MiniLuxe Holding Corp.

Financial Statements for the years ended
December 26, 2021 and December 27, 2020

(Amounts expressed in United States Dollars)

Contents

Independent Auditor's Report

To the Shareholders of MiniLuxe Holding Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MiniLuxe Holding Corp. (the Company), which comprise the statements of financial position as at December 26, 2021, and December 27, 2020 and the statements of net profit or loss and comprehensive profit or loss, changes in shareholders' (deficit) equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 26, 2021, and December 27, 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS) and Canadian Auditing Standards (CAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and the United States of America, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

As part of an audit in accordance with US GAAS and CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

RSM US LLP

Boston, Massachusetts
April 21, 2022

MiniLuxe Holding Corp.

Statements of Financial Position

December 26, 2021 with comparative information for December 27, 2020

	Notes	December 26, 2021	December 27, 2020
Assets			
Current assets:			
Cash and cash equivalents		$ 19,120,111	$ 2,866,368
Inventories	8	1,686,074	1,496,530
Prepaid expenses and other current assets		412,987	234,979
Total current assets		21,219,172	4,597,877
Non-current assets:			
Property and equipment, net	9	6,827,296	8,173,270
Intangible assets	9	497,251	-
Deposits		269,192	280,067
Long-term investments	11, 20	50,000	-
Right-of-use asset, net	16	4,633,385	6,918,913
Total non-current assets		12,277,124	15,372,250
Total assets		$ 33,496,296	$ 19,970,127
Equity and Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	11, 16	3,575,416	5,393,253
Deferred revenue	3, 4	1,376,325	1,161,284
Current portion of lease liability	11	1,383,645	1,393,646
Total current liabilities		6,335,386	7,948,183
Non-current liabilities:			
Lease liabilities	11, 16	$ 5,507,137	$ 7,688,707
Loan Payable	11	2,460,091	-
Convertible promissory notes	11	-	13,275,000
Redeemable Preferred Shares	11	-	30,616,857
Total non-current liabilities		7,967,228	51,580,564
Total liabilities		$ 14,302,614	$ 59,528,747
Shareholders' (deficit) equity:			
Share capital	12	116,627,805	3,744,957
Contributed Surplus		630,243	326,598
Accumulated comprehensive loss		(98,064,366)	(43,630,175)
Total (deficit) equity		19,193,682	(39,558,620)
Total equity and liabilities		$ 33,496,296	$ 19,970,127
Commitments and contingencies	18		

Approved, on behalf of the Board of Directors, by:

"Tony Tjan"

Tony Tjan, Chairman

"Zoe Krislock"

Zoe Krislock, Director and Chief Executive Officer

MiniLuxe Holding Corp.
Statements of Net Profit or Loss and Comprehensive Profit or Loss
Years ended December 26, 2021 and December 27, 2020

	Notes	December 26, 2021	December 27, 2020
Revenue	3, 6	$ 16,681,707	$ 10,609,816
Cost of sales		8,516,979	6,577,078
Gross profit		**8,164,728**	**4,032,738**
General and administrative expense	13	13,863,113	10,089,995
Stock listing expense	5	5,919,418	-
Depreciation and amortization expense	9, 16	3,018,418	3,513,646
Operating loss		**(14,636,221)**	**(9,570,903)**
Finance costs	11, 16	(2,893,860)	(2,931,092)
Finance income		10,474	16,197
Other income	10, 16	2,704,112	3,964,638
Gain (loss) on financial instruments	5, 11	(39,557,923)	14,539,685
Profit/(loss) before tax		**(54,373,418)**	**6,018,525**
Income tax expense	15	(60,773)	(47,560)
Net profit/(loss) and comprehensive profit/(loss) for the year, basic		**$ (54,434,191)**	**$ 5,970,965**

	Notes	December 26, 2021	December 27, 2020
Basic earnings per share	3,17		
Common shares		$ -	$ 0.52
Subordinate voting shares		$ (1.40)	$ -
Proportionate voting shares		$ (1,402.41)	$ -
Basic weighted-average shares outstanding			
Common shares		-	11,583,757
Subordinate voting shares		30,536,265	-
Proportionate voting shares		8,279	-
Diluted earnings per share			
Common shares		$ -	$ 0.05
Subordinate voting shares		$ (1.40)	$ -
Proportionate voting shares		$ (1,402.41)	$ -
Diluted weighted-average shares outstanding			
Common shares		-	116,414,211
Subordinate voting shares		30,536,265	-
Proportionate voting shares		8,279	-

See notes to financial statements.

MiniLuxe Holding Corp.
Statement of Changes in Shareholders' (Deficit) Equity
Years ended December 26, 2021 and December 27, 2020

		Common Stock						
	Notes	Shares	Subordinate Voting Shares	Proportionate Voting Shares	Amount	Contributed Surplus	Accumulated Comprehensive Loss	Total Shareholders' (Deficit) Equity
Balance at December 29, 2019		**938,823**			**$ 120,281**	**$ 237,210**	**$(49,601,140)**	**$(49,243,649)**
Issuance of common stock upon recapitalization	11	19,931,727			3,622,123	-	-	3,622,123
Share-based payments	14	-			-	90,258	-	90,258
Exercise of stock options		18,877			2,553	(870)	-	1,683
Net comprehensive loss		-			-	-	5,970,965	5,970,965
Balance at December 27, 2020		**20,889,427**			**3,744,957**	**326,598**	**(43,630,175)**	**(39,558,620)**
Share-based payments	14	-				216,208	-	216,208
Exercise of stock options		3,287			725	(500)	-	225
Exercise of Warrants		159,055			46,290	(16,290)	-	30,000
Shares issued on conversion of convertible debt	5	21,163,112			27,248,881	-	-	27,248,881
Shares issued on cancellation of redeemable preferred shares	5	49,999,957			64,466,000	-	-	64,466,000
Net comprehensive loss		-			-	-	-	-
Balance at November 23, 2021		**92,214,838**			**$95,506,853**	**$526,016**	**($43,630,175)**	**$52,402,694**
Conversion of MiniLuxe Shares to MiniLuxe Holding Subordinate Voting Shares	5	(24,410,296)	32,783,760	-	-	-	-	-
Conversion of MiniLuxe shares to MiniLuxe Holding Proportionate Voting Shares	5	(67,804,542)	-	91,064	-	-	-	-
Shares deemed issued on the reverse takeover transaction	5	-	13,750,000	-	13,200,000	-	-	13,200,000
Extinguishment of flow warrant liability						104,227		104,227
Shares issued in public investment in private equity transaction less transaction costs	5	-	8,438,566	-	7,920,952	-	-	7,920,952
Net Comprehensive loss		-	-	-	-	-	(54,434,191)	(54,434,191)
Balance at December 26, 2021		-	**54,972,326**	**91,064**	**$116,627,805**	**$630,243**	**($98,064,366)**	**19,193,682**

MiniLuxe Holding Corp.
Statements of Cash Flows
Years ended December 26, 2021 and December 27, 2020

