

MIMI'S ROCK CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2020 and 2019

The following section of our report sets forth Management's Discussion and Analysis of the financial performance and condition of Mimi's Rock Corp. ("the Company" or "we", "us" or "our") for the year ended December 31, 2020 compared to the year ended December 31, 2019. The analysis should be read in conjunction with the accompanying annual audited consolidated financial statements (the "Financial Statements") for the year ended December 31, 2020 and 2019 and the related notes thereto.

The date of this MD&A is April 26, 2021.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements or disclosures that may constitute forward-looking information or statements (collectively, "forward-looking information") under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that management of the Company, anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "could", "potential", "enable", "plan", "continue", "contemplate", "pro forma" or other comparable terminology. Forward-looking information presented in such statements or disclosures may, among other things include:

- the Company's expectations regarding sales from its existing products, including its sales forecasts;
- the Company's ability to acquire new products;
- the Company's expectations regarding its ability to raise capital, including its ability to secure the financing necessary to enable us to acquire new products;
- the Company's expectations regarding sales from products that we develop, acquire or license;
- the Company's forecasts regarding its operating expenditures, including general and administrative expenses,
- the Company's expectations regarding the development of its target markets;
- the Company's expectations regarding government regulations of its products and any new products that we acquire;
- the Company's expectations regarding currency exchange rates;
- the Company's expectations regarding income taxes;
- the Company's plans, objectives and targets for future revenue growth and operating performance;
- the Company's plans and objectives regarding new products that it may acquire; and
- the Company's forecast business results and anticipated financial performance.

The forward-looking information in statements or disclosures in this MD&A is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Company, including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Company does not know what impact any of those differences may have, their business, results of operations, financial condition and credit stability may be materially adversely affected. Factors

that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

- the Company's ability to successfully market and sell its products;
- the Company's ability to increase sales of its existing products;
- the Company's ability to service existing debt;
- the timing and unpredictability of regulatory actions;
- the health, legal, and commercial risks associated with potential adverse events or side effects resulting from the use of the Company's products;
- the ability to source, develop and commercialize new products effectively;
- unanticipated cash requirements to support current operations to expand its business;
- the inability to adequately protect its key intellectual property rights;
- the loss of key management personnel;
- the activities of its competitors and specifically the commercialization of products that compete in the same category as the Company's products;
- regulatory, legal or other setbacks with respect to its operations or business;
- market conditions in the capital markets and the dietary supplements industry that make raising capital or consummating acquisitions difficult, expensive or both;
- enactment of new government laws, regulations, court decisions, regulatory interpretations or other initiatives that are adverse to the Company or its interests;
- the risk that the Company is not able to arrange sufficient, cost-effective financing to repay maturing debt and to fund expenditures, future operational activities and acquisitions, and other obligations; and
- the risks associated with legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity and general economic conditions in geographic areas where the Company operates.

Investors should review the full discussions as to material risks and uncertainties, and factors and assumptions used to develop forward-looking statements included in the Company's filing statement.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company, including information obtained from third-party industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this MD&A in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- no unforeseen changes in the legislative and operating framework for the business of the Company;
- a stable competitive environment; and
- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

The Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, security holders should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

The Company cautions you that the above list of risk factors is not exhaustive. Other factors which could cause actual results, performance or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking statements or other forward-looking information are disclosed in the Company's publicly filed disclosure documents.

All historical financial information is prepared in accordance with IFRS and is expressed in Canadian dollars.

CORPORATE HISTORY

Mimi's Rock Corp., formerly known as Commerce Acquisition Corp. ("Commerce"), was incorporated under the Ontario *Business Corporations Act* ("OBCA") on March 27, 2017. The Company was previously classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange. The principal business of the Company as a CPC was to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction. The purpose of such an acquisition was to satisfy the related conditions of a qualifying transaction under the Exchange rules ("Qualifying Transaction").

On May 27, 2019, the Company completed its Qualifying Transaction pursuant to an amalgamation agreement between the Company and Mimi's Rock Inc. ("MRI"). As a part of the Qualifying Transaction, the Company changed its name from "Commerce Acquisition Corp." to "Mimi's Rock Corp." The Company is in the nutraceutical business, providing health supplement and wellness products as well as vitamins and nutritional supplements to customers across the United States.

The Company's head and registered office is located at 610 Chartwell Road, Suite 202, Oakville, Ontario, Canada L6J 4A5.

