

MINILUXE'S MD&A IN CONNECTION WITH THE FINANCIAL STATEMENTS OF MINILUXE FOR THE FINANCIAL YEAR ENDED DECEMBER 26, 2021

DATED: APRIL 21, 2022

This Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 26, 2021 provides information on the operating activities, performance and financial position of MiniLuxe Holding Corp. ("MiniLuxe" or the "Company"). This discussion should be read in conjunction with the Company's corresponding audited annual consolidated financial statements and accompanying notes. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in U.S. dollars, unless otherwise stated. The information contained herein is current to April 21, 2022, unless otherwise stated.

The fiscal year of the Company is a 52-week reporting cycle ending on the Sunday closest to December 31st, which periodically necessitates a fiscal year of 53 weeks. The periods discussed in this MD&A are all 52 week fiscal years.

In this document unless otherwise specified, "we", "us", "our", "Company" and "MiniLuxe" all refer to MiniLuxe, Holding Corp. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under International Financial Reporting Standards ("IFRS"), do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see "Performance Assessment" and "Selected Consolidated Financial Information" sections of this MD&A.

Forward-Looking Information

Certain statements in this MD&A which are not historical facts constitute forward-looking statements or information within the meaning of applicable securities laws ("forward-looking statements"). Such statements include, but are not limited to, statements regarding MiniLuxe's projected revenues, gross margins, earnings, growth rates, the success of new products and service, market penetration and product or service plans. The use of terms such as "may", "anticipated", "expected", "projected", "targeting", "estimate", "intend" and similar terms are intended to assist in identification of these forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause MiniLuxe's actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Accordingly, there can be no assurance that forward-looking statements will prove to be accurate and readers are therefore cautioned not to place undue reliance upon any such forward-looking statements.

Factors that could cause results or events to differ materially from current expectations expressed or implied by forward looking statements contained herein include, but are not limited to: MiniLuxe's history of losses and the risks associated with not achieving or sustaining profitability; risks relating to the highly competitive industry in which MiniLuxe operates; inability to successfully improve existing products or services and introduce new products or services; inability to anticipate and respond to market trends and changing consumer preferences; inability to expand market awareness of the MiniLuxe brand; damage to the MiniLuxe brand's reputational value; disruption from the impact of COVID-19; failure to receive and/or renew requisite licenses and regulatory approvals; the impact of adverse economic conditions on revenue and profitability; loss of key personnel or an inability to attract and retain new personnel; involvement in product recalls or product liability claims; inability to generate sufficient cash from operations or raise capital on acceptable terms to meet future needs; risks related to acquisitions; changes in tax and trade law; natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events; adoption of new accounting standards or interpretations or changes in accounting standards and management's underlying accounting standard assumptions, estimates and judgments; and risks related to forward-looking information contained in MiniLuxe's annual financial statements.

All forward-looking statements are qualified in their entirety by this cautionary statement. MiniLuxe is providing this information as of the current date and does not undertake any obligation to update any forward-looking statements contained herein as a result of new information, future events or otherwise except as may be required by applicable securities laws.

RTO Transaction

On November 23, 2021, MiniLuxe Inc. ("MiniLuxe") and MiniLuxe Holding Corp ("MiniLuxe Holding") formerly Rise Capital Corp completed a reverse takeover transaction (the "RTO 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 Subordinate Voting Shares and Proportionate Voting Shares of MiniLuxe Holding, and MiniLuxe became a wholly owned subsidiary 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, and the comparative figures presented in the financial statements are those of MiniLuxe. This transaction resulted in a financing cash inflow of \$7,388,245. The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the trading symbol "MNLX". See Note 5 in the financial statements for details.

As part of the reverse takeover transaction MiniLuxe Finco merged with Rise Capital Corp. Miniluxe Finco undertook a concurrent private investment in public equity ("PIPE") transaction prior to the merger. The proceeds from the PIPE were raised into MiniLuxe Finco and were transferred to Rise as part of the merger. As a result of this transaction MiniLuxe Holding ultimately raised \$8,119,451 dollars 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 5 and Note 12 in the financial statements.

The combined capital raised from the RTO and PIPE resulted in a financing cash inflow of \$15.5M.

