

MiniLuxe Holding Corp.

Financial Statements for 13 and 26 weeks ended
June 26, 2022 and June 27, 2021

(Amounts expressed in United States Dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Contents

Financial statements

Statements of financial position	3
Statements of net profit or loss and comprehensive profit or loss	4
Statements of changes in shareholders' (deficit) equity	5
Statements of cash flows	6
Notes to financial statements	7-18

MiniLuxe Holding Corp.

Statements of Financial Position

June 26, 2022 with comparative information for December 26, 2021

	Notes	June 26, 2022	December 26, 2021
Assets			
Current assets:			
Cash and cash equivalents		\$ 13,518,291	\$ 19,120,111
Inventories	7	1,580,186	1,686,074
Prepaid expenses and other current assets		640,448	412,987
Total current assets		15,738,925	21,219,172
Non-current assets:			
Property and equipment, net	8	6,164,170	6,827,296
Intangible assets	8	692,249	497,251
Deposits		463,390	269,192
Long-term investments	9	50,000	50,000
Right-of-use asset, net	13	3,895,681	4,633,385
Total non-current assets		11,265,490	12,277,124
Total assets		\$ 27,004,415	\$ 33,496,296
Equity and Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	9	3,313,432	3,575,416
Deferred revenue		1,385,105	1,376,325
Current portion of lease liability	13	1,397,756	1,383,645
Total current liabilities		6,096,293	6,335,386
Non-current liabilities:			
Lease liabilities	13	\$ 4,894,326	\$ 5,507,137
Loan Payable	9	2,464,844	2,460,091
Total non-current liabilities		7,359,170	7,967,228
Total liabilities		\$ 13,455,463	\$ 14,302,614
Shareholders' (deficit) equity:			
Share capital	10	116,627,805	116,627,805
Contributed Surplus		657,865	630,243
Accumulated comprehensive loss		(103,736,718)	(98,064,366)
Total (deficit) equity		13,548,952	19,193,682
Total equity and liabilities		\$ 27,004,415	\$ 33,496,296
Commitments and contingencies	15		

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

"Tony Tjan"

"Zoe Krislock"

Tony Tjan, Chairman
Officer

Zoe Krislock, Director and Chief Executive

MiniLuxe Holding Corp.

Statements of Net Profit or Loss and Comprehensive Profit or Loss
13 and 26 weeks ended June 26, 2022 and June 27, 2021
Unaudited, Amounts expressed in United States Dollars

		13 weeks ended		26 weeks ended	
	Notes	June 26, 2022	June 27, 2021	June 26, 2022	June 27, 2021
Revenue	5	\$ 5,486,117	\$ 4,176,453	\$ 9,893,018	\$ 6,774,251
Cost of sales		2,996,709	1,864,255	5,494,361	3,236,514
Gross profit		2,489,408	2,312,198	4,398,657	3,537,737
General and administrative expense	11	4,373,114	3,960,795	8,019,734	6,176,998
Depreciation and amortization expense	8, 13	727,659	769,613	1,491,027	1,559,513
Operating loss		(2,611,365)	(2,418,210)	(5,112,104)	(4,198,774)
Finance costs	9, 13	(336,802)	(789,613)	(685,707)	(1,402,360)
Finance income		-	1,032	-	1,737
Other income		3,248	443,046	167,470	443,045
Gain (loss) on financial instruments	9	-	(11,906,842)	-	(17,007,842)
Profit/(loss) before tax		(2,944,919)	(14,670,587)	(5,630,341)	(22,164,194)
Income tax expense		(17,492)	(20,996)	(42,011)	(25,252)
Net profit/(loss) and comprehensive profit/(loss) for the year, basic		\$ (2,962,411)	\$ (14,691,583)	\$ (5,672,352)	\$ (22,189,446)
Basic earnings per share	14				
Common shares		\$ -	\$ (0.52)	\$ -	\$ (0.79)
Subordinate voting shares		\$ (0.02)	\$ -	\$ (0.04)	\$ -
Proportionate voting shares		\$ (20.29)	\$ -	\$ (38.84)	\$ -
Basic weighted-average shares outstanding					
Common shares		-	28,056,872	-	28,055,678
Subordinate voting shares		54,972,326	-	54,972,326	-
Proportionate voting shares		91,064	-	91,064	-
Diluted earnings per share					
Common shares		\$ -	\$ (0.52)	\$ -	\$ (0.79)
Subordinate voting shares		\$ (0.02)	\$ -	\$ (0.04)	\$ -
Proportionate voting shares		\$ (20.29)	\$ -	\$ (38.84)	\$ -
Diluted weighted-average shares outstanding					
Common shares		-	28,056,872	-	28,055,678
Subordinate voting shares		54,972,326	-	54,972,326	-
Proportionate voting shares		91,064	-	91,064	-

