MINILUXE'S MD&A IN CONNECTION WITH THE INTERIM FINANCIAL STATEMENTS OF MINILUXE FOR THE THIRTEEN AND TWENTY-SIX WEEKS ENDED ENDED JUNE 27, 2021

DATED: November 2, 2021

This Management's Discussion and Analysis ("MD&A") for the thirteen weeks and twenty-six weeks ended June 27, 2021, provides detailed information on the operating activities, performance and financial position of MiniLuxe Inc. ("MiniLuxe" or the "Company"). This report should be read in conjunction with the financial statements of the Company for the thirteen-week period and twenty-six-week period ended June 27, 2021 and related notes (the "Interim financial statements"), as well as the audited financial statements, related notes, and MD&A for the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018. These 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 November 2, 2021 unless otherwise stated.

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 fiscal year, which ended on December 27, 2020, is referred to as "fiscal 2020", "FY20" or using similar words. The period of twenty-six weeks ended June 27, 2021 is referred to as "H1 2021" or using similar words. The period of thirteen weeks ended June 27, 2021 is referred to as "Q2 2021" or using similar words.

In this document unless otherwise specified, "we", "us", "our", "Company" and "MiniLuxe" all refer to MiniLuxe, Inc. 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 our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see "How We Assess Our Performance" 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: our history of losses and the risks associated with not achieving or sustaining profitability; risks relating to the highly competitive industry in which we operate; 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 and efforts to contain it; 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 our 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.

Non-IFRS Measures

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and asset disposals, adjusted for straight-line rent expense net of lease abatements.

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 (loss), then deducting straight-line rent expenses[1] net of lease abatements related to H1 or Q2.

Management believes Adjusted EBITDA most accurately reflects the commercial reality of the Company's operations on an ongoing basis. The rent-related adjustments ensure that fleet-related expenses align with revenue generated over the corresponding time periods.

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

[1] 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.

Throughout this document the majority of the financials tables are presented to the nearest USD thousands and in some instances the numbers may not sum due to rounding. Please refer to the interim financial statements for the twenty-six weeks and thirteen weeks ended June 27, 2021.

Overview

Our Company

MiniLuxe is a leading nail care and beauty brand platform anchored on the purpose of democratizing self-care. The company was founded on the values of empowering the creativity, craft, and career progression of a diverse talent and upholding the highest ethical and hygienic standards. For a detailed summary of our business structure, products and services, growth strategy, key factors affecting our performance, and how we assess our performance, please refer to Management's Discussion and Analysis of the audited annual financial statements for the three years ended December 27, 2020.

Financial Highlights – H1 2021

- **Revenue** for H1 2021 totaled $6.8 million, versus $5.0 million for H1 2020.
- **Gross margin** in H1 2021 increased to 52% from 35% realized in H1 2020. The change was driven by improved operating efficiencies in H1 2021 leading to gross margin improvements on historical performance. By comparison, gross margins in H1 2020 were negatively impacted by COVID-19 related service volume declines relative to direct labor costs.
- **IFRS comprehensive profit/loss** for H1 2021 was ($22.2) million and ($1.06) per share versus $23.4 million and $24.92 per share in H1 2020. The majority of the losses in H1 2021 are attributable to a non-cash expense of ($17) million resulting from a change in fair value of redeemable preferred shares that is added back in the calculation of operating cash flow. The majority of the profits in H1 2020 are attributable to a non-cash gain of $29.4 million resulting from change in fair value of redeemable preferred shares that is subtracted from operating cash flow.
- **Adjusted EBITDA** (See *"Non-IFRS Measures"*) was ($3.1) million in H1 2021 versus ($4.1) million in H1 2020. This difference was primarily driven by COVID-19 related business disruptions in H1 2020. Management believes Adjusted EBITDA most accurately reflects the commercial reality of the Company's operations on an ongoing basis.