Overview

The Company

MiniLuxe is a nail care and beauty brand with a purpose to make self-care an attainable luxury delivered in a conscious, hygienic manner. The Company is headquartered in Boston, Massachusetts and has 20 studios across three major U.S. markets. At these locations, MiniLuxe-trained nail designers and waxing specialists perform high-quality nail care and waxing services. MiniLuxe also sells its own private-label line of cruelty-free, 8-free¹ nail and body care products, which can be purchased in-studio or via e-commerce.

Products and Services

MiniLuxe is a brand platform that consists of one principal operating segment that consists of Talent revenue (i.e. nail and self-care services) and Product revenue (i.e. merchandise sales).

Talent revenue comes from the provision of self-care services including nail care, hand and foot therapies, waxing and tweezing, brow and lash tinting both on premises and via partner channels. Additionally, MiniLuxe has fully digitized booking, personalization, and payment processes. Product revenue is derived from the sale of MiniLuxe's proprietary line of self-care products and a limited selection of third-party products. MiniLuxe's proprietary product line includes nail polishes as well as hand and body care products and is sold both on premises and direct-to-consumer via MiniLuxe's e-commerce website.

Across all of MiniLuxe's product and service offerings, the Company differentiates itself through a digitally driven experience alongside a dual commitment to setting high standards of cleanliness and empowering a diverse base of employees. Some of the specific factors that make MiniLuxe's offerings distinctive:

- Every MiniLuxe studio location is equipped with a "Clean Lab" that utilizes surgical-grade sterilization techniques to clean metal tools, while all non-metal tools are disposed of after each service.
- All products in MiniLuxe's proprietary line and all products used in MiniLuxe services are formulated to be sustainable, ethically-sourced, and 8-free.
- Nail designers and waxing specialists are compensated with fair wages commensurate with their experience and their value as professionals and receive benefits that include healthcare coverage and paid time off.

Summary of Key Performance Factors

MiniLuxe's performance and future success depend on numerous factors, each presenting inherent opportunities and risks. A number of significant factors are outlined below, though the list is not exhaustive. Additionally, the Company notes that since March 2020, the COVID-19 pandemic and resulting government efforts to contain the virus have disrupted many factors which affect the Company's operations and performance. The continued effect of both the virus and accompanying government responses will depend on future developments that are uncertain and cannot be predicted. In 2021, customer demand and availability of direct labor consistently improved as the year progressed, benefiting from the easing of government mandates and the introduction of COVID-19 vaccines and booster.

¹ 8-free means that MiniLuxe products do not contain formaldehyde, toluene, diputyl phthalate, formaldehyde resin, camphor, triphenyl phosphate, ethyl tosylamide or xylene.

MiniLuxe Brand

The MiniLuxe brand is synonymous with consistency, quality, and conscience. Clients can be assured of hygienic services, ethical working conditions, and a calming environment. The integration of MiniLuxe-branded products into the in-studio service experience, alongside a commitment from day one to provide only non-toxic and cruelty-free polishes in a hygienic environment, further distinguish MiniLuxe's brand.

Omni-Platform Strategy

The Company's strategic roadmap involves delivery of MiniLuxe products and services across:

Talent Revenue

- Physical points of presence
- Digital

Product Revenue

- E-commerce
- Wholesale

Consumer Trends

The self-care market has benefited from the following trends: clean beauty, ethical services and conscious consumerism (including more diverse and inclusive brands). These trends are directly aligned with MiniLuxe's founding principles.

Competition

MiniLuxe operates in the self-care product and service industry in the U.S. market. The industry is highly fragmented, and much of the service competition comes from single unit mom and pop salons. Whereas most salons compete on price, MiniLuxe focuses on the Company's principles of clean products, a hygienic environment, ethical treatment of MiniLuxe employees and high-quality service. The Company believes that consumers will increasingly demand products and services in line with the MiniLuxe offering. Competition for talent in the industry is meaningful. The MiniLuxe proprietary market-ready training program positions the company with a competitive advantage to acquire talent. On the product side, the quality of MiniLuxe's polishes, the Company's clear brand message, and targeted market positioning, are similarly differentiating factors.

Acquisitions

MiniLuxe may pursue acquisitions that represent a strong strategic fit and are complementary and consistent with the Company's overall growth strategy, core business values and disciplined capital management. MiniLuxe may also consider opportunities to engage in joint ventures or other business collaborations with third parties.

Seasonality

MiniLuxe's business is subject to seasonal variation in some markets. For example, in a pre-pandemic year such as 2019, 23% of Talent revenue occurred in Q1, 26% each in Q2 and Q3, and 25% in Q4.

