,300	\$ 0.91

- (i) Included in outstanding balance are 1,035,000 broker warrants. These warrants allow the broker to acquire units at a value of \$3.00 per unit. These units are comprised of one share and 3/4 warrant to purchase common shares at \$3.15.
- (ii) Issued as part of the public offering are 65,780,000 warrants that allow the holders to acquire units at a value of \$0.47 per unit. These units are comprised of one share and one warrant to purchase common shares at \$0.47 which will expire on January 19, 2024.

The assumptions used for the calculation of the fair value of the warrants from the public offering were as follows:

Risk free rate	1.17%
Expected life	3 years
Expected volatility	40%
Expected dividend per shares	Nil

At the time of the grant, volatility was estimated using a rate of volatility expected over the life of warrants using industry specific assumptions. The expected life in years represents the time that the warrants granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the warrants.

- (iii) Issued as part of the public offering are 3,946,800 broker warrants that allow the broker to acquire units at a value of \$0.35 per unit. These units are comprised of one share and one warrant to purchase common shares at \$0.35 expiring on January 19, 2023.

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(Expressed in Canadian dollars, unless otherwise noted)

The assumptions used for the calculation of the fair value of the warrants were as follows:

Risk free rate	1.17%
Expected life	3 years
Expected volatility	40%
Expected dividend per shares	Nil

At the time of the grant, volatility was estimated using a rate of volatility expected over the life of warrants using industry specific assumptions. The expected life in years represents the time that the warrants granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the warrants.

*(d) Stock options*

The Company has established a stock option plan (the “Plan”) for officers and employees. Under the Plan, the exercise price of each option is determined by the Board. The aggregate number of common shares issuable pursuant to options granted under the Plan is being less than 10% of the Company's issued common shares under the Plan. The shareholders approve the plan, and the Board approves the execution of granting of options and their vesting and cancellation provisions.

The following is a summary of the movement in the Plan for the three months ended August 31, 2022 and August 31, 2021:

	August 31, 2022		August 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	12,996,687	0.91	16,435,205	0.95
Granted	3,373,000	-	2,297,439	0.23
Exercised	-	-	-	-
Forfeited	(286,365)	1.31	(708,333)	0.48
Outstanding, end of period	16,083,322	0.68	18,024,311	0.88
Vested and exercisable, end of period	10,210,370	\$ 0.80	13,022,333	\$ 1.10

For the nine months ended August 31, 2022, the Company recognized share-based compensation expense related to stock options of \$336,622 (Q3 2021: \$889,252).

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The following table summarizes information regarding stock options outstanding by exercise price as August 31, 2022:

Exercise price ranges	Number of options outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
\$0.01 – \$1.00	12,298,204	1.60	0.30
\$1.01 – \$2.00	3,379,117	0.32	1.38
\$2.01 – \$4.00	406,000	0.03	2.89
<b>Total options outstanding</b>	<b>16,083,321</b>	<b>1.21</b>	<b>0.68</b>

The assumptions used for the calculation of the fair value of the options granted the nine months ended August 31, 2022 and August 31, 2021 were as follows:

	August 31, 2022	August 31, 2021
Black Scholes fair value	\$ 0.04	\$ 0.17
Share price	\$ 0.07	\$ 0.24
Exercise price	\$ 0.08	\$ 0.23
Expected volatility	98.33%	111.80%
Expected life	3.01	3.41 years
Expected dividend per share	Nil	Nil
Risk free rate	1.39%	40.00%
Forfeiture rate	16.93%	11.82%

The Company calculates volatility using its own historical trading prices. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options. For the nine months ended August 31, 2022, the Company issued 2,378,399 units of restricted and deferred shares.

*e) Loss per share*

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares issued and outstanding during the period. Diluted earnings represents the profit or loss for the period, divided by the weighted average number of common shares issued and outstanding during the period plus the weighted average number of dilutive shares that could result from the exercise of stock options. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic

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number of shares, the loss per share would be the same under a basic and diluted basis, given the anti-dilutive effect of convertible securities.