	Notes	December 26, 2021	December 27, 2020
Cash flows from operating activities:			
Net profit (loss)		$ (54,434,191)	$ 5,970,965
Adjustments to reconcile net profit (loss) to net cash used in operating activities:			
Non-cash items			
Depreciation and amortization expense	9, 16	3,018,418	3,513,646
Share-based payments	14	216,208	90,258
Income tax expense		60,773	47,560
Loss on disposal of property and equipment	9	438,759	268,235
Gain on modification of real estate leases	16	(443,046)	(69,218)
(Gain) loss on financial instruments	11	33,849,143	(14,539,685)
Listing expense	5	5,919,418	-
Loss on change in fair value of derivative liability		5,607,975	-
Gain on forgiveness of PPP loan		-	(3,895,420)
Change in fair value of warrants	11	3,423	
Interest expense	16	2,893,860	2,931,092
Changes in operating assets and liabilities:			
Inventories, net	8	(189,544)	(779,986)
Prepaid expenses and other current assets		(178,008)	331,081
Deposits		10,875	8,176
Accounts payable and accrued expenses	11	675,225	296,928
Deferred revenue	3, 4	215,041	(66,325)
		(2,335,671)	(5,892,693)
Interest paid		(1,379,542)	(964,672)
Taxes paid		(54,086)	(33,362)
Cash flows used in operating activities		(3,769,299)	(6,890,727)
Cash flows from investing activities:			
Acquisition of equipment	9	(728,512)	(112,179)
Acquisition of website	9	(497,251)	-
Payment for long-term investment		(50,000)	-
Cash flows used in investing activities		(1,275,763)	(112,179)
Cash flows from financing activities:			
Issuance of common stock	14	30,225	1,683
Proceeds from issuance of convertible promissory notes	11	4,934,288	2,325,000
Proceeds from loan payable		2,455,000	-
Proceeds from PPP loan	10	-	3,895,420
Repayment of loan payable	11	(254,167)	(109,828)
Repayment of principal portion of lease liabilities	16	(1,374,237)	(1,098,287)
Cash acquired from RTO Transaction	5	7,388,245	-
Proceeds from PIPE	5,12	8,119,451	-
Cash flows from financing activities		21,298,805	5,013,988
Increase (decrease) in cash and cash equivalents		**$ 16,253,743**	**$ (1,988,918)**
Cash and cash equivalents, beginning of period		$ 2,866,368	$ 4,855,286
Cash and cash equivalents, end of period		$ 19,120,111	$ 2,866,368

Note 1. Nature of Business

MiniLuxe, Inc. ("MiniLuxe" or the "Company") was incorporated on April 26, 2008 in the state of Delaware, United States of America (USA). The office of the Company is located at 1 Faneuil Hall Sq Fl 7 Boston, MA 02109-1612.

MiniLuxe owns and operates nail and beauty salons and provides consumers with nail, hand, foot care, and waxing services, and sells personal beauty products. The Company's business model today consists of one principal operating segment that includes Talent Revenue (revenue generated through the delivery of services) and Product Revenue (revenue generated on retail sales of proprietary and third-party products across an omni-channel platform).

Under an accounting convention common in the retail industry, the fiscal year of the Company is a 52-week reporting cycle ending on the Sunday closest to December 31, which periodically necessitates a fiscal year of 53 weeks. The year ended December 26, 2021 (referred to in these statements as 2021) includes 52 weeks and the year ended December 27, 2020 (referred to in these statements as 2020) includes 52 weeks.

On November 23, 2021, MiniLuxe and MiniLuxe Holding Corp ("MiniLuxe Holding"), formerly Rise Capital Corp., completed a reverse takeover transaction (the "RTO" or the "Transaction"), providing for the acquisition by MiniLuxe Holding of all the issued and outstanding common shares of MiniLuxe. Pursuant to a Securities Exchange Agreement, all common shares of MiniLuxe were exchanged for common shares of MiniLuxe Holding, which is continuing on with the business of MiniLuxe. As a result, the financial statements are presented as a continuance of MiniLuxe (accounting acquirer), and the comparative figures presented in the financial statements are those of MiniLuxe. See note 5 for details. The Company's common shares are listed on the Toronto Venture Stock Exchange (the "TSXV") under the trading symbol "MNLX".

The financial statements of MiniLuxe Holding Corp. for the year ended December 26, 2021 and December 27, 2020 were authorized by the Company's board of directors on April 20, 2022.

The Company's services and products are marketed and sold to consumers in the states of Massachusetts, Rhode Island, California, and Texas.

The Company is subject to risks and uncertainties common to companies in the retail industry, including, but not limited to, development and improvement for sale of new products and services, dependence on key personnel, and compliance with government licensing requirements. The success of the Company requires consistent consumer demand and access to product supply. There can be no assurance the Company's efforts to generate sales of products and services and realize significant revenue will be successful.

The current conflict in Ukraine and Russia has caused market volatility and inflation. The continuation of the conflict may result in an economic downturn and have a future effect on the Company's operations. While there has been no material impact recorded to date, prolonged market disruptions and inflations may result in impacts to suppliers, vendors, and consumers, which could negatively impact the Company's operations, availability of supplies or operating results.

Note 2. Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Note 2. Basis of Presentation (continued)

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss or financial assets at fair value through other comprehensive profit or loss. The Company's financial assets and liabilities revalued at fair value through comprehensive profit or loss include long term investments and redeemable preferred shares.

Note 3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company when preparing its financial statements:

Cash and cash equivalents
The Company considers highly liquid investments purchased with an original maturity date of three months or less, that are readily convertible to a known amount of cash and subject to insignificant risk of changes in value, to be cash equivalents. Amounts in-transit from banks for customer credit card and debit card transactions that are processed in less than seven days are classified as cash and cash equivalents. The banks process the majority of these amounts within one to two business days.

Foreign currencies
The functional and presentation currency of the Company is the United States dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that time. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses are recognized in profit or loss.

Inventories
Inventories consist principally of finished goods merchandise products for sale to customers. Inventories are stated at the lower of cost or net realizable value determined on a first-in, first-out basis. Cost includes all direct and reasonable expenditures that are incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property and equipment, net
Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Furniture, fixtures, and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method with an estimated useful life ranging from three to five years. Leasehold improvements are depreciated using the straight-line method over the shorter of the term of the lease or the estimated useful life of the related asset. The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Any property and equipment held for disposal or classified as held for sale is no longer depreciated once reclassified. Any gain or loss on the sale of property and equipment is recorded in the statement of net profit or loss and comprehensive profit or loss.

Intangible assets, net
Intangible assets are stated at historical cost, net of accumulated amortization and accumulated impairment losses, if any. The website development costs are amortized over the estimated useful life of three years using the straight-line method. The residual values, useful lives, and methods of amortization of the website are reviewed at each financial year and adjusted prospectively, if appropriate.

Note 3. Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets
The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The Company has assessed its CGUs to be at the individual studio unit level. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Note 3. Summary of Significant Accounting Policies (continued)

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term calculated using the Company's incremental borrowing rate. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Non-lease components
The Company does not separate lease and non-lease components for all classes of underlying assets. As a result, non-lease components and non-components are accounted for together with the lease component(s).