Performance Assessment

In assessing the performance of MiniLuxe's business, the Company considers a variety of financial and operating drivers that affect the Company's operating results. All figures are denominated in U.S. dollars.

Revenue

MiniLuxe currently derives its revenue from one operating segment that consists of: 1) Talent revenue from services performed at MiniLuxe physical points of presence and partner channels as well as the introduction of on-demand services and (2) Product revenue from sales of proprietary MiniLuxe and third-party products via direct-to-consumer e-commerce, in-studio retail and wholesale.

The Company recognizes Talent revenue immediately after a given service is completed and Product revenue after fulfillment of each order in accordance with IFRS 15. Historically the Company has only received consideration in advance of provided goods and services related to the sale of gift cards. The Company records unused gift card balances as deferred liabilities then recognizes revenue and reduces the corresponding liabilities as the gift cards are redeemed in exchange for services.² The Company does not charge administrative fees on unused gift cards, and gift cards do not have an expiration date.

Revenue as reported is inclusive of all discounts and promotions.

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.

Cost of Sales

Cost of sales consists of expenses directly involved in the delivery of services and products. Cost of sales associated with the Company's Talent segment (services) includes the cost of products used in services and the cost of direct labor, defined as the immediate service providers. Cost of sales associated with MiniLuxe's Product segment primarily consists of the cost of purchasing MiniLuxe private label products directly from manufacturers, raw materials, and third-party products purchased at wholesale cost.

Gross Profit

Gross profit reflects MiniLuxe's revenue less cost of sales. The Company defines gross profit margin as MiniLuxe's gross profit divided by MiniLuxe's net revenue.

Operating Expenses

Selling, general and administrative

Selling, general and administrative expenses primarily consist of indirect labor costs (defined as salaries, wages, and benefits for employees whose primary function is not service provision), marketing costs, accounting and legal fees, information technology and systems expenses, other professional services fees, freight and shipping costs, and variable occupancy expenses.

² See accounting policy and estimation process related to gift card breakage in Note 4 to the audited annual financial statements.

Outlook to Fiscal 2022

Fiscal 2021 results were achieved in the context of operating at an average of approximately 60% capacity throughout the year relative to normal full levels of operating hours and station availability. The Company also had a reduced supply of labor due to capacity constraints. Looking to 2022, consumers and businesses alike are returning to pre-pandemic activities as a new normal emerges. MiniLuxe's distinctive standards in hygiene, fair labor practices, high quality services and products strongly position the company in the eyes of an ever more discerning consumer.

In 2022, all MiniLuxe markets are operating and open, and beginning the re-ramp to full operating hours as demand returns. The business is seeing growth on a like-for-like basis compared with pre-pandemic performance and there remains opportunity to drive operational leverage within the existing infrastructure base and newly expanded channels. Looking further into 2022, the Company anticipates demand growth to continue with the consumer allocating an increasing share of disposable income to self-care. Further, the flexibility of the MiniLuxe omnichannel platform places MiniLuxe in a strong competitive position in this ever-changing landscape.

Non-IFRS Measures

Adjusted EBITDA

Management believes Adjusted EBITDA most accurately reflects the commercial reality of the Company's operations on an ongoing basis by adding back non-cash expenses. Additionally, the rent-related adjustments ensure that studio-related expenses align with revenue generated over the corresponding time periods.

Adjusted EBITDA is calculated by adding back fixed asset depreciation, right-of-use asset depreciation under IFRS 16, asset disposal, and share-based compensation expense to IFRS operating income, then deducting straight-line rent expenses³ net of lease abatements. Additionally, the company has added back the stock listing expense associated with the RTO transaction, as it's largely non-cash.

IFRS operating income is revenue less cost of sales (gross profit), additionally adjusted for general and administrative expenses, stock listing expense, and depreciation and amortization expense.

A reconciliation of IFRS operating income to Adjusted EBITDA is included in *Selected Consolidated Financial Information*.

³ Straight-line rent expense for a given payment period is calculated by dividing the sum of all payments over the life of the lease (the figure used in the present value calculation of the right-of-use asset) by the number of payment periods (typically months). This number is then annualized by adding the rent expenses calculated for the payment periods that comprise each fiscal year. For leases signed mid-year, the total straight-line rent expense calculation applies the new lease terms only to the payment periods after the signing of the new lease.