**19. Disaggregation of revenue**

In the following table, net revenue is presented for the three months ended August 31, 2022 and August 31, 2021, and disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable operating segments.

Three months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Total
<b>August 31, 2022</b>							
<u>Major goods/service lines</u>							
Hardware	(i)	\$ 29,730	\$ 1,449,694	\$ -	\$ -	\$ -	\$ 1,479,424
Cannabis, net of excise taxes	(i)	-	-	5,087,942	-	-	5,087,942
Nutraceuticals	(i)	-	-	-	-	262,192	262,192
Referral fees	(ii)	-	-	-	5,358	-	5,358
		\$ 29,730	\$ 1,449,694	\$ 5,087,942	\$ 5,358	\$ 262,192	\$ 6,834,916

Three months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Total
<b>August 31, 2021</b>						
<u>Major goods/service lines</u>						
Hardware	(i)	\$ 406,741	\$ 1,817,597	\$ -	\$ -	\$ 2,224,338
Cannabis, net of excise taxes	(i)	-	-	3,111,191	-	3,111,191
Referral fees	(ii)	-	-	-	31,839	31,839
Processing fees	(iii)	-	-	327	-	327
Sales commissions	(iii)	-	-	15,236	-	15,236
		\$ 406,741	\$ 1,817,597	\$ 3,126,754	\$ 31,839	\$ 5,382,931

*Timing of revenue recognition:*

(i) Goods transferred at a point in time

(ii) Services performed over period of time

(iii) Services performed at a point in time

In the following table, net revenue is presented for the nine months ended August 31, 2022 and August 31, 2021, and disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable operating segments.

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Nine months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Total
<b>August 31, 2022</b>							
<u>Major goods/service lines</u>							
Hardware	(i)	\$ 29,730	\$ 3,603,373	\$ -	\$ -	\$ -	\$ 3,633,103
Cannabis, net of excise taxes	(i)	-	-	11,676,648	-	-	11,676,648
Nutraceuticals	(i)	-	-	-	-	368,456	368,456
Referral fees	(ii)	-	-	-	47,110	-	47,110
Processing fees	(iii)	-	-	105,411	-	-	105,411
Sales commissions	(iii)	-	-	4,153	-	-	4,153
		\$ 29,730.00	\$ 3,603,373	\$ 11,786,212	\$ 47,110	\$ 368,456	\$ 15,834,881

Nine months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Total
<b>August 31, 2021</b>						
<u>Major goods/service lines</u>						
Hardware	(i)	\$ 1,980,996	\$ 4,771,008	\$ -	\$ -	\$ 6,752,004
Cannabis, net of excise taxes	(i)	-	-	8,467,453	-	8,467,453
Referral fees	(ii)	-	-	-	118,674	118,674
Processing fees	(iii)	-	-	3,764	-	3,764
Sales commissions	(iii)	-	-	33,296	-	33,296
		\$ 1,980,996	\$ 4,771,008	\$ 8,504,513	\$ 118,674	\$ 15,375,191

*Timing of revenue recognition:**(i) Goods transferred at a point in time**(ii) Services performed over period of time**(iii) Services performed at a point in time***20. Restructuring**

Restructuring and other (recovery) costs for the nine months ended August 31, 2022 and August 31, 2021 were \$300,000 and \$Nil respectively.

Refer to Note 16 for details on restructuring and other provisions.