Variable lease payments
Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Rent concessions
The Company elected not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic shall be accounted for as lease modifications. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for a change that was not a lease modification.

The Company has only applied this to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
(c) there is no substantive change to other terms and conditions of the lease.

Government grants
Government grants are recorded as other income or as a reduction of the cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met or will meet the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Grants that compensate the Company for expenses incurred, or for immediate financial support with no future related costs, are recognized in profit or loss in reduction thereof on a systematic basis in the same years in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

Financial assets
Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value.

Note 3. Summary of Significant Accounting Policies (continued)

Financial assets held by the Company are subsequently measured at fair value through profit or loss ("FVTPL"). As of December 26, 2021, the Company's financial assets are cash and cash equivalents, along with a long-term investment. Cash and cash equivalents are carried at amortized cost.

Financial liabilities
Financial liabilities are classified, at initial recognition, as loans and borrowings or as payables, as appropriate. All financial liabilities are recognized initially at fair value, plus or minus transaction costs that are directly attributable to the acquisition of financial liabilities that are measured at amortized cost. Transaction costs directly attributable to financial liabilities classified as fair value through profit or loss are expensed as incurred.

The Company's financial liabilities include accounts payable and accrued expenses, lease liabilities, loans payable, convertible promissory notes and redeemable preferred shares. Accounts payable and accrued expenses, lease liabilities, loans payable, and convertible promissory notes are subsequently measured at amortized cost. Redeemable preferred shares, the convertible note derivative liability and warrants are subsequently measured at fair value through profit or loss.

Financial liabilities are initially analyzed for classification as debt or equity or both as applicable. Liabilities that have both debt and equity features are classified as compound financial instruments where the liability component is determined at fair value and any residual value is allocated to equity. Such liabilities are further analyzed for any other embedded features which are evaluated separately to determine if they qualify as embedded derivatives which should be bifurcated from the host instrument.
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. Refer to Note 4 for more details.

Note 3. Summary of Significant Accounting Policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Earnings per share

Basic and diluted earnings per share have been determined by dividing the net comprehensive income or loss attributable to the Company's shareholders for the period, by the basic and diluted weighted average number of shares, respectively.

The diluted weighted average number of shares outstanding is calculated as if all dilutive options had been exercised at the later of the beginning of the reporting period or date of grant, as applicable.

Revenue recognition

IFRS 15 provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

The Company derives its revenue from salon services and product sales to customers.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Revenue on sales of services and products is recorded based on a fixed transaction price. Payments for services, retail sales and gift cards are due at the point of sale.

The Company records salon service revenue at a point in time when the service is provided, which is when the performance obligation is satisfied. The Company records revenue from product sales at a point in time of sale, which is when the performance obligation is satisfied. Online product sales are recorded upon the shipment of merchandise as control is transferred at point of shipment. Customers typically receive goods within a few days of shipment.

The Company collects and remits sales tax on transactions with customers and reports such amounts under the net method in the statement of operations. Accordingly, these taxes are not included in gross revenue.

When consideration is received and revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. Historically the Company has only received consideration in advance of provided goods and services related to the sale of gift cards. The Company sells gift cards in its salons and through its website. The Company records a liability in the period in which a gift card is sold. The Company does not charge administrative fees on unused gift cards, and gift cards do not have an expiration date. As gift cards are redeemed, the Company recognizes revenue and reduces the related liability. See accounting policy and estimation process related to gift card breakage in Note 4.

Note 3. Summary of Significant Accounting Policies (continued)

Income taxes
Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based payments
The Company has stock option plans in place that are deemed to be equity-settled, share-based payments plans. The Company uses the Black-Scholes option-pricing model to determine the fair value of stock-based awards and option grants in determining stock-based compensation. The fair value at grant date of share-based payments under the plan is expensed over the service period in which the employees unconditionally become entitled to the awards, based on the estimate of shares that will eventually vest.

The fair value of stock-based awards granted to non-employees is the fair value of the identifiable goods or services or the fair value of the equity instrument granted if the goods or services are not reliably measurable. The measurement date of the fair value is the date at which the Company receives the goods or services from the non-employees or the grant date of the instrument when the goods or services are unidentifiable. Goods or services are recognized in expense over the period that the services are received.

Further information regarding stock-based compensation can be found in Note 14.

Current and non-current classification
The Company presents assets and liabilities in the statements of financial position based on current/non-current classification.

Note 3. Summary of Significant Accounting Policies (continued)

An asset is current when it is expected to be realized or intended to be sold or consumed within the normal operating cycle, held primarily for the purpose of trading, expected to be realized within twelve months after the reporting period, or cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, is held primarily for the purpose of trading, is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of its counterparty, result in settlement by the issue of equity instruments do not impact its classification. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Note 4. Significant Accounting Judgments, Estimates and Uncertainties

In the process of applying the Company's accounting policies, management has made the following judgements and estimates, while noting uncertainties, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Deferred Revenue
The Company uses historic gift card redemption patterns to determine the probability of gift card redemption. When a gift card is not subject to escheatment and it is probable that a portion of a gift card will not be redeemed, this amount is considered to be breakage. Breakage is recognized as revenue consistent with the historic redemption patterns of the associated gift cards. The Company recognized breakage income of $110,010 and $99,535 in the years ended December 26, 2021 and December 27, 2020, respectively, and these amounts have been included in revenue in the statements of net profit or loss and comprehensive profit or loss. Please see below for a summary of deferred revenue activity related to gift cards:

Balance at December 29, 2019	$ 1,216,103
Gift Card Issuances	593,282
Gift Card Usage	(558,524)
Gift Card Breakage	(99,535)
Balance at December 27, 2020	$1,151,326
Gift Card Issuances	1,024,433
Gift Card Usage	(687,912)
Gift Card Breakage	(110,010)
Balance at December 26, 2021	$1,377,837

The Company reports the gift card contract liabilities within deferred revenue on the statement of financial position. In addition to the deferred revenue related to gift cards, the Company also records a de minimis amount of deferred revenue related to loyalty programs and other miscellaneous advance receipts.

Leases - Determining the lease term of contracts with renewal and termination options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Note 4. Significant Accounting Judgments, Estimates and Uncertainties (continued)

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain it will exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of real estate and equipment with non-cancellable periods as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate
If the Company cannot readily determine the interest rate implicit in its leases, it instead uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Share-based payments
The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model such as the Black-Scholes model. The inputs to the model include share price, exercise price, assumptions regarding expected volatility, expected life of share option and expected dividend yield.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. For more details of the fair value disclosures, refer to Note 20.

Note 4. Significant Accounting Judgments, Estimates and Uncertainties (continued)

Impairment of non-financial assets

In assessing for indicators of impairment at the end of the reporting period, management did not note any external or internal sources of information that would result in an adverse effect to its existing CGUs. This determination was made through extensive consideration of the environment in which MiniLuxe operates, as well as company performance and guidance from governmental and health organizations.