See notes to financial statements.

Statements of Changes in Shareholders' (Deficit) Equity
26 weeks ended June 26, 2022 and June 27, 2021
Unaudited, amounts expressed in United States Dollars

		Common Stock				Contributed Surplus	Accumulated Comprehensive Loss	Total Shareholders' (Deficit) Equity
		Common Shares	Proportionate Voting Shares	Subordinate Voting Shares	Amount			
Balance at December 27, 2020		20,889,427	-	-	3,744,957	326,598	(43,630,175)	(39,558,620)
Share-based payments	12	-	-	-	-	161,955	-	161,955
Exercise of stock options		1,250	-	-	450	(225)	-	225
Net comprehensive loss		-	-	-	-	-	(22,189,446)	(22,189,446)
Balance at June 27, 2021		20,890,677	-	-	3,745,407	488,328	(65,819,621)	(61,585,886)
Balance at December 26, 2021		-	91,064	54,972,326	116,627,805	630,243	(98,064,366)	19,193,682
Share-based payments	12	-	-	-	-	27,622	-	27,622
Exercise of stock options		-	-	-	-	-	-	-
Net comprehensive loss		-	-	-	-	-	(5,672,352)	(5,672,352)
Balance at June 26, 2022		-	91,064	54,972,326	116,627,805	657,865	(103,736,718)	13,548,952

MiniLuxe Holding Corp.
Statements of Cash Flows
26 weeks ended June 26, 2022 and June 27, 2021

	Notes	June 26, 2022	June 27, 2021
Cash flows from operating activities:			
Net profit (loss)		\$ (5,672,352)	\$ (22,189,446)
Adjustments to reconcile net profit (loss) to net cash used in operating activities:			
Non-cash items			
Depreciation and amortization expense	8, 13	1,491,027	1,559,513
Share-based payments	12	27,622	161,955
Valuation of warrants		-	1,699
Income tax expense		42,011	25,252
Loss on disposal of property and equipment		-	438,759
Real estate modifications and abatements		124,664	(443,046)
(Gain) loss on financial instruments	9	-	17,006,143
Interest expense	9, 13	685,707	1,401,569
Changes in operating assets and liabilities:			
Inventories, net	7	105,888	(98,087)
Prepaid expenses and other current assets		(227,461)	(57,928)
Deposits		(194,198)	10,875
Accounts payable and accrued expenses	9	(252,978)	(609,674)
Deferred revenue		8,780	24,653
		(3,861,288)	(2,767,763)
Interest paid		(493,454)	(566,440)
Taxes paid		(51,019)	(27,235)
Cash flows used in operating activities		(4,405,761)	(3,361,438)
Cash flows from investing activities:			
Acquisition of equipment	8	(115,348)	(184,295)
Acquisition of website	8	(308,103)	-
Cash flows used in investing activities		(423,451)	(184,295)
Cash flows from financing activities:			
Issuance of common stock	12	-	225
Issuance of convertible promissory notes, net of issuance costs		-	4,934,289
Repayment of loan payable	9	(187,500)	2,480,000
Repayment of principal portion of lease liabilities	13	(585,108)	(692,316)
Cash flows used in financing activities		(772,608)	6,722,198
Increase/(decrease) in cash and cash equivalents		\$ (5,601,820)	\$ 3,176,465
Cash and cash equivalents, beginning of period		\$ 19,120,111	\$ 2,866,368
Cash and cash equivalents, end of period		\$ 13,518,291	\$ 6,042,833

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

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 second fiscal quarter of 2022 began on March 28, 2022 and ended on June 26, 2022.