**21. Other expense (income)**

Other expense (income) for the three and nine months ended August 31, 2022 and August 31, 2021 was as follows:

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	Three months ended		Nine months ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Unrealized loss (income) on equity investments at FVTPL	\$ (120,687)	\$ 91,950	\$ (105,361)	\$ 582,861
Interest expense (income)	(12,181)	33,942	(49,472)	77,271
Miscellaneous expense (income)	(66,927)	(61,290)	(61,025)	42,552
Realized gain on equity investment	-	-	(192,724)	-
Additional provision for UK VAT	682,360	-	682,360	-
Unrealized (gain) loss on derivatives	-	1,091	-	(3,745)
	\$ 482,565	\$ 65,693	\$ 273,778	\$ 698,939

**22. Income taxes**

(a) The Company's income tax recovery for the three and nine months ended August 31, 2022 and August 31, 2021 comprises the following:

	Three months ended		Nine months ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Current income tax expense (recovery)	\$ (35,063)	\$ (46,998)	\$ (244,833)	\$ (162,744)
Deferred income tax expense (recovery)	3,779	(59,371)	11,394	(36,881)
	\$ (31,284)	\$ (106,369)	\$ (233,439)	\$ (199,625)

(b) The following table reflects the changes in deferred income tax liability as at August 31, 2022 and November 30, 2021:

	August 31, 2022	November 30, 2021
Balance at beginning of the period	\$ (40,817)	\$ (50,398)
Deferred income tax (expense) recovery	10,019	38,149
Deferred income tax recorded through OCI	(17,667)	(21,862)
Foreign currency translation	20,104	(6,706)
Balance at end of the period	\$ (28,361)	\$ (40,817)

**23. Financial instruments and associated risks***(a) Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair value using the following fair value hierarchy that reflects the

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significance of the inputs used in making the measurements:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs that are observable other than quoted prices included in Level 1; and
- Level 3 includes inputs that are not based on observable market data.

The following is a summary of financial assets and liabilities measured at fair value as at August 31, 2022 is based on various level of inputs:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Convertible loan receivable	\$ -	-	-	\$ -
Equity investments	237,442	-	45,045	282,487
	\$ 237,442	\$ -	\$ 45,045	\$ 282,487

Following is the summary of other financial instruments, not measured at fair value, as at August 31, 2022 and November 30, 2021, for which fair value is disclosed:

	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
<b>2022</b>			
<i>Financial assets:</i>			
Cash and cash equivalents	\$ 3,605,042	\$ -	\$ 3,605,042
Trade and other receivables	7,301,816	-	7,301,816
Other assets	363,339	-	363,339
Deposits	1,718,338	-	1,718,338
Balance at August 31, 2022	12,988,535	-	12,988,535
<i>Financial liabilities:</i>			
Accounts payable and accrued liabilities	-	6,932,036	6,932,036
Balance at August 31, 2022	\$ -	\$ 6,932,036	\$ 6,932,036

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	Financial assets at amortized cost		Financial liabilities at amortized cost		Total
<b>2021</b>					
<i>Financial assets:</i>					
Cash and cash equivalents	\$	12,739,457	\$	-	12,739,457
Trade and other receivables		4,369,977		-	4,369,977
Other assets		444,765		-	444,765
Deposits		2,639,121		-	2,639,121
Balance at November 30, 2021		20,193,320		-	20,193,320
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-		8,480,082	8,480,082
Balance at November 30, 2021	\$	-	\$	8,480,082	8,480,082

The carrying values of all the Company's financial instruments approximate their fair values as at August 31, 2022 due to their short-term nature.

*(b) Risk management*

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

*(i) Market risk*

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates 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 on risk. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

*a. Currency risk*

The Company is party to financial instruments or enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to translation risk in which other foreign currencies change in a manner that has an adverse effect on the value of the Company's assets or liabilities denominated in its operational currency. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not hedge against movements in foreign currency exchange rates.