Note 5. Reverse Takeover Transaction

On November 23, 2021, MiniLuxe Holding and MiniLuxe completed the RTO Transaction, whereby the shareholders of MiniLuxe held a majority of the outstanding subordinating voting shares of MiniLuxe Holding (59.6%) and 100% of the outstanding proportionate voting shares. The substance of the RTO Transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the accounting acquiree does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the RTO Transaction has been accounted for as a share-based payment under IFRS 2 – Share Based Payments, with MiniLuxe being identified as the accounting acquirer and the equity consideration being measured at fair value. The RTO Transaction has been accounted for in the consolidated financial statements as a continuation of the financial statements of MiniLuxe, together with a deemed issuance of shares equivalent to the former shareholders of MiniLuxe Holding. The operating results of MiniLuxe Holding have been consolidated from November 24, 2021 onward as the period subsequent to the close of the RTO Transaction.

MiniLuxe Holding Details of the RTO Transaction are as follows:

Purchase Price Consideration Paid	
Fair Value of shares issued	$13,200,000
Net Identifiable Assets Acquired	
Cash on hand	$7,388,245
Accounts payable and accrued liabilities	$(107,663)
Total net assets acquired	$7,280,582
Consideration paid representing the listing expense	$5,919,418

MiniLuxe has accounted for the RTO Transaction as an asset acquisition is the scope of IFRS 2 – Share Based Payments. Consideration consisted entirely of shares of MiniLuxe Holding which were measured at the estimated fair value on the date of acquisition. The fair value of the subordinated and proportionate voting shares issued to former MiniLuxe shareholders was determined to be $13,200,000 based on the fair value of the common shares issued under the PIPE transaction discussed in Note 12.

As part of the transaction MiniLuxe Finco merged with Rise Capital Corp. MiniLuxe Finco undertook a private investment in public equity (“PIPE”) transaction. The proceeds from the PIPE transaction were raised in MiniLuxe Finco and were transferred to Rise as part of the merger. As a result of this transaction MiniLuxe Holdings ultimately raised $8,119,451 on the issuance of 8,438,566 shares (recorded as $7,920,952 on the statement of changes in shareholder’s equity as net of transaction costs of $198,499). For more details on this transaction refer to Note 12.

Note 6. Segment information

IFRS 8 Operating Segments defines an operating segment as:

i) a component of an entity that engages in business activities from which it may earn revenues and incur expenses;
ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
iii) for which discrete financial information is available.

The Company has one operating segment, which consists of talent revenue and product revenue. The revenue recognition for the talent revenue and product revenue are recognized at a point in time.

The Company operates in only one geographical region which is the United States of America (USA).

	December 26, 2021	December 27, 2020
Talent revenue	$ 15,741,510	$ 9,712,174
Product revenue	940,197	897,642
	$ 16,681,707	$ 10,609,816

Note 7. Capital Management

For the purpose of the Company's capital management, capital includes subordinate voting shares, proportionate voting shares, contributed surplus and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may declare discretionary dividend payments to shareholders, return capital to shareholders or issue new shares. The Company includes within net (excess) debt, interest and non-interest bearing loans and borrowings, accounts payable and accrued expenses, less cash and short-term deposits.

	December 26, 2021	December 27, 2020
Interest-bearing loans and borrowings:		
Loan payable	$ 2,460,091	$ -
Current portion of convertible promissory note	-	-
Convertible promissory note	-	13,275,000
Current portion of lease liabilities	1,383,645	1,393,646
Lease liabilities	5,507,137	7,688,707
Non-interest-bearing loans and borrowings:		
Redeemable preferred shares	-	30,616,857
Accounts payable and accrued expenses	3,575,416	5,393,253
Less cash and short-term deposits	(19,120,111)	(2,866,368)
Net (excess) debt	($6,193,822)	$55,501,095
Equity	19,193,682	(39,558,620)
Total capital	19,193,682	(39,558,620)
Capital and net debt	$ 12,999,860	$ 15,942,475

No changes were made in the objectives, policies or processes for managing capital during the years ended December 26, 2021 or December 27, 2020.

Note 8. Inventories

Inventory consisted of the following at December 26, 2021 and December 27, 2020:

	December 26, 2021	December 27, 2020
Merchandise and retail products	$ 594,055	$ 489,817
Inventory supplies	307,754	214,867
Polish	399,140	487,869
Raw materials	385,125	303,977
Total Inventories	$ 1,686,074	$ 1,496,530
Inventory write-downs	$ 138,193	$ 146,368

There have been no reversals of inventory write-downs for the years ending December 26, 2021 and December 27, 2020.

Inventory recognized as an expense in cost of sales is $1,021,160 and $877,586 for the years ending December 26, 2021 and December 27, 2020, respectively.

Note 9. Property and Equipment and Intangible Assets

Property and equipment, net consists of the following at December 26, 2021 and December 27, 2020:

	Furniture, Fixtures & Equipment	Leasehold Improvements	Total
Cost			
At December 29, 2019	$ 2,132,851	$ 16,286,513	$ 18,419,364
Additions	107,119	5,060	112,179
Disposals	(217,826)	(813,227)	(1,031,053)
At December 27, 2020	$ 2,022,144	$ 15,478,346	$ 17,500,490
Additions	185,958	542,554	728,512
Disposals	(223,447)	(1,031,130)	(1,254,577)
At December 26, 2021	$ 1,984,655	$ 14,989,770	$ 16,974,425
Depreciation			
At December 29, 2019	1,723,818	6,621,238	8,345,056
Depreciation charge for the year	238,236	1,506,746	1,744,982
Disposals	(208,169)	(554,649)	(762,818)
At December 27, 2020	$ 1,753,885	$ 7,573,335	$ 9,327,220
Depreciation charge for the year	195,503	1,440,224	1,635,727
Disposals	(207,392)	(608,426)	(815,818)
At December 26, 2021	$ 1,741,996	$ 8,405,133	$ 10,147,129
Net book value			
At December 27, 2020	$ 268,259	$ 7,905,011	$ 8,173,270
At December 26, 2021	**$ 242,659**	**$ 6,584,637**	**$ 6,827,296**

Note 9. Property and Equipment and Intangible Assets (continued)

Intangible assets consists of the following at December 26, 2021 (2020 - $nil):

	Website
Cost	
At December 27, 2020	$ -
Additions	497,251
Disposals	-
At December 26, 2021	$ 497,251
Depreciation	
At December 27, 2020	$ -
Depreciation charge for the year	-
Disposals	-
At December 26, 2021	$ -
Net book value	
At December 27, 2020	$ -
At December 26, 2021	**$ 497,251**

Note 10. Government Grants

In November of 2021, the Company received a refundable payroll tax credit, the Employee Retention Credit, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of $2,261,066.

The Employee Retention Credit is a government funded tax credit established by the United States federal government under the CARES Act to help eligible employer that presented a decline in business due to the COVID-19 pandemic and related shutdowns. The Company recognized the entirety of the Employee Retention Credit as other income.