The financial statements of MiniLuxe Holding Corp. for the 13 and 26 weeks ended June 26, 2022 were authorized by the Company’s board of directors on August 19, 2022.

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

Note 2. Basis of Presentation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting on the Statement of Comprehensive Profit or Loss, Statement of Changes in Shareholders Equity (Deficit) and Statement of Cash Flows.

These interim financial statements follow the same accounting policies and methods of application as set forth in the consolidated financial statements for the years ended December 26, 2021. These statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 26, 2021.

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

For a summary of significant accounting policies, refer to “Note 3 - Summary of Significant Accounting Policies” to the financial statements for the two years ending December 26, 2021.

Note 4. Significant Accounting Judgments, Estimates and Uncertainties

For a summary of significant accounting judgments, estimates, and uncertainties, refer to “Note 4 - Summary of Significant Accounting Judgments, Estimates and Uncertainties” to the financial statements for the two years ending December 26, 2021.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 5. 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. Talent revenue now reflects retail product sales made at the studio level as well as studio service revenue, while Product revenue is inclusive of revenue generated through retail sales via e-commerce and wholesale platforms.

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

	<i>13 weeks ended</i>		<i>26 weeks ended</i>	
	June 26, 2022	June 27, 2021	June 26, 2022	June 27, 2021
Talent revenue	\$ 5,433,252	\$ 4,069,647	\$ 9,775,230	\$ 6,604,352
Product revenue	52,865	106,806	117,788	169,899
	<u>\$ 5,486,117</u>	<u>\$ 4,176,453</u>	<u>\$ 9,893,018</u>	<u>\$ 6,774,251</u>

Note 6. Capital Management

No changes were made in the objectives, policies or processes for managing capital during the 26 weeks ended June 26, 2022 and June 27, 2021. Please refer to "Note 7 – Capital Management" to the financial statements for the two years ending December 26, 2021.

Note 7. Inventories

Inventory consisted of the following at June 26, 2022 and December 26, 2021:

	June 26, 2022	December 26, 2021
Merchandise and retail products	\$ 551,779	\$ 594,055
Inventory supplies	207,915	307,754
Polish	397,842	399,140
Raw materials	422,650	385,125
Total Inventories	<u>\$ 1,580,186</u>	<u>\$ 1,686,074</u>
Inventory write-downs	<u>\$ 27,390</u>	<u>\$ 138,193</u>

There have been no reversals of inventory write-downs for the 26 weeks ending June 26, 2022 or December 26, 2021

Inventory recognized as an expense in cost of sales is \$341,957 and \$230,204 for the 13 weeks ending June 26, 2022 and June 27, 2021, respectively. Inventory recognized as expense in cost of sales is \$645,196 and \$372,300 for the 26 weeks ending June 26, 2022 and June 27, 2021, respectively.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 8. Property and Equipment and Intangible Assets

Property and equipment, net consists of the following at June 26, 2022 and December 26, 2021:

	Furniture, Fixtures & Equipment	Leasehold Improvements	Total
Cost			
At December 26, 2021	\$ 1,984,655	\$ 14,989,770	\$ 16,974,425
Additions	53,102	62,246	115,348
At June 26, 2022	<u>\$ 2,037,757</u>	<u>\$ 15,052,016</u>	<u>\$ 17,089,773</u>
Depreciation			
At December 26, 2021	\$ 1,741,996	\$ 8,405,133	\$ 10,147,129
Depreciation charge for the year	69,119	709,355	778,474
At June 26, 2022	<u>\$ 1,811,115</u>	<u>\$ 9,114,488</u>	<u>\$ 10,925,603</u>
Net book value			
At December 26, 2021	\$ 242,659	\$ 6,584,637	\$ 6,827,296
At June 26, 2022	<u>\$ 226,642</u>	<u>\$ 5,937,528</u>	<u>\$ 6,164,170</u>

Intangible assets consists of the following at June 26, 2022 and December 26, 2021:

	Website
Cost	
At December 26, 2021	\$ 497,251
Additions	308,103
At June 26, 2022	<u>\$ 805,354</u>
Depreciation	
At December 26, 2021	\$ -
Depreciation charge for the year	113,105
At June 26, 2022	<u>\$ 113,105</u>
Net book value	
At December 26, 2021	\$ 497,251
At June 26, 2022	<u>\$ 692,249</u>