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	Cash and cash equivalents	Accounts receivable	Accounts payable	Net Exposure
<b>2022:</b>				
United States dollars	\$ 3,485,835	\$ 65,150	\$ (308,516)	\$ 3,242,469
Brazilian reals	-	-	-	-
Euros	-	26,280		26,280
Pound Sterling	-	24,915	(25,874)	(959)
Balance at August 31, 2022	\$ 3,485,835	\$ 116,345	\$ (334,390)	\$ 3,267,790
<b>2021:</b>				
United States dollars	\$ 144,802	\$ 9,955	\$ (56,124)	\$ 98,633
Euros	21,902	13,877	(12,311)	23,468
Pound Sterling	-	310,196	(69,726)	240,470
Balance at November 30, 2021	\$ 166,704	\$ 334,028	\$ (138,161)	\$ 362,571

A 5% change in the foreign currencies against functional currencies, assuming that all other variables are constant, would either increase or decrease the net loss by \$163,390 (Q3 2021: \$55,096) as a result of the revaluation on foreign currency denominated financial assets and liabilities.

*b. Interest rate risk*

Interest rate risk refers to the risk of loss due to adverse movements in interest rates. Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. Interest rate risk on the loan receivable is limited due to the fact that it has a fixed rate of interest.

*c. Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Company's exposure to other price risks relates to fair value of its equity investments and derivatives.

If the fair value of financial assets at FVTPL were to increase or decrease by 5%, net loss would have increased or decreased by \$464 (Q3 2021: \$4,703).

If the fair value of financial assets at FVOCI were to increase or decrease by 5%, OCI would have changed by \$5,299 (Q3 2021: \$40,091).

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, trade and other receivables, loans receivable, deposits and other assets.

The Company is moderately exposed to credit risk from its cash and cash equivalents, and trade receivables. The carrying amount of these financial assets represents the maximum credit exposure.

Cash and cash equivalents, deposits and other assets

Cash and cash equivalents, deposits and other assets are held with reputable financial institutions and business partners which are closely monitored by management.

Trade and other receivables

Trade receivables generated from online sales are held in reputable merchant accounts and are received within a short period of time. Credit risk is generally limited for trade receivables from government bodies, which have low default risk.

Credit risk for non-government wholesale customers is assessed on a case-by-case basis. When estimating Expected Credit Loss ("ECL") the Company analyzes both quantitative and qualitative data. Typically, ECL increases with the age of the receivable. A receivable is considered in default when the debtor is unlikely to pay its credit obligations in full and the Company has limited recourse.

As of August 31, 2022, the Company recognized a \$1,044,922 (Q3 2021: \$985,477) provision for expected credit losses. This amount includes provisions for other receivables.

Loan Receivable

On April 1, 2020, World-Class Extractions Inc. ("WCE") acquired a controlling interest in Pineapple (see Note 8). As part of the transaction, the carrying amount of the loan receivable of \$201,215 was recorded. The new loan was convertible into WCE shares on March 31, 2021, subject to a hold period of four months. Due to the conversion feature, the convertible loan receivable is accounted for at FVTPL. As at November 30, 2020 and 2021, the fair value was \$201,215 and \$2,044,077 respectively. The fair value was determined to be equal to the carrying value at the time of the acquisition, based on the present value of future cash flows, and taking into account a hold period, illiquidity of the WCE share price and a contractual daily trading

volume restriction.

On December 9, 2021, Fire & Flower Holdings Corp. (Fire & Flower) entered into a definitive agreement to acquire Pineapple Express Delivery Inc. (PED), a holder of the Company's convertible loan receivable. On January 25, 2022, the Company received \$2,044,077 as full settlement of the loan owed to the Company by PED.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have the sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Company's reputation. On August 18, 2020, the Company filed a base shelf prospectus to maintain financial flexibility to access capital quickly, when available and needed. In January 2021 the Company closed a bought deal public offering for total net proceeds of \$21,197,086, and sold 65,780,000 units of the Company at a price of \$0.35 per unit under the offering. In November 2021 a deal for private placement was concluded for 2,214,287 units of shares for net proceeds of \$155,000.