Selected Consolidated Financial Information

The following tables set forth selected financial information derived from the Company's audited annual consolidated financial statements for the three fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019. The selected financial information was prepared in accordance with IFRS in a manner consistent with the Company's annual financial statements. The following information should be read in conjunction with these statements and the accompanying notes.

Statement of Comprehensive Income (Loss)

	<u>for Fiscal Year ended</u>		
	December 26,	December 27,	December 29,
<i>in thousands of U.S. dollars</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenue	\$16,682	\$10,610	\$22,324
Cost of sales	8,517	6,577	13,242
Gross profit	\$8,165	\$4,033	\$9,082
General and administrative expense	13,863	10,090	13,550
Stock listing expense	5,919	0	0
Depreciation and amortization expense	3,019	3,514	3,793
Operating income (loss)	(\$14,636)	(\$9,571)	(\$8,261)
Finance costs	(2,893)	(2,931)	(2,157)
Finance income	10	16	0
Other income	2,704	3,965	2
Unrealized gain (loss)	(39,558)	14,540	(17,448)
Income (loss) before taxes	(\$54,373)	\$6,019	(\$27,864)
Income tax expenses	(61)	(48)	(51)
Net and comprehensive income (loss)	(\$54,434)	\$5,971	(\$27,915)
Adjusted EBITDA	(\$7,162)	(\$8,294)	(\$7,046)

Earnings per share

Common shares (basic)	0.52	(27.84)
Common shares (diluted)	0.05	(27.84)
Subordinate voting shares (basic)	(1.40)	
Proportionate voting shares (basic)	(1,402.41)	
Subordinate voting shares (diluted)	(1.40)	
Proportionate voting shares (diluted)	(1,402.41)	

Earnings per share is updated to reflect the RTO transaction share conversion ratio of 1.34303.

Reconciliation of Adjusted EBITDA to Operating Loss

	<u>for Fiscal Year ended</u>		
	December 26,	December 27,	December 29,
<i>in thousands of U.S. dollars</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Income	(14,636)	(9,571)	(8,261)
Right-of-Use Asset Depreciation Expense	1,383	1,769	1,951
Fixed Asset Depreciation Expense	1,635	1,745	1,842
Disposals	439	268	259
Stock Compensation Expense	216	90	221
Stock Listing Expense	5,919	-	-
Straight Line Rent	(2,376)	(3,015)	(3,058)
Lease Abatements	258	420	-
Adjusted EBITDA	(7,162)	(8,294)	(7,046)

Balance Sheet

	December 26,	December 27,	December 29,
<i>in thousands of U.S. dollars</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Current assets</u>			
Cash and cash equivalents	19,120	2,866	4,855
Inventory	1,686	1,497	717
Prepaid expenses and other current assets	413	235	566
Total current assets	\$21,219	\$4,598	\$6,138
Total non-current assets	\$12,277	\$15,372	\$19,284
Total assets	33,496	19,970	25,422
<u>Current liabilities</u>			
Loan payable	-	-	110
Accounts payable and accrued liabilities	3,575	5,394	3,241
Deferred revenue	1,376	1,161	1,228
Current portion of lease liability	1,384	1,394	1,620
Current portion of convertible promissory notes	-	-	10,950
Total current liabilities	\$6,335	\$7,949	\$17,149
Total non-current liabilities	\$7,967	\$51,580	\$57,517
Total liabilities	\$14,302	\$59,529	\$74,666
Total equity	\$19,194	(\$39,559)	(\$49,244)
Total liabilities and shareholders' equity	\$33,496	\$19,970	\$25,422

Results of Operations

Revenue

The following table breaks down total revenue by Talent (services) and Product (sales of merchandise).

	<u>for Fiscal Year ended</u>	
	December 26,	December 27,
<i>in thousands of U.S. dollars</i>	<u>2021</u>	<u>2020</u>
Talent (services)	\$15,742	\$9,712
Product (sales of merchandise)	\$940	\$898
Total Revenue	\$16,682	\$10,610

Fiscal 2021 compared to Fiscal 2020

Revenues for fiscal 2021 totaled \$16.7 million, up from \$10.6 million recognized in fiscal 2020. This year-over-year increase was due to a rebound in Talent revenue as COVID-19 related capacity restrictions eased and consumer confidence returned. The Company was able to reopen certain physical locations that had previously been closed during fiscal 2020 due to COVID-19 related government mandates.