Financial Highlights – Q2 2021

- **Revenue** for Q2 2021 totaled $4.2 million, versus $0.6 million for Q2 2020. Substantially all of the Company's studios were closed in Q2 2020, while 18 of 20 studios were open for at least a portion of Q2 2021 with same studio sales trending at or above pre-COVID levels by the end of Q2 2021.
- **Gross margin** for Q2 2021 was 55%, versus 53% realized in Q2 2020. Given the substantially diminished revenues in Q2 2020 due to COVID-19 related studio closures, it is not relevant to compare gross margins across these periods.
- **IFRS comprehensive profit/loss** for Q2 2021 was ($14.7) million and ($0.70) per share, versus $16.2 million and $17.25 per share in Q2 2020. The majority of the losses in Q2 2021 are attributable to a non-cash expense of ($11.9) million resulting from a change in fair value of redeemable preferred shares that is added back in the calculation of operating cash flow. The majority of the profits in Q2 2020 are attributable to a non-cash gain of $18.8 million resulting from a change in fair value of redeemable preferred shares.
- **Adjusted EBITDA** (See *"Non-IFRS Measures"*) was ($1.5) million in Q2 2021 versus ($1.6) million in Q2 2020. Management believes Adjusted EBITDA most accurately reflects the commercial reality of the Company's operations on an ongoing basis.

Selected Consolidated Financial Information

The following tables set forth selected financial information derived from the Company's financial statements for the thirteen weeks and twenty-six weeks ended June 27, 2021 and the comparable periods in 2020. The selected financial information was prepared in accordance with IAS 34 in a manner consistent with the Company's interim and annual financial statements. The following information should be read in conjunction with these statements and the accompanying notes.

Statement of Comprehensive Income (Loss)

in thousands of U.S. dollars		*13 weeks ended*		*26 weeks ended*	
	Notes	**June 27, 2021**	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
Revenue	5	$ 4,176	$ 647	$ 6,774	$ 5,016
Cost of sales		1,864	303	3,236	3,244
Gross profit		**2,312**	**344**	**3,538**	**1,772**
General and administrative expense	12	3,961	1,351	6,177	4,515
Depreciation and amortization expense	8, 14	769	920	1,560	1,876
Operating loss		**(2,418)**	**(1,927)**	**(4,199)**	**(4,619)**
Finance costs	10, 14	(790)	(697)	(1,402)	(1,351)
Finance income		1	-	2	16
Other income	9	443	-	443	-
Change in fair value of redeemable preferred stock	10	(11,907)	18,821	(17,008)	29,360
Profit/(loss) before tax		**(14,671)**	**16,197**	**(22,164)**	**23,406**
Income tax expense		(21)	(1)	(25)	(12)
Net profit/(loss) and comprehensive profit/(loss) for the year, basic		**$ (14,692)**	**$ 16,196**	**$ (22,189)**	**$ 23,394**
Net profit/(loss) and comprehensive profit/(loss) per share, basic		($0.70)	$17.25	($1.06)	$24.92
Net profit/(loss) and comprehensive profit/(loss) per share, diluted		($0.70)	($0.03)	($1.06)	($0.07)
Weighted average number of common shares outstanding, basic		20,890,726	938,823	20,889,837	938,823
Weighted average number of common shares outstanding, diluted		20,890,726	89,166,469	20,889,837	89,166,469

Reconciliation of Adjusted EBITDA to Operating Income (Loss)

in thousands of U.S. dollars	*13 weeks ended*		*26 weeks ended*	
	June 27, 2021	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
Operating Income (Loss)	$ (2,418)	$ (1,927)	$ (4,199)	$ (4,619)
Depreciation Expense	770	919	1,559	1,876
Disposals	439	0	439	0
Stock Compensation Expense	150	23	162	45
Lease Abatements	86	140	173	140
Straight-Line Rent	(573)	(754)	(1,250)	(1,507)
Adjusted EBITDA	**$ (1,546)**	**$ (1,599)**	**$ (3,116)**	**$ (4,065)**

Balance Sheet

in thousands of U.S. dollars	at June 27, 2021	December 27, 2020
Current assets		
Cash and cash equivalents	6,043	2,866
Inventory	1,595	1,497
Prepaid expenses and other current assets	293	235
Total current assets	$7,931	$4,598
Total non-current assets	$12,644	$15,372
Total assets	**$20,575**	**$19,970**
Current liabilities		
Accounts payable and accrued liabilities	4,790	5,393
Deferred revenue	1,186	1,161
Current portion of lease liabilities	1,204	1,394
Convertible promissory notes	18,209	-
Total current liabilities	25,389	7,948
Total non-current liabilities	56,772	51,581
Total liabilities	$82,161	$59,529
Total equity	($61,586)	($39,559)
Total liabilities and shareholders' equity	**$20,575**	**$19,970**