In May 2020, the Company received a loan under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of $3,895,420 (the PPP Loan). The PPP Loan has a 2-year term and bears interest at an annual interest rate of 1%. Monthly principal and interest payments are deferred for 10 months, and the maturity date is May 4, 2022.

The Paycheck Protection Program is a business loan program established by the United States federal government under the CARES Act to help certain businesses and entities impacted by the COVID-19 pandemic continue paying employees and other specified business expenses.

During the 24-week forgiveness period in 2020, the Company used the full amount received to fund expenses under the terms of the PPP Loan. As a result, we believe that we have met the PPP eligibility criteria for forgiveness and have concluded that the PPP Loan represents, in substance, funds provided under a government grant. As such, in accordance with IAS 20, the Company has recognized the $3,895,420 PPP Loan proceeds received during the year ended December 27, 2020 in other income on the statements of profit or loss and comprehensive profit or loss. The receipt of loan proceeds has been included as cash flows from financing activities in the statement of cash flows and the expected loan forgiveness has been included as a reconciling item within cash flows from operating activities.

Note 10. Government Grants (continued)

The Company submitted an application for forgiveness of the PPP loan to the Small Business Administration ("SBA"). The application for forgiveness was approved by the PPP Loan lender, in December 2020. In the third quarter of 2021, the Company was informed that the PPP loan was forgiven in full by the SBA. $3,895,420 was recognized in Other Income in fiscal 2020.

Note 11. Financial Instruments

The Company's financial assets are comprised of a long-term investment.

On December 15, 2021, the Company invested in BeautyByMe, a volumetric device brand focused on the creation of small-batch, on-demand cosmetic products for $50,000. The investment is classified as FVTPL with all changes in value being recorded through the income statement. The investment is presented as a long-term asset.

The Company's financial liabilities are comprised of the following:

	Interest Rate	Maturity	December 26, 2021	December 27, 2020
Current interest-bearing loans and borrowings at amortized cost				
Lease liabilities	15%	2022	$ 1,383,645	$ 1,393,646
Total current interest-bearing loans and borrowings			1,383,645	1,393,646
Non-current interest-bearing loans and borrowings				
Lease liabilities	15%	2023-2027	5,507,137	7,688,707
Convertible promissory notes	10%	2022	-	13,275,000
Loan payable	15%	2025	2,460,091	-
Total non- current interest-bearing loans and borrowings			**7,967,228**	**20,963,707**
Total interest-bearing loans and borrowings			**9,350,873**	**22,357,353**
Other financial liabilities:				
Financial liabilities at fair value through profit or loss				
Redeemable Preferred Stock			-	30,616,857
Financial liabilities at amortized cost				
Accounts payable and accrued expenses			3,575,416	5,393,253
Total other financial liabilities			**$ 3,575,416**	**$ 36,010,110**
Total current			$ 4,959,061	$ 6,786,899
Total non-current			$ 7,967,228	$ 51,580,564

Note 11. Financial Instruments (continued)

Convertible promissory notes

On November 9, 2018, the Company's Board of Directors approved the issuance of convertible promissory notes in the aggregate principal amount of up to $7,500,000. The Company made numerous amendments to the promissory notes to increase the principal amount to $12,500,000, extend the maturity date to April 30, 2022, and change the notes convertible as being convertible from Series C-3 preferred shares to Series B preferred shares, which carry the same rights but have carry different values, as the value per share increased in line with the decrease in outstanding shares.

The notes earned interest at a rate of 10% per year. Each note matured on the date of the first to occur of (i) the consummation of a liquidation event, as defined in the agreement, (ii) the consummation of a qualified financing, and (iii) a written demand by holders representing a majority of the principal amount then outstanding on or after the earlier of October 31, 2020, amended to April 30, 2022, or the occurrence of an event of default, as defined in the agreement. Under the terms of the agreements, if a qualifying financing occurred before maturity, the convertible promissory notes and accrued interest were convertible at the lesser of (i) 80% of the price per share paid generally by cash investors in such qualifying financing or (ii) a capped price per share calculated at an amount equal to $100,000,000 divided by the number of shares of common stock outstanding on a fully-diluted basis as of immediately prior to the initial closing of such qualifying financing, as defined in the agreements. Upon a liquidation event (defined in the agreements), the Company was required to repay to each note holder, the greater of (i) the sum of one and one-half multiplied by any outstanding principal balance plus unpaid interest accrued or (ii) the amount the note holder would have been entitled to receive in connection with such liquidation event if the aggregate amount of principal and unpaid accrued interest had been converted to shares of Series B Preferred shares at a price per share of $1.03.

The Company issued $5,000,000 in a combination of convertible promissory notes and senior debt in April of 2021. The terms of these new convertible note purchase agreements are in line with those disclosed above. The notes earned interest at a rate of 10% per year. Each note matured on the date of the first to occur of (i) the consummation of a liquidation event, as defined in the agreement, (ii) the consummation of a qualified financing, and (iii) a written demand by holders representing a majority of the principal amount then outstanding on or after the earlier of April 30, 2022, or the occurrence of an event of default, as defined in the agreement. Under the terms of the agreements, if a qualifying financing occurred before maturity, the convertible promissory notes and accrued interest were convertible at the lesser of (i) a percentage ranging from 70-77.5% (dependent on the principal amount of the note) of the price per share paid generally by cash investors in such qualifying financing or (ii) a capped price per share calculated at an amount equal to $100,000,000 divided by the number of shares of common stock outstanding on a fully-diluted basis as of immediately prior to the initial closing of such qualifying financing, as defined in the agreements. Upon a liquidation event (defined in the agreements), the Company was required to repay to each note holder, the greater of (i) the sum of one and three-quarters multiplied by any outstanding principal balance plus unpaid interest accrued or (ii) the amount the note holder would have been entitled to receive in connection with such liquidation event if the aggregate amount of principal and unpaid accrued interest had been converted to shares of Series B Preferred shares at a price per share of $1.03.

The conversion feature on the convertible promissory notes meets the definition of a derivative liability in accordance with IAS 32. The derivative liability is measured each period at fair value through profit or loss in accordance with IFRS 9. Interest expense and accrued interest of $1,492,964 were recognized in the year ending December 26, 2021.

Note 11. Financial Instruments (continued)

As part of the reverse takeover transaction, MiniLuxe Inc. converted the outstanding convertible debt into 21,163,112 MiniLuxe common shares. Prior to the conversion, the derivative liability was revalued, and the fair value was determined to be $5,604,552. The entire balance of the convertible promissory note including the accrued interest and derivative liability were derecognized and the share capital issued was recognized as part of the RTO transaction.

Senior debt

The Company also issued $2,500,000 of senior debt recorded at $2,460,000 (net of approximately $40,000 in transaction costs) during the quarter ended June 27, 2021 repayable no later than April 27, 2025. The Company is required to make monthly interest payments of $31,250 until the maturity date of the loan. Interest expense on the senior debt for the year ended December 26, 2021 was $259,257 (December 27, 2020 – nil). Concurrently, the Company issued warrants with the senior debt. The warrants had terms that allow the holder to exercise the warrants at a price to be determined at a later date. As such, the warrant were classified as a derivative liability in accordance with IAS 32. The warrants are measured at fair value through profit and loss in accordance with IFRS 9. As part of the RTO transaction the warrants no longer met the requirements to be classified as a liability. Immediately prior to the reverse takeover transaction date the warrants were revalued to $104,227 and reclassified to Contributed Surplus.