The Company operations include six subsidiaries. The place of incorporation or continuance of those subsidiaries and the percentage of voting securities held, directly or indirectly, by Mimi's Rock Corp. are as follows:

Mimi's Rock Inc. was incorporated under the OBCA on October 16, 2017. MRI is a wholly-owned subsidiary of Mimi's Rock Corp.

Mimi's Rock GmbH ("MRG") was incorporated on January 22, 2018, under the laws of Germany. MRG is a private company that is a wholly-owned subsidiary of MRI formed in connection with the acquisitions of DTI GmbH, as described below.

DTI GmbH ("DTI") was incorporated as DTU UG on April 20, 2013 and reregistered as DTI GmbH on January 25, 2017, under the laws of Germany. DTI is a private company that is a wholly-owned subsidiary of MRG, which in turn is a wholly-owned subsidiary of MRI.

Thunder Beach Holdings Inc. ("TBH") was incorporated on April 20, 2018 under the laws of Barbados, being the *Barbados Companies Act, 1982*. TBH is a private company that is a wholly-owned subsidiary of MRI. TBH is also licensed as an International Barbados Company pursuant to the *International Business Companies Act* (Barbados).

All Natural Advice Ltd. ("All Natural") was incorporated November 29, 2013 under the OBCA. All Natural is a wholly-owned subsidiary of the Company.

Maritime Naturals Ltd. ("Maritime Naturals") was incorporated May 23, 2017 under the OBCA. Maritime Naturals is a wholly-owned subsidiary of the Company.

Reverse Takeover Acquisition and Amalgamation

The Qualifying Transaction

On May 27, 2019, MRI amalgamated with a wholly-owned subsidiary of Commerce Acquisition Corp. ("Commerce"). Pursuant to the amalgamation agreement, Commerce acquired all of the issued and outstanding common shares in the capital of MRI in consideration for the issuance of 47,809,337 Commerce common shares.

The transaction constituted the Company's Qualifying Transaction, as such term is defined in the CPC Policy. The Qualifying Transaction was completed by way of a three-cornered amalgamation among Commerce, MRI, and a wholly-owned subsidiary of Commerce. Subsequent to the transaction, the Company changed its name to Mimi's Rock Corp.

The Qualifying Transaction constituted a reverse take-over ("RTO") for accounting purposes, as former MRI shareholders hold a majority of outstanding shares in the Company, the Board of Directors is comprised of MRI board members and the senior management of MRI became senior management of the Company. Although the Company is the legal parent, MRI is considered to be the acquirer for accounting purposes. Consequently, the Company is deemed to be a continuation of MRI as control of the assets and operations of the Company is deemed to have been acquired through issuance of shares to the former shareholders of MRI. At the time of the RTO, the Company did not constitute a business as defined under IFRS 3 Business Combinations; therefore, the transaction is accounted for under IFRS 2 Share-Based Payment. As a result, the RTO has been accounted for at the fair value of equity instruments issued by the Company to the optionholders, warrant holders and shareholders of Commerce holding such equity instruments as of the date of the Qualifying Transaction. The difference between the fair value of equity instruments issued and the net assets acquired has been recognized as a listing expense.

The fair value of the acquired identifiable net assets was allocated as follows:

Cash	\$ 740,775
Accounts payable and accrued liabilities	(11,487)
Net assets acquired	729,288
<u>Listing expense</u>	<u>385,487</u>
Total	\$ 1,114,775
<u>Purchase consideration:</u>	
Issuance of 1,562,500 common shares	\$ 1,046,875
Issuance of 156,250 options	46,313
<u>Issuance of 125,000 warrants</u>	<u>21,587</u>
Total purchase consideration	\$ 1,114,775

The fair value of shares issued was determined to be \$0.67 per share based on the most recent financing transaction for MRI.

Acquisition of DTI GmbH

On July 13, 2018, the Company, through its subsidiary MRG, acquired all outstanding shares of DTI, a German limited liability company engaged in the business of marketing and selling nutraceuticals and nutritional supplements.

Pursuant to the acquisition, the Company acquired all rights to the Dr Tobias brand and product line including information and materials required to continue marketing and selling the products, as well as certain tangible assets including cash, trade receivables, prepaid expenses, equipment and inventory and certain liabilities including trade payables.