Note 9. 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.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 9. Financial Instruments (continued)

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

	Interest Rate	Maturity	June 26, 2022	December 26, 2021
Current interest-bearing loans and borrowings at amortized cost				
Lease liabilities	15%	2022-2023	\$ 1,397,756	\$ 1,383,645
Total current interest-bearing loans and borrowings			1,397,756	1,383,645
Non-current interest-bearing loans and borrowings				
Lease liabilities	15%	2023-2027	4,894,326	5,507,137
Loan payable	15%	2025	2,464,844	2,460,091
Total non-current interest-bearing loans and borrowings			7,359,170	7,967,228
Total interest-bearing loans and borrowings			8,756,926	9,350,873
Other financial liabilities:				
Financial liabilities at amortized cost				
Accounts payable and accrued expenses			3,313,432	3,575,416
Total other financial liabilities			\$ 3,313,432	\$ 3,575,416
Total current			\$ 4,711,188	\$ 4,959,061
Total non-current			\$ 7,359,170	\$ 7,967,228

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 26 weeks ended June 26, 2022 was \$192,253 (26 weeks ended June 27, 2021 – \$66,667) and interest expense for the 13 weeks ended June 26, 2022 was \$96,173 (13 weeks ended June 27, 2021 – \$66,667). Concurrently, the Company issued warrants with the senior debt. The warrants are classified as equity instruments.

Accounts payable and accrued expenses

	June 26, 2022	December 26, 2021
Accounts payable	\$ 740,080	\$ 777,994
Other payables and accrued expenses	2,460,680	2,610,772
Interest payable	31,250	31,250
Variable rent	81,422	155,400
	\$ 3,313,432	\$ 3,575,416

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 9. Financial Instruments (continued)

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 13 and 26 weeks ended June 26, 2022 and June 27, 2021 are summarized in the following table:

	<i>13 weeks ended</i>		<i>26 weeks ended</i>	
	June 26, 2022	June 27, 2021	June 26, 2022	June 27, 2021
Lease adjustments	\$ 240,629	\$ 304,078	\$ 493,454	\$ 580,262
Senior debt Interest	96,173	66,667	192,253	66,667
Convertible note interest	-	418,868	-	754,431
Other	-	-	-	1,000
	<u>\$ 336,802</u>	<u>\$ 789,613</u>	<u>\$ 685,707</u>	<u>\$ 1,402,360</u>

Note 10. Share Capital

As of June 26, 2022 and 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 June 26, 2022 and December 26, 2021, there were 54,972,326 subordinate voting shares and 91,064 proportionate voting shares issued and outstanding.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 11. General and Administrative Expenses

General and administrative expenses are comprised of the following:

	<i>13 weeks ended</i>		<i>26 weeks ended</i>	
	June 26, 2022	June 27, 2021	June 26, 2022	June 27, 2021
Salaries, wages and employee benefits	\$ 2,026,513	\$ 1,399,980	\$ 3,895,592	\$ 2,667,141
Professional fees	486,100	288,320	787,133	362,152
Marketing and selling expenses	334,946	122,705	466,847	185,356
IT related costs	242,630	123,647	397,854	238,178
Variable rent	229,207	201,433	458,337	506,373
HR, payroll and recruiting fees	174,210	196,135	397,952	238,493
Bank and credit card fees	165,576	119,868	293,418	200,278
Repairs and maintenance	138,460	80,085	275,116	138,434
Travel, meals and entertainment	125,815	90,497	179,044	108,491
Operating supplies	125,672	100,645	211,323	151,021
Warehouse	122,526	108,274	225,060	158,585
Insurance, permits and fines	111,127	46,474	198,451	82,946
Third party consultants	-	326,907	-	326,907
Listing Costs	44,539	-	84,688	-
Equipment	33,142	45,992	60,675	78,385
Stock compensation	10,359	149,997	27,622	161,955
Other expenses	2,292	121,077	60,622	133,544
Loss on disposal of property and equipment	-	438,759	-	438,759
Total general and administrative expenses	\$ 4,373,114	\$ 3,960,795	\$ 8,019,734	\$ 6,176,998

Note 12. Share-based payments

Under the 2021 Omnibus Equity Incentive Compensation Plan (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 June 26, 2022 and December 26, 2021.