Approximately 83% of revenue in FY21 came from nail services, 10% came from waxing services, and 2% came from e-commerce product sales, with the balance coming from in-studio retail product sales. The Company plans to increase its marketing efforts and partner with selected national distributors, which management expects will increase revenue attributable to the Product segment.

Gross Margin

The following table breaks down the calculation of the Company's gross profit as a percentage of total revenue.

Gross profit and gross margin:	<u>for Fiscal Year ended</u>	
<i>in thousands of U.S. dollars</i>	December 26,	December 27,
	<u>2021</u>	<u>2020</u>
Revenue	\$16,682	\$10,610
<u>Cost of Sales</u>	8,517	6,577
Gross Profit (\$)	\$8,165	\$4,033
Gross Margin (%)	48.9%	38.0%

The Company expects gross margin in future years to normalize to a level around 45% though it may fluctuate quarter-to-quarter due to a variety of factors, including the average prices of MiniLuxe products and services and MiniLuxe product mix.

Fiscal 2021 compared to Fiscal 2020

Gross margin for fiscal 2021 was 48.9%, a 10.9% increase from the previous year's level of 38%. The gross margin increase in 2021 was due to improved controls in the management of direct labor and direct materials, along with an increase in consumer demand as COVID-19 capacity restrictions eased.

Operating Expenses

The following table provides an analysis of the Company's general and administrative expenses as a percentage of total revenue

General and Administrative Expenses:

in thousands of U.S. dollars

	December 26, <u>2021</u>	December 27, <u>2020</u>
General and administrative expense (\$)	\$13,863	\$10,090
<i>General and administrative expense (% of Revenue)</i>	<i>83.1%</i>	<i>95.1%</i>

The year-over-year increase in general and administrative expenses is partly driven by the resumption of operations in 2021 after partial year government mandated closures in 2020. Beyond this, approximately 20% of the increase is driven by the activation of strategic growth initiatives that the company is expected to realize the benefits of in the future and approximately 30% of the increase is attributable to non-cash items and non-recurring expenses related to the RTO transaction. After adjusting for non-cash/non-recurring items, 2021 G&A is in line with normalized 2020 totals (trued-up to pre-COVID levels).

The Company notes that there is a lag between G&A outlays and the revenue generated from those expenses; the lags may vary across the types of expenses and the revenue sources they are associated with.

Fiscal 2021 compared to Fiscal 2020

Total operating expenses in fiscal 2021 were \$22.8 million, a \$9.2 million increase from \$13.6 million in fiscal 2020, and an increase relative to overall revenue. The majority of this year-over-year change resulted from the expenses related to the Company's participation in the RTO transaction. These expenses were largely non-cash.

In addition, the Company activated strategic growth initiatives by investing in key hires, as well as increased indirect labor costs as studio operations began to normalize.

Other Items

Fiscal 2021 compared to Fiscal 2020

Finance costs

Finance costs were \$2.9 million in 2021 and 2020. The amount represents interest expense related to real estate leases as accounted for under IFRS-16 as well as senior debt interest incurred.

Other income (loss)

Other income decreased to \$2.7 million in fiscal 2021 from \$3.9 million in 2020 due to the Employee Retention Credits (\$2.26 million) received in 2021 and Paycheck Protection Program forgiveness (\$3.9 million) recognition in 2020. The Company also recorded a gain on termination of real estate leases in 2021.

Change in fair value of redeemable preferred stock

IFRS requires securities containing certain provisions and characteristics to be classified as financial liabilities instead of as components of shareholders' equity. The existing preferred stock contains such provisions, specifically a redemption right exercisable during a two-year period commencing December 31, 2022. Accordingly, a liability has been recorded at fair value as of each balance sheet date and fluctuations in the value of this liability are recorded as unrealized gains or losses in the Statement of Net Profit or Loss and Comprehensive Profit or Loss (an unrealized loss of \$33.8 million was recorded in fiscal 2021 and an unrealized gain of \$14.5 million was recorded in 2020). As part of the RTO Transaction, all the MiniLuxe issued and outstanding common and preferred shares were transferred to Rise Capital in exchange for either Subordinate Voting Share or Proportionate Voting Shares. As such, the realized loss of \$33.8 million as recorded in 2021 is the valuation as of the RTO Transaction date, immediately prior to the conversion of the shares.