Total consideration for the acquisition was \$29,818,511. Fair value of acquired identifiable net assets was allocated as follows:

Cash	\$ 557,340
Trade and other receivables, net of allowance of \$nil	432,151
Inventories	1,527,749
Prepaid expenses	51,919
Property, plant and equipment	13,090
Intangible assets	11,466,550
Goodwill	19,826,596
Accounts payable and accrued liabilities	(347,703)
Provisions	(35,041)
Income taxes payable	(230,015)
Deferred tax liability	(3,444,124)
Net assets acquired	\$ 29,818,511

The goodwill arising from the acquisition of \$19,826,596 is attributable to expected future income and cash-flow projections and other intangible factors that do not qualify for separate recognition. Goodwill is not deductible for tax purposes.

Acquisition of All Natural Advice and Maritime Naturals

On December 13, 2019, in concurrent transactions, the Company acquired all of the outstanding shares of All Natural Advice Ltd. and Maritime Naturals Ltd., two Canadian companies engaged in the distribution and marketing of skin and beauty care products, primarily in Canada and Europe.

Pursuant to the acquisitions, the Company acquired all rights to the All Natural and Maritime Naturals brands and product lines including information and materials required to continue marketing and selling the products, as well as certain tangible assets including cash, trade receivables, prepaid expenses and inventory and certain liabilities including trade payables.

The transactions were accounted for as an acquisition of a business, with the Company as the acquirer, whereby all the assets acquired and liabilities assumed were recorded at fair value. The purchase price consideration and allocation for each was as follows:

All Natural Advice

Consideration for the acquisition of All Natural was \$4,803,551, funded with a combination of cash, common shares and a promissory note to the vendor.

Purchase price consideration	
Cash	\$ 3,147,073
Promissory note	1,120,770
Common shares issued	535,708
Total purchase price consideration	\$ 4,803,551

The fair value of the promissory note issued as part of the consideration was determined based on comparison to market rates. The Company common shares issued as part of the consideration were assigned a fair value based on the most recent closing price on the date of issuance.

The fair value of the acquired identifiable net assets was allocated as follows:

Cash	\$ 175,563
Trade and other receivables, net of allowance of \$nil	109,066
Inventories	300,659
Prepaid expenses	10,407
Intangible assets	1,395,140
Goodwill	3,637,493
Accounts payable and accrued liabilities	(385,365)
Income taxes payable	(42,416)
Deferred tax liability	(396,996)
Net assets acquired	\$ 4,803,551

The goodwill arising from the acquisition of \$3,637,493 is attributable to expected future income and cash-flow projections and other intangible factors that do not qualify for separate recognition. Goodwill will not be deductible for tax purposes.

Maritime Naturals

Consideration for the acquisition of Maritime Naturals was \$3,792,549, funded with a combination of cash, common shares and a promissory note to the vendors.

Purchase price consideration	
Cash	\$ 2,493,063
Promissory note	879,230
Common shares issued	420,256
Total purchase price consideration	\$ 3,792,549

The fair value of the promissory note issued as part of the consideration was determined based on comparison to market rates. The Company common shares issued as part of the consideration were assigned a fair value based on the most recent closing price on the date of issuance.

The fair value of the acquired identifiable net assets was allocated as follows:

Cash	\$ 58,376
Trade and other receivables, net of allowance of \$nil	50,869
Inventories	112,662
Prepaid expenses	4,718
Intangible assets	1,134,020
Goodwill	2,853,515
Accounts payable and accrued liabilities	(63,047)
Income taxes payable	(47,107)
Deferred tax liability	(311,457)
Net assets acquired	\$ 3,792,549

The goodwill arising from the acquisition of \$2,853,515 is attributable to expected future income and cash-flow projections and other intangible factors that do not qualify for separate recognition. Goodwill will not be deductible for tax purposes.

The determination of the fair value of assets acquired and liabilities assumed has been based upon management's estimates and certain assumptions with respect to the fair values of the net assets acquired and liabilities assumed except for deferred taxes, which are based on the full amount required under IAS 12, "Income Taxes".

CORPORATE STRATEGY

Principal Products or Services

The Company's business model is "asset-light" and is based on knowledge of the online marketplace and relationships with custom manufacturing partners, who produce our products on a turn-key basis, allowing us to focus on marketing programs which drive above-industry-normal margins. We are well positioned to participate in the growing consumer trend toward shifting sales away from traditional brick-and-mortar retail, to e-commerce platforms. This growth is compounded by a global dietary supplements market which is growing at a CAGR of 10% (*Businesswire.com*).