Redeemable preferred stock

Since inception, the Company has been funded through several private placements of redeemable preferred shares. As of December 27, 2020, the Company's Articles of Incorporation (Articles), as amended, authorize the issuance of 89,698,000 shares of redeemable preferred shares with a par value of $0.001 per share. Of these authorized shares, 6,512,000 shares have been designated Series Seed Preferred shares, 22,308,000 shares have been designated New Series A Preferred shares, and 60,878,000 shares have been designated New Series B Preferred shares.

Preferred shares are considered to be compound financial instruments which require separation into liability and equity components based on the terms of the contract. The instrument is measured at its fair value to determine the liability component and with any residual value allocated to the equity component. The fair value of the instrument is entirely assigned to the liability component due to the nature of its redemption feature. As a result, there is no value allocated to equity. The liability component is subsequently measured at fair value with change in fair value recorded in the comprehensive income each year.

As part of the reverse takeover transaction, the preferred shares were cancelled and exchanged for the subordinate and proportionate voting shares of MiniLuxe Holding Corp. At the point of the exchange, the preferred shares would be recorded at fair value. The fair value of the preferred shares on November 23, 2021 was determined to be $64,466,000, with a loss recognized in the amount of $33,849,143.

At November 23, 2021, prior to the preferred shares being exchanged as part of the RTO Transaction, the fair value of the preferred shares was calculated using the Current Value Method. The only assumption used was the equity value of $127,015,000. The redeemable preferred shares were derecognized and share capital issued was recognized as part of the RTO Transaction.

The recapitalization event in 2020 resulted in issuance of new redeemable preferred shares (New Series A, New Series B and Series Seed) and common stock in return of termination of the old redeemable preferred shares. This transaction is recognized as extinguishment of debt (as redeemable preferred shares are considered as financial liabilities), with a gain recognized in the amount of $14,539,685 on such extinguishment recorded in the statement of profit or loss and comprehensive profit or loss for the year ended December 27, 2020.

Note 11. Financial Instruments (continued)

At December 27, 2020 the fair value of the preferred shares was determined using an Option Pricing Methodology (“OPM”). Measurement inputs include enterprise equity value on measurement date, expected volatility, expected life of the instrument, the risk-free interest rate, and expected dividends. The assumptions are as follows:

	December 27, 2020
Equity value (‘000s)	31,841 to 43,146
Volatility	60%
Term	4.00
Risk-free interest rate	0.27%
Dividend	-

During 2020, no active market existed for the Company's common shares. For this reason, the Company considered the historical volatility of similar entities for which share price information was publicly available when estimating the expected volatility. The listed entities used in the analysis operate within a similar industry space, focusing on the delivery of similar products and services.

Accounts payable and accrued expenses

	December 26, 2021	December 27, 2020
Accounts payable	$ 777,994	$ 1,458,290
Other payables and accrued expenses	2,610,772	1,662,628
Interest payable	31,250	1,938,565
Variable rent	155,400	333,770
	$ 3,575,416	$ 5,393,253

Terms and conditions of the above financial liabilities:

- Accounts payables and accrued expenses are non-interest bearing and are normally settled on 30-day terms.
- Variable Rent and other payables are non-interest bearing and have an average term of 30 days.
- Interest is payable on maturity of the convertible promissory notes.

Finance Costs

Reconciliation of finance costs for the years ended December 26, 2021 and December 27, 2020 are summarized in the following table:

	December 26, 2021	December 27, 2020
Convertible note interest	$ 1,492,964	$ 1,282,347
Lease adjustments	1,111,834	1,644,767
RTO adjustments	28,805	-
Senior debt Interest	259,257	-
Other	1,000	3,978
	$ 2,893,860	$ 2,931,092

Note 12. Share Capital

On November 23, 2021, prior to the reverse takeover transaction, MiniLuxe FinCo performed a PIPE transaction. As a result of this transaction MiniLuxe FinCo issued 8,438,566 subscription receipts for total proceeds of $8,119,451 (recorded as $7,920,952 on the statement of changes in shareholder's equity as net of transaction costs of $198,499). Each of these subscription receipts was convertible to one subordinate Voting Share of MiniLuxe Holding once the reverse takeover transaction has been completed. Once the reverse takeover transaction was completed, these subscription receipts were converted to 8,438,566 subordinate Voting Shares. Prior to the conversion of the subscription receipts, the shareholders of MiniLuxe exchanged their common and preferred shares into subordinate or proportionate voting shares of MiniLuxe Holding. The conversion was done at a rate of 1 to 1.34303 for all shares. The overall shares outstanding decreased as the shares that were converted to proportionate Voting Shares were first converted using the ratio of 1000 to 1 prior to the conversion ratio being applied.

As of December 26, 2021, the Company has authorized an unlimited number of subordinate and proportionate voting shares. The holders of the subordinate and proportionate voting shares are entitled to vote on all matters. The holders of the subordinate voting shares are entitled to the number of votes equal to the number shares held. The holders of the proportionate voting shares are entitled to 1,000 votes for each share held. As of December 26, 2021, there were 54,972,326 subordinate voting shares and 91,064 proportionate voting shares issued and outstanding.

Note 13. General and Administrative Expenses

General and administrative expenses are comprised of the following:

	Year ended December 26, 2021	Year ended December 27, 2020
Salaries, wages and employee benefits	$ 6,368,877	$ 5,012,933
Variable rent	953,547	856,103
Third party consultants	906,275	-
Professional fees	625,468	567,897
Marketing and selling expenses	600,166	626,236
HR, payroll and recruiting fees	535,643	280,507
Operating supplies	520,350	333,759
IT related costs	514,445	492,371
Bank and credit card fees	490,513	358,092
Warehouse	455,358	368,649
Loss on disposal of property and equipment	438,759	268,235
Repairs and maintenance	383,478	252,025
Travel, meals and entertainment	268,815	157,997
Other expenses	231,674	63,955
Stock compensation	216,208	90,258
Insurance, permits and fines	189,324	194,043
Equipment	164,213	166,935
Total general and administrative expenses	$ 13,863,113	$ 10,089,995

Note 14. Share-based payments

Prior to the RTO Transaction a total of 5,739,488 shares were authorized for issuance under the 2019 Stock Plan. Under the same stock plan at December 27, 2020, 1,373,262 options to purchase shares were available for issuance.

As part of the RTO Transaction, each option of MiniLuxe was exchanged for 1.34303 options of MiniLuxe Holding, with the corresponding exercise price for each option being reduced by the same ratio. Each option of MiniLuxe was then cancelled. This also resulted in the cancellation of the 2019 Stock Plan and the establishment of the 2021 Omnibus Equity Incentive Compensation Plan (the "Plan"). Under the Plan, 14,603,586 shares and an aggregate of 13,228,771 between Restricted Share Units ("RSU"), Deferred Share Units("DSU") and Performance Share Units ("PSU") are authorized for issuance at December 26, 2021.