## 24. Additional disclosures for statement of cashflow

(a) *Changes in non-cash working capital*

Changes in non-cash working capital for the nine months ended August 31, 2022 and August 31, 2021 were as follows:

	Nine months ended	
	August 31, 2022	August 31, 2021
Decrease (increase) in trade and other receivables	\$ (2,559,330)	\$ 1,008,384
Decrease (increase) in inventories	(1,593,875)	3,275,789
Decrease (increase) in prepaid expenses and other assets	2,000,551	1,116,185
Decrease (increase) in accounts payable and accrued liabilities	(1,503,485)	(378,811)
Increase (decrease) in provisions	300,000	(13,205)
Increase (decrease) in deferred revenue	(700,331)	(432,792)
	\$ (4,056,470)	\$ 4,575,550

*(b) Additional information*

Additional information for the nine months ended August 31, 2022 and August 31, 2021 were as follows:

	Nine months ended	
	August 31, 2022	August 31, 2021
Interest received (paid)	49,472	85,223
	\$ 49,472	\$ 85,223

**25. Related party balances and transactions**

Related parties include key management personnel and the entities controlled or directed by key management personnel. Key management personnel include Board of Directors and key executives of the Company together with certain individuals responsible for outsourced services who in the opinion of the Company have satisfied relevant criteria to be considered key management personnel under applicable accounting standards based on the information available as of the date of issuance of these condensed consolidated interim financial statements.

Related party transactions for August 31, 2022 and August 31, 2021 are as follows:

	Three months ended		Nine months ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
<b><i>Related Party Transactions</i></b>				
Key management personnel compensation	\$ 331,533	375,667	\$ 854,783	1,055,203
Directors fees	85,388	165,667	352,743	525,621
Share-based compensation	3,827	-	114,577	-

- (i) Balances with related parties are non-interest bearing, unsecured and due on demand.
- (ii) The key management personnel compensation includes salaries and bonuses, benefits and incentives.
- (iii) The key management personnel compensation includes the following stock options:

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Grant date	Number of options	Exercise price	Fair Value	Vesting period	Expiry date
		\$	\$		
December 7, 2019	200,000	0.33	0.19	Immediate	December 7, 2024
July 2, 2020	1,332,487	0.34	0.21	3 years	July 1, 2024
July 2, 2020	304,569	0.34	0.21	3 years	July 1, 2024
July 2, 2020	2,900,000	0.35	0.21	3 years	July 1, 2024
August 17, 2020	125,000	0.34	0.21	3 years	August 24, 2024
May 6, 2021	190,000	0.25	0.16	3 years	May 5, 2025
June 14, 2021	230,000	0.25	0.15	3 years	June 13, 2025
December 24, 2021	229,220	0.08	0.04	3 years	December 23, 2025

- (iv) The key management personnel and directors' compensation includes restricted share units (RSUs) and deferred share units (DSUs).

**26. Acquisition of Non-Controlling Interest**

On November 17, 2020 the Company signed a Share Purchase Agreement (SPA) to buy the remaining 49% NCI in CannMart Labs Inc., effective December 2, 2020, for total consideration of \$4,034,000. The difference between the consideration and carrying amount of NCI in the amount of \$3,769,219 has been included in Other Reserve. Consideration was paid in the Company's shares as follows: \$1,608,500 of the shares on December 2, 2020, and the remaining \$2,425,500 of shares to be paid in increments of \$269,500 of shares over the course of nine consecutive quarters, beginning on the fiscal quarter ending February 28, 2021. Further, the sellers shall be entitled to additional payments in the maximum amount of \$17,427,680 calculated in accordance with the Gross Margin Principles, which will be conditional upon meeting the financial targets as set out in the Earn-Out Schedule of the SPA. These additional payments are accounted for separately from the business combination. As of August 31, 2022, the Company has issued 21,678,530 shares (\$3,225,500), with the remainder of the balance payable of \$808,500 included in other short-term liabilities respectively. The remaining shares to be issued have been classified as a financial liability as the number of shares to be issued by the Company is variable.