DTI is the Company's primary consumer-facing operating subsidiary. DTI sells market leading nutritional products online in the United States under the "Dr Tobias" brand. DTI's products are offered under a single established brand, which includes 31 different nutraceutical products. DTI's products are exclusively manufactured by a third-party, FDA-approved, GMP-compliant manufacturer of nutraceutical products based in Georgia, United States. The Dr Tobias brand features a number of top-sellers, including the #1 on-line Omega 3 Fish Oil product in the United States.

DTI offers e-commerce focused consumers a high quality, ultra-convenient, family of preferred products which support their overall wellness objectives. Boasting over 30 products, ranging from Colon Cleanse to Probiotics, Dr Tobias products routinely garner segment leading reviews and ratings from its customers.

DTI has built its reputation by offering tested, trusted products, which meet the discerning needs of wellness focused consumers, all while appealing to their preference for home-delivered goods which carry the certifications, as well as the reviews which they expect. Our customers have come to depend on the Dr Tobias brand for quality, consistency and excellent customer service.

MRI is the Company's primary Canadian operating subsidiary. MRI is ultimately a vehicle for expansion of the Dr Tobias brand globally, including in Canada where it began to offer Dr Tobias products on Amazon.ca beginning with a limited roster of the top products from the U.S. market. The products for the Canadian market are sourced directly in Canada from a Canadian supplier. MRI has also begun to offer Dr Tobias products on Walmart.com in the U.S. In 2019, MRI entered into two joint venture arrangements. The first, with Avivagen, Inc. is an initiative to offer Avivagen's proprietary ingredient in a pet supplement branded under the Dr Tobias name. Additionally, the Company entered into a joint arrangement with former world heavyweight boxing champion Lennox Lewis to co-brand and market a line of men's health supplements. Finally, MRI launched the Dr Tobias e-commerce site – drtobias.com – whereby products are sold direct to consumers in both the U.S. and Canada.

All Natural and Maritime Naturals currently offer products in Canada, USA, Germany, Italy, UK and Australia. These products increase the Company's existing basket of products and offer anti-aging organic skincare products, all-natural masks & scrubs, acne blemish treatments and more.

The All Natural and Maritime Naturals businesses are an ideal fit with the Company's core strengths as they are completely online, primarily Canadian focused (our home market and one in which the Company had just launched its DTI brand) and are in a high growth health and beauty segment which the Company sees as a logical expansion of its wellness offering. All Natural and Maritime do business in several European countries which are high on the priority list for the Company to gain a presence. The All Natural and Maritime Naturals brands are now being offered in the United States, a market in which the Company was already well positioned with the Dr Tobias brand. There is a natural fit with the customers of these acquired businesses and the Company's existing business in terms of geographic and product segments and plans for growth.

Development of Products

Shifting consumer trends, supported by the wealth of available information available on the internet, sees many wellness minded individuals taking independent control of their health. Our products and distribution strategies dovetail into these trends as we produce high-quality products which are available almost exclusively on-line.

Our product development strategies are not tied to any one particular manufacturing technology. Rather, we source products in multiple formats and focus on consumer trends and preferences. We have also expanded our product families with complementary product lines such as companion-pet products and joint branding with professional athletes. Our new product focus is trained on the needs and wants of our clientele, rather than being limited by manufacturing capabilities at any one site. Then, we leverage our current client bases trust in the Dr Tobias, All Natural and Maritime Naturals brands to introduce new and complementary products.

Marketing

Our marketing efforts are focused on the development and consistent marketing of our brand. We participate in the daily marketing and advertising programs managed by our current e-commerce distribution platform. Our team also manages a comprehensive social media strategy, which focuses on brand awareness and education. We will continue to focus our efforts principally on expanding our distribution platforms and geographies, solidifying our brand awareness and strategically adding complementary product lines.

Regulatory Environment

We are subject to the laws and regulations governing the vitamins, minerals, supplements ("VMS") and natural health product industry. In the United States, this includes FDA and NSF oversight. The requirements vary by country, but in general, the US regulatory framework is a "light-touch" as compared to the pharmaceutical space. Regardless, we have taken an "as good as pharma" approach to partner selection. Currently, our manufacturing partners work both in Canada and the continental United States and are accordingly abiding by the federal, provincial and state labour and employment laws. Similarly, we abide by consumer protection regulations, environmental laws and all applicable regulations. We continuously monitor changes in these laws, regulations, treaties and agreements.