Results of Operations

Revenue

	13 weeks ended		26 weeks ended	
	June 27, 2021	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
Talent revenue	$ 3,947	$ 328	$ 6,386	$ 4,601
Product revenue	229	319	388	415
	$ 4,176	**$ 647**	**$ 6,774**	**$ 5,016**

Fiscal H1 2021 compared to Fiscal H1 2020

Revenues in H1 2021 totaled $6.8 million, compared to $5.0 million in H1 2020.

Approximately 84% of revenue in the first half of 2021 came from nail services, 11% from waxing services, and 5% from e-commerce and in-studio retail product sales.

Demand improved consistently and significantly month over month during the first half of 2021 as government-mandated capacity constraints gradually lifted, the COVID-19 vaccine rollout gained momentum, and consumer confidence returned. By the end of H1 2021, the majority of MiniLuxe locations were open (though on reduced operating hours relative to pre-COVID) and experiencing strong demand. However, adding staff to meet that resurgent demand proved challenging, as the enhanced unemployment benefits paid to many hourly workers during the pandemic resulted in extremely tight labor market conditions.

By comparison, after seeing strong demand in January and February of 2020, in March 2020 service volumes substantially declined in the early weeks of the pandemic culminating in all studios closing on or about March 17, 2020 due to COVID-19 constraints. MiniLuxe began to re-open select studios at limited capacity and operating hours in the final weeks of H1 2020.

Fiscal Q2 2021 compared to Fiscal Q2 2020

Revenues in Q2 2021 totaled $4.2 million, compared to $0.6 million in Q2 2020. Substantially all of the Company's studios were closed for the majority of Q2 2020, while 18 of 20 studios were open for at least a portion of Q2 2021.

Demand improved consistently and significantly month over month during the second quarter of 2021 as government-mandated capacity constraints gradually lifted, the COVID-19 vaccine rollout gained momentum, and consumer confidence returned. By the end of Q2 2021, the majority of MiniLuxe locations were open (though on reduced operating hours relative to pre-COVID) and experiencing strong demand. However, adding staff to meet that resurgent demand proved challenging, as the enhanced unemployment benefits paid to many hourly workers during the pandemic resulted in extremely tight labor market conditions.

Gross Margin

in thousands of U.S. dollars	*13 weeks ended*		*26 weeks ended*	
	June 27, 2021	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
Revenue	$ 4,176	$ 647	$ 6,774	$ 5,016
Cost of Sales	1,864	303	3,236	3,244
Gross Margin ($)	$ 2,312	$ 344	$ 3,538	$ 1,772
Gross Margin (%)	*55%*	*53%*	*52%*	*35%*

Fiscal H1 2021 compared to Fiscal H1 2020

Gross margin in H1 2021 was 52% compared to 35% in H1 2020. The improvement in gross margin in 2021 was driven by a variety of factors including improved operating efficiencies that led to record direct labor utilization levels, stronger purchasing mix of premium services that led to higher revenue per booking, and a price increase implemented in Q2 2021. By comparison, H1 2020 gross margin was negatively impacted by COVID-19 related service volume declines prior to the reduction in direct labor costs at the onset of the pandemic.

Fiscal Q2 2021 compared to Fiscal Q2 2020

Gross margin in Q2 2021 was 55% compared with 53% in Q2 2020. Given the substantially diminished revenues in Q2 2020 due to studio closures, it is not relevant to compare gross margins across these periods. Q2 2021 gross margin levels were high on a historical basis due to several factors including talent operating efficiencies leading to record direct labor utilization levels, stronger purchasing mix of premium services leading to higher revenue per booking, and price increases implemented in Q2 2021. Management does not expect margins to remain at Q2 2021 levels over the long-term.