Adjusted EBITDA

Fiscal 2021 compared to Fiscal 2020

Adjusted EBITDA was \$(7.2) million in fiscal 2021 compared with \$(8.3) million in 2020. The year-over-year increase is primarily attributable to an increase in the Company's revenue and gross profit in 2021. This increase is due to record contribution from the MiniLuxe fleet of 19 studios. The Company's 19 open studios produced a gross margin of 49% and adjusted EBITDA margin of 9% in 2021. Adjusted EBITDA at the Fleet level in H2 improved 99% over H1. As COVID restrictions eased, the studios were able to operate at a higher capacity and demand returned. Offsetting the contribution from studios were investments made in the Company's future growth, such as RTO transaction costs and expansion of strategic key headcount.

Summary of Quarterly Results

After a strong start to Q1 2020, MiniLuxe closed its fleet of studios on March 17, 2020, due to the COVID-19 pandemic. Subsequently, the majority of studios remained closed through Q2 2020. Operations started to reopen with government mandated capacity restrictions partly through Q2 2020. Throughout the remainder of 2020, as those capacity restrictions eased, performance continued to improve, and demand started to

normalize. By Q4 of 2021, the studios were fully operational but at reduced operating hours compared to pre-pandemic levels.

Q4 2021 Results

Total company revenue in Q4 2021 of \$5.2M grew 9% over Q3 2021 at \$4.7M and 72% over Q4 2020 at \$3M. Gross profit in Q4 2021 grew to \$2.4M from \$2.2M in Q3 2021 and doubled relative to Q4 2020 gross profit at \$1.2M.

The Company saw an increase in demand resulting in a strong gross margin in Q4 attributable to holiday preparations and gifting.

In Q4 of 2021, the Company completed the RTO Transaction, which was accounted for as a share-based payment, with the continuation of the financial statements of MiniLuxe. The transaction resulted in an increase in cash from the financing activity, while recognition of listing expenses contributed to the net loss for the period.

In thousands of US dollars

Description	Dec 26, 2021 \$	Sep 26, 2021 \$	June 27, 2021 \$	Mar 28, 2021 \$	Dec 27, 2020 \$	Sep 27, 2020 \$	June 28, 2020 \$	Mar 29, 2020 \$
<i>Revenue</i>	\$5,160	\$4,748	\$4,176	\$2,598	2,989	\$2,605	\$647	\$4,369
<i>Gross Profit</i>	2,385	2,243	2,312	1,226	1,154	1,107	344	1,429
<i>Net loss for the period</i>								
<i>Total</i>	(21,169)	(5,283)	(14,692)	(7,498)	(8,909)	(8,514)	16,196	7,198
<i>Per Share (basic)</i>		(0.19)	(0.52)	(0.27)	(0.77)	(1.46)	16.12	7.17
<i>Per Share (diluted)</i>		(0.19)	(0.52)	(0.07)	(0.08)	(1.46)	(0.04)	(0.03)
<i>Subordinate (basic)</i>	(1.40)							
<i>Proportionate (basic)</i>	(1,402.41)							
<i>Subordinate (diluted)</i>	(1.40)							
<i>Proportionate (diluted)</i>	(1,402.41)							

The change in net loss across the eight quarters shown is primarily attributable to the changes in fair value of the Company's preferred stock. Earnings per share is updated to reflect the RTO transaction share conversion ratio of 1.34303.

Liquidity and Capital Resources

Historically, the Company has financed its operations through the sale of equity securities, raising debt, and generating cash through its operating activities. In 2021, the Company completed an RTO transaction and PIPE financing (see “*RTO Transaction*”), which combined resulted in a \$15.5 million inflow.

Cash and cash equivalents

As of December 26, 2021, the Company’s cash and cash equivalents totaled \$19.1 million, an increase of \$16.2 million over the December 27, 2020 balance of \$2.9 million. The increase in the Company’s cash was a result of the RTO transaction, proceeds from the PIPE, as well as COVID-19 related Employee Retention Credits.

Working capital

Working capital represents the Company’s current assets less its current liabilities. The Company’s working capital deficit shrank in fiscal 2021 by \$18.2 million to \$14.9 million as of December 26, 2021 from \$(3.4) million at December 27, 2020. This was largely driven by an increase in cash and cash equivalents due to the RTO transaction, proceeds from the PIPE, and Employee Retention Credits received in 2021.