We are also subject to the regulatory framework of the marketplaces on which we sell our products. There are varying degrees of regulations including manufacturing certifications, safety protocols and other listing requirements for sellers of supplement and skincare products. The Company works to ensure it is in compliance with these regulations at all times and aware and prepared for any changes as they occur.

Dropshipping

We currently operate our business using a supply-chain management system known as "dropshipping" whereby we facilitate the delivery of goods from a third-party manufacturer to a third-party distributor and then to the end-point consumer who places the associated order. We do not take physical possession of the goods in our inventory at any point during the ordering or delivery process.

Specialized Skills and Knowledge; Employees

Successfully applying our supply-chain management system requires specialized skill. We have retained personnel with specialized knowledge and experience in such operations. In addition, we draw on the specialized knowledge and expertise of our personnel in our operations to effectively coordinate and track our intricate supply chain.

Market & Trends

Dr Tobias

On-line sales offer convenience and assortment which are superior to almost any traditional brick-and-mortar retailers. On-line consumers routinely rely heavily on customer reviews and ratings. These ratings can be informed by both product characteristics and customer experience – including our after-sale service. This is the sweet spot for the Dr Tobias brand. We have tens of thousands of positive customer reviews, and routinely have very high ratings on multiple products. Within the on-line community, consumers trust each other to identify (or warn) their fellow shoppers of great (or poor) products and services. Dr Tobias products are top sellers. They are highly rated. We are not dependent on retailers awarding us shelf space in order to reach our clientele.

Consumer healthcare in the United States (and beyond) is subject to shifting trends, spending patterns and economic cycles. Our revenue and financial results are linked to these trends, though the "tail winds" for our business are significant. Dietary supplements are enjoying 10% CAGR's globally. Further, many reports show the drift from brick-and-mortar retail to e-commerce in the United States is trending at greater than 9% per year. Together, these trends create a very favourable environment for our company. Clearly, these positive influences can be mitigated somewhat by conditions beyond our control. Consumer spending is easily influenced by prevailing economic conditions, unemployment levels, wage variances, fuel prices, consumer credit practices and consumer perceptions.

- Online shopping is growing globally.
- Historically, global e-commerce sales are growing at a rate of 23.3%.
- Global manufacturing continues to shift eastward, with India & China (on pace to be top ranked globally), leading the way.
- Traditional brick and mortar retailers are struggling to compete with the convenience, price competitiveness, and product assortment available in the online world.
- E-commerce accounts for 8% of business to consumer transactions (by value) in the United States today. Even the most conservative estimates suggest this number will see a fourfold increase in the next decade.

All Natural Advice and Maritime Naturals

By 2025, the global skin care market is estimated to be 189.3 billion U.S. dollars. The skin care industry has witnessed a shift from demand from older consumers to a growing younger consumer base. People are beginning to use skin care at an increasingly young age in a bid to delay the signs of aging, while the number of older consumers is beginning to fall. Skin care companies may adapt their marketing strategies to correct this balance and hold on to their older consumer base.

The U.S. skin care and toiletries market in general is benefiting from rising demand for natural and organic products, with a faster growth rate than that of the overall market. In 2016, 57 percent of U.S. women said it was important to buy all-natural skin-care products. Therefore companies continue to offer consumers innovative products, concentrating on developing environmentally friendly products either made locally or using locally sourced ingredients. Anti-aging products also represent a strong growth area in the US cosmetics and toiletries market.

In light of falling consumer confidence, companies operating in the skin care product market are concentrating on offering consumers cheaper alternatives to their usual skin care regimes. Own-brand products also rose in popularity as consumers sought to continue caring for their skin while limiting their spending on non-essential items.

Marketing Plans and Strategies

Consumers globally are turning to e-commerce at record pace. They seek assortment, convenience and competitive prices. These preferences align favourably with our positioning, and disadvantage traditional bricks-and-mortar retailers. Our growth strategies are founded on seizing upon these favourable market conditions. We will launch in additional markets, utilizing the same business approach that has been so successful in the United States. By leveraging local custom manufacturers, we can enter new markets by absorbing the additional operating expenses involved in launching the new products via the new portals. We need not invest capital in manufacturing or distribution facilities.