Options to purchase 7,284,978 subordinate voting shares were available for issuance under the Plan as of June 26, 2022 and 7,958,850 were available as of December 26, 2021. No RSU's, DSU's or PSU's were issued and outstanding as of June 26, 2022 and December 26, 2021.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 12. Share-based payments (continued)

Stock option activity under the Plan during the period ended June 26, 2022 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (In Years)
Outstanding at December 26, 2021	6,644,736	\$ 0.21	8.1
Granted	-	-	
Forfeited	(40,962)	0.18	
Cancelled	-	-	
Outstanding at March 27, 2022	6,603,774	\$ 0.23	8.1
Granted	715,000	0.35	
Forfeited	-	-	
Cancelled	-	-	
Outstanding at June 26, 2022	7,318,774	\$ 0.25	8.4
Options exercisable at June 26, 2022	4,639,112	\$ 0.23	7.7

There were 715,000 stock options granted in the 26 weeks ended June 26, 2022. There are no RSU's, DSU's or PSU's outstanding as of June 26, 2022 and December 31, 2021.

In the 26 weeks ended June 26, 2022, no stock options were exercised. In the year ended December 26, 2021, 3,515 stock options were exercised.

The Company recognized \$27,622 in stock-based compensation expense for the 26 weeks ended June 26, 2022 (26 weeks ended June 27, 2021 - \$161,955) and \$10,359 in stock-based compensation expense for the 13 weeks ended June 26, 2022 (13 weeks ended June 27, 2021 - \$149,997). As of June 26, 2022, there was approximately \$220,127 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 1.8 years.

Note 13. 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.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 13. 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 26, 2021	\$ 4,629,055	\$ 4,330	\$ 4,633,385
Modifications	(138,256)	-	(138,256)
Depreciation expense	(596,176)	(3,272)	(599,448)
As at June 26, 2022	\$ 3,894,623	\$ 1,058	\$ 3,895,681

The modifications to the right-of-use assets in the period ended June 26, 2022 are a correction of certain modification calculations performed in connection with 2021 lease modifications. The amount is not significant and the correction had no impact on the statement of net profit or loss nor on the statement of shareholders' equity.

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 FY2021:

	June 26, 2022	December 26, 2021
Balance as of beginning of the period	\$ 6,980,782	\$ 9,082,353
Modifications	(13,592)	(980,026)
Accretion of interest	493,454	1,111,834
Payments	(1,078,562)	(2,323,379)
Balance as of end of the period	\$ 6,292,082	\$ 6,890,782
Current	\$ 1,397,756	\$ 1,383,645
Non-Current	\$ 4,894,326	\$ 5,507,137

The following are the amounts recognized in profit or loss:

	13 weeks ended		26 weeks ended	
	June 26, 2022	June 27, 2021	June 26, 2022	June 27, 2021
Depreciation expense of right-of-use assets	279,835	362,123	599,448	731,738
Interest expense on lease liabilities	240,629	304,078	493,454	581,207
Expense relating to leases of low-value assets	9,274	6,545	17,363	23,775
Variable rent	229,207	201,433	458,337	506,373
Total amount recognized in comprehensive loss	758,945	874,179	1,568,602	1,843,093

The Company did not record a gain or loss on modification of real estate leases within other income in the 13 or 26 weeks ended June 26, 2022 (26 weeks ended June 27, 2021 - \$443,046).

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.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 14. 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 that could potentially dilute basic earnings per share include stock options and warrants for the 26 weeks ended June 26, 2022. Instruments that could potentially dilute basic earnings per share include redeemable preferred shares, stock options and warrants for the 13 weeks ended June 27, 2021.

For the 26 weeks ended June 26, 2022 and June 27, 2021, the stock options are 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 shares 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 the period ended June 27, 2021 includes the adjustment for the conversion ratio of 1.34303.

The calculation and presentation below is based on the number of shares outstanding at June 26, 2022 which is based on the legal amount of shares outstanding under each class without assuming conversion.