Options to purchase 7,958,850 subordinate voting shares were available for issuance under the Plan as of December 26, 2021. No RSU's, DSU's or PSU's were issued and outstanding as of December 26, 2021.

Stock option activity under the Plan during the period ended December 26, 2021 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (In Years)
Outstanding at December 29, 2019	2,607,999	$ 0.28	8.8
Forfeited	(217,702)	0.21	
Exercised	(18,877)	0.09	
Outstanding at December 27, 2020	2,371,420	$ 0.29	8.1
Granted	2,587,000	0.09	
Forfeited	(7,214)	0.24	
Exercised	(3,515)	0.23	
Cancelled	(120)	0.29	
Exchange on RTO Transaction	1,697,165		
Outstanding at December 26, 2021	6,644,736	$ 0.21	8.1
Options exercisable at December 26, 2021	3,862,379	$ 0.17	8.1

The weighted-average fair value of stock options granted during the year ended December 26, 2021 under the Black-Scholes option-pricing model was $0.09 per share. There were no stock options granted in the year ended December 27, 2020. There are no RSU's, DSU's or PSU's outstanding as of December 31, 2021.

In the year ended December 26, 2021, 3,515 stock options were exercised. In the year ended December 27, 2020, 18,877 stock options were exercised.

The Company recognized $216,208 and $90,258 in stock-based compensation expense for the years ended December 26, 2021 and December 27, 2020, respectively. As of December 26, 2021, there was approximately $86,384 of total unrecognized compensation expense related to unvested employee stock-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.6 years.

Note 14. Share-based payments (continued)

All stock options granted during the year were granted prior to the RTO transaction under the 2019 Stock Option Plan. No additional options were granted after the RTO transaction under the new plan. The fair value of stock options granted was measured with the following assumptions prior to the impacts of the RTO transaction and conversion:

Exercise Price	$0.18
Share Price	$0.18
Expected Volatility	50%
Expected option life	7 years
Expected dividend yield	0.0%
Risk-free interest rates	1.29%

The fair value of the share-based payment transactions is measured based on valuation models. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, expected life of the instruments (based on contractual life and tranche vesting term), expected dividends, and the risk-free interest rate (based on government bonds). No active market existed for the Company's common shares when the stock options were granted. For this reason, the Company considered the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility. The listed entities used in the analysis operate within a similar industry space, focusing on the delivery of similar products and services.

Note 15. Income Taxes

Reconciliation of tax expense and the accounting profit multiplied by the Company's domestic tax rate for 2021 and 2020:

	December 26,2021	December 27,2020
Accounting (loss) profit before tax	$ (54,373,418)	$ 6,018,525
Statutory rate	26.50%	21.00%
Expected income tax (recovery) expense	(14,408,956)	1,263,890
Non-deductible expenses	13,025,341	(4,795,295)
Change in statutory rates and other	(2,869,686)	591,283
Change in valuation allowance	4,314,074	2,987,682
Total income tax expense (recovery)	$ 60,773	$ 47,560

Note 15. Income Taxes (continued)

Unrecognized deferred tax assets:

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 26, 2021	December 27, 2020
Net operating loss carry forwards – United States	$ 61,875,194	$ 53,124,546
Net operating loss carry forwards – Canada	108,166	-
Property, plant and equipment	4,234,749	5,080,173
Right of use assets	(4,633,385)	-
Lease liabilities	6,890,782	-
Share issue costs	185,832	-
Finance Costs	-	2,200,201
Other	56,363	73,777
Accruals	(1,409,422)	(2,148,918)
Total deductible temporary difference	$ 67,308,279	$ 58,329,779
Net deferred tax asset	19,512,051	15,197,977
Unrecognized deferred tax asset	(19,512,051)	(15,197,977)
Net deferred tax asset	$ -	$ -

Of the total losses, $28,151,766 are available indefinitely for offsetting against future taxable profits of the company in which the losses arose (December 27, 2020 - $24,791,340). The remaining losses expire through 2037.

The Company has determined that as a result of its history of net operating losses it is not probable that it will have sufficient taxable profits to utilize its unused tax assets in the future. Therefore, no net deferred tax asset is recognized in its financial statements.

Note 16. Leases

The Company has lease contracts for real estate and other equipment used in its operations. Leases of real estate have lease terms generally between 3 and 10 years, and equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Furthermore, the Company has combined lease and non-lease components for its real estate leases.

Note 16. Leases (continued)

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Real Estate	Equipment	Total
As at December 29, 2019	$ 8,894,605	$ 27,072	$ 8,921,677
Modifications	(234,100)	-	(234,100)
Depreciation expense	(1,757,038)	(11,626)	(1,768,664)
As at December 27, 2020	$ 6,903,467	$ 15,446	$ 6,918,913
Modifications	(902,837)	-	(902,837)
Depreciation expense	(1,371,575)	(11,116)	(1,382,691)
As at December 26, 2021	**$ 4,629,055**	**$ 4,330**	**$ 4,633,385**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period and compared to FY2020:

	December 26, 2021	December 27, 2020
Balance as of beginning of the period	$ 9,082,353	$ 10,360,256
Modifications	(980,026)	(301,771)
Accretion of interest	1,111,834	1,644,767
Payments	(2,323,379)	(2,620,900)
Balance as of end of the period	$ 6,890,782	$ 9,082,353
Current	$ 1,383,645	$ 1,393,646
Non-Current	$ 5,507,137	$ 7,688,707

The following are the amounts recognized in profit or loss:

	December 26, 2021	December 27, 2020
Depreciation expense of right-of-use assets	$ 1,382,691	$ 1,768,664
Interest expense on lease liabilities	1,111,834	1,644,767
Expense relating to leases of low-value assets	36,600	95,685
Variable rent	804,927	589,686
Total amount recognized in comprehensive loss	$ 3,336,052	$ 4,098,802

The Company recorded a gain on modification of real estate leases within other income in the amount of $443,046 and $69,218 in the years ended December 26, 2021 and December 27, 2020, respectively.

The following table shows the Company's fixed and variable rent payments:

	December 26, 2021	December 27, 2020
Fixed rent	$ 2,498,612	$ 2,620,900
Variable rent only	881,039	281,634
	$ 3,379,651	$ 2,902,534

Note 16. Leases (continued)

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at December 26, 2021, undiscounted potential future rental payments of $11,812,431 have not been included in the lease liability because it is not reasonably certain these options will be exercised.

Note 17. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to common equity holders of the parent by the weighted average number of participating common stock outstanding during the year. The participating common stock includes the Company’s subordinate and proportionate voting shares. Diluted EPS is calculated by dividing the profit attributable to common equity holders of the parent by the weighted average number of common stock outstanding during the year plus the weighted average number of common stock that would be issued on conversion of all the dilutive potential common stock into common stock.