Meantime, we are expanding into new portals in the United States as well, to further diversify our position. Our revenue growth far outpaces the industry averages and continues to drive EBITDA at enviable levels, in comparison to other industry players.

Competitive Conditions

The market for dietary supplements, vitamins and like items is highly fragmented and highly competitive. The market for skin care products is, thus far, not as mature or competitive, however, market dynamics are continually changing. Our brands compete with private-label offerings, national brands and both private and publicly owned companies. Many of the products with which we compete, are highly commoditized. Our strong brand is supported by digital marketing campaigns, advertising programs and direct to consumer campaigns. Our customer ratings and reviews are our most important asset in the marketing sphere. In this space, we have strong brand salience. Strong reviews and ratings inspire consumer confidence in a manner akin to the way traditional advertising relies on testimonials. As brick-and-mortar retailers struggle to retain their assortment and convenience seeking clientele, we stand as a trustworthy option for consumers. We are well-positioned to capitalize on favorable long-term trends in the wellness segment.

Proprietary Protection

Our formulations are not currently protected by patents, however, our strength is in our brand. Recognition, supported by social media campaigns and very strong ratings and reviews, gives new (and existing) customers confidence in our brand. The Company has registered the trademark "Dr Tobias" in the United States with registration dated September 23, 2014 and registration number 4608650. The Company also has trademark registrations in Canada for its All Natural Advice and Maritime Naturals brands.

Future Developments

The Company's goal has always been to build a portfolio of online brands in various health and wellness segments. During its relatively short time in existence, the Company has been presented with and investigated various business development and acquisition opportunities. We leverage our relationships and industry contacts and advisors to identify acquisition opportunities. We are currently engaged in several early stage acquisition or partnering discussions with a number of companies and small brands. We are uniquely positioned as an organization with very few direct comparators in the market. We are fortunate due to our low capital investment to be flexible so as to take advantage of opportunities as they arise. We will pursue strategic acquisitions and alliances that enable us to further broaden and diversify our product offerings, always mindful of our asset-light strategy. Opportunities currently being explored involve new product development, geographic expansion, new distribution channels and other potentially beneficial third party relationships.

OVERALL PERFORMANCE

For the year ended December 31, 2020, the Company earned net income of \$2,278,759, compared to a net loss of \$3,551,010 for the year ended December 31, 2019. For the year ended December 31, 2020, EBITDA¹ was \$4,681,862, compared to EBITDA of \$828,758 for the year ended December 31, 2019. Adjusted EBITDA, which excludes non-cash share-based compensation expense, investment income, acquisition costs and listing expenses, was \$4,569,621 for the year ended December 31, 2020, compared to Adjusted EBITDA of \$2,382,898 for the year ended 2019. As at December 31, 2020, the Company had an accumulated deficit of \$2,814,170.

Cash provided by operating activities of the Company was \$57,111 for the year ended December 31, 2020, mainly due to a significant reduction in accounts payable and an increase in accounts receivable. Cash used in financing activities was \$1,454,287 for the year ended December 31, 2020, representing payments on long term debt offset by increases in the operating line. Cash provided by financing activities of \$2,464,039 for the year ended December 31, 2019 was primarily due to new funds provided under the Company's senior debt facility for the acquisitions of All Natural Advice and Maritime Naturals.

Operating risks include but are not limited to the Company's reliance on strength of reputation and brands, third-party manufacturing, transportation and distribution, ability to protect its intellectual property, reliance on e-commerce sites, and other risk factors. Financial risks include but are not limited to the availability of capital, liquidity risk, market risk, currency risk, credit risk and interest rate risk. See also "*Risk Factors*".

Our business' financial performance can be measured in the same way as any typical consumer health company, or similarly structured company of comparable form. Additionally, we look at certain key performance indicators which are more indicative of the health of an e-commerce business. These include: customer ratings, customer reviews, supply chain metrics (customer order fill rates, days of inventory on hand, inventory turns and replenishment metrics), as well as marketplace inventory score metrics.

The Company cannot anticipate or prevent all of the potential risks to its success, nor predict the impact of any such risk. To the extent possible, management implements strategies aimed at reducing or mitigating risks and uncertainties associated with its business.