Operating Expenses

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

in thousands of U.S. dollars	*13 weeks ended*		*26 weeks ended*	
	June 27, 2021	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
General and administrative expense ($)	$ 3,961	$ 1,351	$ 6,177	$ 4,515
General and administrative expense (% of Revenue)	*95%*	*209%*	*91%*	*90%*

Fiscal H1 2021 compared to Fiscal H1 2020

Total general and administrative expenses in H1 2021 were $6.2 million, compared to $4.5 million for H1 2020. Upon the closure of all MiniLuxe locations on or about March 17, 2020, general and administrative expenses were significantly reduced. During H1 2021, the company incurred approximately $0.9 million in general and administrative expenses related to disposal of PPE, stock-based compensation and transaction related third party consultant costs.

Approximately 50% of H1 2021 general and administrative expenses are linked directly to day-to-day studio operations. The other half is attributable to corporate general and administrative expenses linked directly to talent and product growth initiatives.

MiniLuxe intends to invest in marketing and brand awareness initiatives over the next few years in connection with the scaling of e-commerce, talent acquisition, and additional revenue streams related to MiniLuxe omni-channel platform development. As detailed in the Management's Discussion and Analysis of the audited annual financial statements for the three years ended December 27, 2020, the Company expects that these investments will result in lower incremental customer acquisition costs (CAC) and increase customer loyalty and purchase behavior. Importantly, there is a lag between the investment in new SG&A costs and the revenue generated from those expenses; the lags may vary across the types of expenses and markets targeted.

General and administrative expenses in H1 2021 were a similar percentage of revenue relative to H1 2020.

Fiscal Q2 2021 compared to Fiscal Q2 2020

Total general and administrative expenses in Q2 2021 were $4.0 million, compared to $1.4 million for Q2 2020. As a percentage of revenues, these expenses decreased from 209% in Q2 2020 to 95% in Q2 2021. The Company implemented significant cost reductions in Q2 2020 upon the closure of the studio business nationwide on March 17, 2020 however was not able to immediately halt all G&A expenses at the same rate of decline in revenues.

Non-Operating Expenses

The following provides an analysis of the Company's pretax non-operating expenses:

in thousands of U.S. dollars	*13 weeks ended*		*26 weeks ended*	
	June 27, 2021	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
Finance costs	$ (790)	$ (698)	$ (1,402)	$ (1,351)
Finance income	1	-	2	16
Other income/(loss)	443	-	443	-
Change in fair value of redeemable preferred stock	(11,907)	18,821	(17,008)	29,360
Total non-operating expense (before taxes)	**$ (12,253)**	**$ 18,123**	**$ (17,965)**	**$ 28,025**

Fiscal H1 2021 compared to Fiscal H1 2020

Finance costs

Finance costs in H1 2021 were $1.4 million, versus $1.4 million in H1 2020. These costs are comprised of cash and non-cash interest expenses.

Other income/(loss)

Other income in H1 2021 was $0.4 million, compared to $0.0 million in H1 2020. The H1 2021 other income was a gain on the modification of real estate leases.

Change in fair value of redeemable preferred stock

The change in fair value of redeemable preferred stock totaled ($17.0) million in H1 2021, compared to $29.4 million in H1 2020. The H1 2021 loss was entirely attributable to change in the fair value measurement of redeemable preferred shares. This is a non-cash expense that is added back in the calculation of operating cash flow. Please refer to *Note 10, Financial Liabilities,* of the financial statements for the 26-week period ended June 27, 2021 for further detail.

Fiscal Q2 2021 compared to Fiscal Q2 2020

Finance costs

Finance costs in Q2 2021 were $0.8 million, versus $0.7 million in Q2 2020. These costs are comprised of cash and non-cash interest expenses.

Other income

Other income in Q2 2021 was $0.4 million, compared to $0.0 million in H1 2020. The Q2 2021 other income was a gain on the modification of real estate leases.

Change in fair value of redeemable preferred stock

Change in fair value of redeemable preferred stock totaled ($11.9) million in Q2 2021, compared to $18.8 million in Q2 2020. This is a non-cash expense that is added back in the calculation of operating cash flow. Please refer to *Note 10, Financial Liabilities* of the financial statements for the 26-week period ended June 27, 2021 for further detail.