<i>in thousands of U.S. dollars</i>	<u>as at</u>	
	December 26, <u>2021</u>	December 27, <u>2020</u>
Current assets	21,219	4,598
Current liabilities	6,335	7,948
Working capital	\$14,884	(\$3,350)

The following table shows the Company’s cash flows from operating activities, investing activities and financing activities for the periods indicated.

Cash inflows (outflows) by activity: <i>in thousands of U.S. dollars</i>	<u>for Fiscal Year ended</u>	
	December 26, <u>2021</u>	December 27, <u>2020</u>
Operating activities	(3,769)	(6,891)
Investing activities	(1,276)	(112)
Financing activities	21,299	5,014
Net inflows (outflows)	16,254	(\$1,989)

Cash Flows Used in Operating Activities

Cash flows from operating activities consist of MiniLuxe's net profit (loss) adjusted for non-cash expenses and for changes in working capital items. Non-cash adjustments generally include depreciation and amortization, share-based payments, write-downs on disposals of property, plant, and equipment, and adjustments in the fair value of assets and liabilities. Working capital adjustments generally include changes in inventories, prepaid expenses, and deferred revenue, and changes to accounts payable.

Fiscal 2021 compared to Fiscal 2020

During fiscal 2021, the net cash flow from operating activities was \$(3.8) million compared to \$(6.9) million in fiscal 2020. This improvement was driven by a resurgence in demand and the re-opening of operations following COVID-19 service disruptions.

Cash Flows from Investing Activities

Net cash outflows from investing activities result from purchases and disposals of property, plant and equipment and intangible assets to support product development, facilities expansion and general growth.

Fiscal 2021 compared to Fiscal 2020

Net cash outflows from investing activities for fiscal 2021 were \$(1.3) million and are attributable to cash payments for fixed asset additions. This was an increase in outflows from the \$(112,179) recorded in fiscal 2020.

Cash Flows from Financing Activities

Fiscal 2021 compared to Fiscal 2020

Net cash flow from financing activities for fiscal 2021 was \$21.3 million, which compares to \$5.0 million in fiscal 2020. The net inflows are mainly attributable to proceeds the RTO transaction of \$7.4 million, proceeds from PIPE financing of \$8.1 million, receipt of Employee Retention Credits of \$2.3 million, additional convertible promissory notes of \$4.9 million, offset by lease and interest payments of \$1.6 million.

Liquidity and Cash Resource Requirements

The Company's objective in managing its capital is to ensure that it has sufficient liquidity to support its operations and meet its short-term liabilities and commitments as they become due. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill obligations. In managing working capital, the Company may limit or control the amount of working capital used for operations or other initiatives and/or pursue additional financing. The Company is not subject to any financial ratio maintenance covenants in its bank borrowings or other outstanding debt obligations.

Disclosure of Outstanding Share Data

The Company's outstanding share data has not changed since the reporting date. Please see Note 12 in the Company's financial statements.

Transactions Between Related Parties

The Company made related party payments to key management personnel and advisors. Those payments consisted of salary, benefits, and share-based payments. Total payments made in 2021 were \$902,463, compared to 2020 payments of \$634,830.

Off-Balance Sheet Arrangements

During the periods presented, the Company did not have, nor does the Company currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Financial Instruments and Risk Management

The Company's principal financial liabilities are comprised of accounts payables and accrued expenses, and lease liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

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 ('the 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 monthly.

Fair Value

The Company's financial liabilities include accounts payable and accrued expenses, lease liabilities, and loans payable. Accounts payable and accrued expenses, lease liabilities, and loans payable are subsequently measured at amortized cost.

Market Risk and Foreign Currency 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.

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 generated 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 a risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Changes in Internal Control over Financial Reporting

There have been no material changes to internal control over financial reporting.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the reporting period. The Company regularly evaluates MiniLuxe's estimates, and assumptions related to revenue recognition, accounts receivable, share-based transaction expense, and warrant liability. The Company bases estimates and assumption on current facts, historical experience and various other factors that the Company believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues, costs and expenses that are not readily apparent from other sources. The actual results experienced by MiniLuxe may differ materially and adversely from the Company's estimates. To the extent there are material differences between the Company's estimates and actual results, MiniLuxe's future results of operations will be affected. For a description of MiniLuxe's critical accounting estimates, please refer to Note 3, *Accounting policies*, in the Company's audited consolidated financial statements for the fiscal year ended December 26, 2021.

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. See Note 23 to the Company's financial statements for the three years ended December 26, 2021.