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

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 14. Earnings per share (EPS) (continued)

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

	13 weeks ended			26 weeks ended		
	June 26, 2022		June 27, 2021	June 26, 2022		June 27, 2021
	Subordinate Voting Shares	Proportionate Voting Shares		Subordinate Voting Shares	Proportionate Voting Shares	
Profit (loss) attributable to equity holders of the Company (Basic)	\$ (1,115,141)	\$ (1,847,270)	(14,691,583)	\$ (2,135,245)	\$ (3,537,107)	\$ (22,189,446)
Weighted average number of shares for basic EPS	54,972,326	91,064	28,056,872	54,972,326	91,064	28,055,678
Basic earnings per share	\$ (0.02)	\$ (20.29)	\$ (0.52)	\$ (0.04)	\$ (38.84)	\$ (0.79)
Profit (loss) attributable to equity holders of the Company (dilutive)	\$ (1,115,141)	\$ (1,847,270)	\$ (14,691,583)	\$ (2,135,245)	\$ (3,537,107)	\$ (22,189,446)
Weighted average number of common stock for diluted EPS	54,972,326	91,064	28,056,872	54,972,326	91,064	28,055,678
Diluted earnings per share	\$ (0.02)	\$ (20.29)	\$ (0.52)	\$ (0.04)	\$ (38.84)	\$ (0.79)
Weighted average number of shares for basic EPS						
Issued shares at start of year	54,972,326	91,064	28,056,872	54,972,326	91,064	28,055,193
Effect of share options exercised	-	-	-	-	-	485
Effect of warrants exercised	-	-	-	-	-	-
Weighted average number of shares end of year (basic)	54,972,326	91,064	28,056,872	54,972,326	91,064	28,055,678
Effects of dilution from:						
Effect of share options issued	5,585,565	-	-	5,700,346	-	-
Effect of conversion of redeemable preferred shares	-	-	-	-	-	-
Weighted average number of shares end of year (dilutive)	60,557,891	91,064	28,056,872	60,672,672	91,064	28,055,678

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 15. 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.

Note 16. 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 13 and 26 weeks ended June 26, 2022 and June 27, 2021.

Note 17. 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	June 26, 2022	\$ 50,000	\$ -	\$ -	\$ 50,000
	December 26, 2021	\$ 50,000	\$ -	\$ -	\$ 50,000

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

Note 18. 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.

MiniLuxe Holding Corp.
Notes to the Financial Statements
13 and 26 weeks ended June 26, 2022 and June 27, 2021

Note 19. Related Party Transactions

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

	<i>Transaction Value for the 13 Weeks Ended</i>		<i>Transaction Value for the 26 Weeks Ended</i>	
	June 26, 2022	June 27, 2021	June 26, 2022	June 27, 2021
Key Management Personnel				
Short-term benefits	\$ 253,455	\$ 174,498	\$ 506,910	\$ 348,996
Share-based payments	10,081	30,291	21,550	55,534
Total	<u>\$ 263,536</u>	<u>\$ 204,789</u>	<u>\$ 528,460</u>	<u>\$ 404,530</u>

	<i>Balance Outstanding as at</i>	
	June 26, 2022	December 26, 2021
Key Management Personnel		
Share-based payments	\$ 317,791	\$ 296,241

Note 20. Subsequent Events

In August 2022, the Company acquired substantially all the assets of Paintbox, an elevated nail care brand focused on premium nail art services, pursuant to the terms of an Asset Purchase Agreement, dated as of June 20, 2022 (the "APA") valuing subordinate voting shares in MiniLuxe Holding Corp. at a share price of USD \$1.03 (CAD \$1.34). Paintbox has strong brand presence (260K Instagram followers), a DTC business selling nail tools/polishes, and a studio in New York City. The purchase price includes a total of up to \$3.6 million in consideration, comprised of \$1.8 million in MiniLuxe stock, and up to \$1.8 million in potential earnout (payable in cash and/or MiniLuxe stock, at MiniLuxe's sole discretion), in each case subject to the terms of the APA, including certain lockup restrictions on such stock. The payment of any of the potential earnout of \$1.8 million will occur only upon the Paintbox business achieving certain revenue thresholds.