Instruments at the Company that could potentially dilute basic earnings per share include redeemable preferred shares, stock options, and warrants. For the year ended December 26, 2021, the stock options and warrants are anti-dilutive in nature. For the year ended December 27, 2020, the stock options are non anti-dilutive in nature.

As part of the RTO transaction the issued and outstanding common and preferred shares were exchanged for subordinate and proportionate voting shares. Those common and preferred shared that were exchanged to subordinate voting shares were converted to 1.34303 subordinate shares at a ratio of 1 to 1. The remaining shares that were converted to proportionate voting shares were exchanged at the same rate of 1.34303 but each 1,000 shares converted into one proportionate voting share. The below table reflects these changes in both the current and prior year. Each of the proportionate voting shares is convertible into 1,000 subordinate voting shares at the option of the holder. The EPS calculations for 2020 includes the adjustment for the conversion ratio of 1.34303.

The calculation and presentation below is based on the number of shares outstanding at December 26, 2021, which is based on the legal amount of shares outstanding under each class without assuming conversion.

If the 91,067 proportionate voting shares outstanding were converted into subordinate voting shares, the numbers of subordinate voting shares issued would be 91,064,000.

Note 17. Earnings per share (EPS) (continued)

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	December 26, 2021		December 27, 2020
	Subordinate Voting Shares	Proportionate Voting Shares	
Profit (loss) attributable to equity holders of the Company (Basic)	$ (42,824,341)	(11,609,850)	$ 5,970,965
Weighted average number of shares for basic EPS	30,536,265	8,279	11,583,757
Basic earnings per share	**$ (1.40)**	**$ (1,402.41)**	**$ 0.52**
Profit (loss) attributable to equity holders of the Company (dilutive)	$ (42,824,341)	(11,609,850)	$ 5,970,965
Weighted average number of common stock for diluted EPS	30,536,265	8,279	116,414,211
Diluted earnings per share	**$ (1.40)**	**$ (1,402.41)**	**$ 0.05**
Weighted average number of shares for basic EPS			
Issued shares at start of year	28,055,193	-	1,260,867
Effect of share options exercised	2,089	-	8,432
Effect of warrants exercised	51,786	-	-
Effect of convertible note conversion	2,583,881	-	-
Effect of preferred share conversion	6,104,677	-	-
Effect of RTO conversion	(8,278,503)	8,279	-
Effect of PIPE financing	767,142	-	-
Effect of Rise Capital shares conversion	1,250,000	-	-
Effect of shares issues related to recapitalization	-	-	10,314,458
Weighted average number of shares end of year (basic)	**30,536,265**	**8,279**	**11,583,757**
Effects of dilution from:			
Effect of share options issued	-	-	70,105
Effect of conversion of redeemable preferred shares	-	-	104,760,349
Weighted average number of shares end of year (dilutive)	**30,536,265**	**8,279**	**116,414,211**

Note 18. Commitments and Contingencies

From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimates. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered remote are not disclosed.

The Company does not have any material commitments for future years, apart from leases (see Note 16).

Note 19. Profit Sharing Plan

The Company sponsors a qualified 401(k) profit sharing plan (the Plan) covering all eligible employees, as defined. The Company's contributions to the Plan are discretionary and are determined annually by the Board of Directors. There were no Company contributions to the Plan for the years ended December 26, 2021 and December 27, 2020.

Note 20. Fair Value Measurement

The Company measures its redeemable preferred shares and long-term investments at fair value, which is at level 3. No other financial statement accounts are measured at fair value as their carrying amount approximates fair value. The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

			Fair Value Measurement Using		
	Date of Valuation	Total	Quoted price in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Long Term investments	December 26, 2021	$ 50,000	$ -	$ -	$ 50,000
Liabilities measured at fair value:					
Non-interest-bearing loans and borrowings:					
Redeemable Preferred Shares	December 26, 2021	$ -	$ -	$ -	$ -
	December 27, 2020	$30,616,857	$ -	$ -	$30,616,857

There were no transfers between Level 1 and Level 2 during 2021.

Note 21. Risk Management

The Company's principal financial liabilities comprise of accounts payables and accrued expenses, redeemable preferred shares, convertible promissory notes, lease liabilities, and senior debt. The main purpose of these financial liabilities is to finance the Company's operations.

Note 21. Risk Management (continued)

The Company is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by senior finance executives ("Finance") under policies approved by the Board of Directors ("Board"). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and responds to financial risks within the Company's operating units. Finance reports to the Board on a monthly basis.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and long term investments.

The Company does not note any interest rate, currency and or other price risk that would have a material effect on its financial statements, except for the fair value determination on its redeemable preferred shares. See Note 11 for details.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not materially exposed to credit risk from its operating activities and from its financing activities, since most of its revenue is generating at point-of-sale systems where cash is exchanged, or credit card payments are made. The Company's cash holdings and deposits are held in an A+ rating financial institution according to Standard & Poor's.

Liquidity Risk
Liquidity risk is risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash of another financial asset.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecasted cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

December 26, 2021	Less Than One Year	1 to 5 Years	Greater Than 5 Years	Total
Accounts payable and accrued expenses	$ 3,575,416	$ -	$ -	$ 3,575,416
Lease liabilities	$ 1,383,645	$ 5,507,137	$ -	$ 6,890,782
Loan payable	$ (9,890)	$ 2,469,981	-	$ 2,460,091
	$ 4,959,061	$ 7,977,118	$ -	$ 12,936,179
December 27, 2020				
Accounts payable and accrued expenses	$ 5,393,253	$ -	$ -	$ 5,393,253
Lease liabilities	1,393,646	7,688,707	1,503,413	10,585,766
Redeemable Preferred Shares*	-	-	-	-
Convertible promissory notes	-	16,991,049	-	16,991,049
	$ 6,786,899	$ 24,679,756	$1,503,413	$32,970,068

Note 21. Risk Management (continued)

* Redeemable preferred share values have not been included in the table above at December 27, 2020 as the redemption option is at the option of the holders for a two year period beginning on December 31, 2022; however, the redeemable preferred shares may also be redeemed for common stock at a fixed conversion price in accordance with the terms of the agreement. Therefore, the event of a cash contractual obligation is uncertain and thus the potential cash payment option is not included within the table presented above.

Note 22. Related Party Transactions

Management compensation and balances outstanding as of period end dates are as follows:

	Transaction Value for the Year Ended	
	December 26, 2021	**December 27, 2020**
Key Management Personnel		
Short-term benefits	$ 741,649	$ 567,117
Share-based payments	160,814	67,713
Total	$ 902,463	$ 634,830

	Balance Outstanding as at	
	December 26, 2021	**December 27, 2020**
Key Management Personnel		
Share-based payments	$ 296,241	$ 135,427

Note 23. Standards Issued But Not Yet Effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning January 1, 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).
- In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

Note 23. Standards Issued But Not Yet Effective (continued)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the redemption feature of its preferred shares and the conversion feature in its convertible instruments do not provide the Company the option to defer settlement of the liability for at least twelve months after the reporting period. As such, this amendment does not affect the classification of the Company’s preferred shares or convertible as a non-current liability.

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.