Adjusted EBITDA

Reconciliation of Adjusted EBITDA to Operating Income (Loss)

in thousands of U.S. dollars	*13 weeks ended*		*26 weeks ended*	
	June 27, 2021	**June 28, 2020**	**June 27, 2021**	**June 28, 2020**
Operating Income (Loss)	$ (2,418)	$ (1,927)	$ (4,199)	$ (4,619)
Depreciation Expense	770	919	1,559	1,876
Disposals	439	0	439	0
Stock Compensation Expense	150	23	162	45
Lease Abatements	86	140	173	140
Straight-Line Rent	(573)	(754)	(1,250)	(1,507)
Adjusted EBITDA	**$ (1,546)**	**$ (1,599)**	**$ (3,116)**	**$ (4,065)**

Fiscal H1 2021 compared to Fiscal H1 2020

Total Company Adjusted EBITDA was ($3.1) million in H1 2021 compared with ($4.1) million in H1 2020. This change was driven by improved operating performance from day-to-day fleet operations while H1 2020 was severely impacted by COVID-19 related business disruptions.

Fiscal Q2 2021 compared to Fiscal Q2 2020

Total Company Adjusted EBITDA was ($1.5) million in Q2 2021 compared with ($1.6) million in Q2 2020.

Liquidity and Capital Resources

Historically, the Company has financed its operations primarily through the sale of equity securities, taking on debt, and generating cash through its operating activities.

Cash and cash equivalents

As of June 27, 2021, the Company's cash and cash equivalents were $6.0M million, compared to $2.9 million as of December 27, 2020. The Company closed on $7.5 million in financing in Q2 to solidify its cash position.

Working capital

Working capital represents the Company's current assets less its current liabilities. Although the Company's cash position improved, the Company's working capital deficit increased to ($17.5) million as of June 27, 2021 from ($3.4) million at December 27, 2020 as convertible promissory notes due April 2022 are now current.

	at	
in thousands of U.S. dollars	**June 27, 2021**	**December 27, 2020**
Current assets	7,930	4,598
Current liabilities	25,389	7,948
Working capital	**($17,459)**	**($3,350)**

Cash inflows (outflows) by activity:

The following table shows the Company's net cash flow from operating activities, investing activities and financing activities for the periods indicated.

in thousands of U.S. dollars	*26 weeks ended* **June 27, 2021**	*26 weeks ended* **June 28, 2020**
Operating activities	(3,361)	(4,416)
Investing activities	(184)	(53)
Financing activities	6,722	5,575
Net inflows (outflows)	**$ 3,177**	**$ 1,106**

Cash Flows Used in Operating Activities
Cash flows from operating activities primarily consist of our 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.

During H1 2021, the net cash flow from operating activities was ($3.4) million, compared to ($4.4) million in H1 2020. This change is primarily due to COVID related business disruptions in H1 2020.

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.

During H1 2021, the net cash outflow from investing activities was ($0.2) million, compared to ($0.1) million in H1 2020. This is comprised of acquisition of equipment and leasehold improvements.

Cash Flows from Financing Activities
During H1 2021, the net cash inflow from financing activities was $6.7 million comprised of the issuance of additional convertible promissory notes in the amount of $4.9 million and the receipt of a $2.5 million loan offset by payment of lease liabilities. This compares to financing activities of $5.6 million in H1 2020 comprised of the issuance of convertible promissory notes in the amount of $2.3M and the receipt of a $3.8 million PPP loan offset by payment of lease liabilities.

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, where necessary, 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.

Off-Balance Sheet Arrangements

During the periods presented, the Company did not have, nor do we 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, redeemable preferred shares, convertible promissory notes 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 on a monthly basis.

Fair Value

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 are subsequently measured at fair value through profit or loss.

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.

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 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. We regularly evaluate our estimates and assumptions related to revenue recognition, accounts receivable, share-based transaction expense, and warrant liability. We base our estimates and assumption on current facts, historical experience and various other factors that we 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 us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and actual results, our future results of operations will be affected. For a description of our critical accounting estimates, please refer to Note 3, *Accounting policies,* in our audited consolidated financial statements for the three years ended December 27, 2020.

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 27, 2020.