EBITDA¹ – Non-IFRS Financial Measures

The term EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company defines EBITDA as earnings before interest expense, taxes, depreciation and amortization (including impairment charges). Adjusted EBITDA is the same measure with additional adjustments for non-cash stock based compensation, investment income or expense, foreign exchange (gain) loss and certain other expenses such as acquisition costs. The Company believes EBITDA and Adjusted EBITDA to be important measurements that allow it to assess the operating performance of its ongoing business on a consistent basis without the impact of amortization and impairment expenses, debt service obligations and other non-operating items. We exclude amortization and impairment expenses because their level depends substantially on non-operating factors such as the historical cost of intangible assets. The Company's method for calculating EBITDA may differ from that used by other issuers and, accordingly, this measure may not be comparable to EBITDA used by other issuers.

	Year Ended December 31	
	2020	2019
Net income (loss) for the year	\$ 2,278,759	\$ (3,551,010)
Interest expense	785,760	2,735,815
Income tax expense	1,440,605	1,512,417
Depreciation	176,738	131,536
EBITDA	\$ 4,681,862	\$ 828,758
Add/(deduct):		
Non-cash stock based compensation	151,342	617,461
Listing expenses	-	786,138
Acquisition costs	-	99,788
Foreign exchange (gain) loss	(263,583)	64,332
Investment income	-	(13,579)
Adjusted EBITDA	\$ 4,569,621	\$ 2,382,898

SELECT ANNUAL INFORMATION

(in 000s)	Year ended December 31,		
	2020	2019	2018
Revenue	\$ 40,286,303	\$ 35,409,072	\$ 17,754,166
Assets	\$ 44,479,576	\$ 45,684,260	\$ 39,612,514
Non-current liabilities	\$ 13,483,693	\$ 4,398,798	\$ 15,758,495

Seasonality

Our product lines are generally not susceptible to significant fluctuations as a result of seasonal variations, however, typically the early months of the year see somewhat stronger sales. Historic revenues have not indicated that any of the Company's products will have seasonal variations which would materially impact revenue.

Selected Financial Information

Revenues for the year ended December 31, 2020 were \$40,286,303 compared to \$35,409,072 for the year ended December 31, 2019. Revenues primarily represent sales of dietary supplement and skincare products in the U.S. and Canada. Gross margin for the year ended December 31, 2020 was \$28,010,223 compared to \$24,759,327 for the year ended December 31, 2019. The Company generated net income for the year ended December 31, 2020 of \$2,278,759, compared to a net loss of \$3,551,010 for the year ended 2019. Certain one-time expenses were incurred in the 2019 period, primarily due to one-time costs related to reverse takeover and public listing expenses. The results for the year ended December 31, 2019 include All Natural and Maritime Naturals results of operations from the acquisition date of December 13, 2019. Similarly, results for the period ended December 31, 2018 include DTI results of operations from the acquisition date of July 13, 2018.

The following table sets forth selected quarterly consolidated financial information for the Company for quarterly periods ended 2020 and 2019:

Summary of Quarterly Results

(in 000's)	Year ended December 31, 2020				Year ended December 31, 2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	9,134	9,774	10,943	10,435	7,717	8,755	8,771	10,166
EBITDA¹	756	1,243	1,584	1,099	(1,356)	627	460	1,098
Adjusted EBITDA	603	1,166	1,573	1,228	(1,220)	903	1,382	1,318
Net Income	523	546	928	282	(2,460)	(243)	(1,240)	392

EBITDA¹ – Non-IFRS Financial Measures - see definition under "Overall Performance"

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

For the year ended December 31, 2020, the Company earned net income of \$2,278,759 (\$0.04 per share), compared to a net loss of \$3,551,010 (loss of \$0.10 per share) for the year ended December 31, 2019. EBITDA for the year ended December 31, 2020 was \$4,681,862, compared to \$828,758 for the year ended 2019. Adjusted EBITDA, which adds back (deducts) non-cash stock based compensation, investment income, acquisition costs and listing expenses, was \$4,569,621 for the year ended December 31, 2020, compared to Adjusted EBITDA of \$2,382,898 for the year ended December 31, 2019.

Revenues and Gross Margin

Revenues were \$40,286,303 for the year ended December 31, 2020 compared to revenues of \$35,409,072 for the year ended December 31, 2019. Revenues reported in the current year represent revenues from the Dr Tobias supplements business as well as from the All Natural and Maritime Naturals skincare businesses. Revenues in the prior year primarily represent revenues from only the DTI business, as the latter businesses were acquired late in 2019. While the Company's sales do not experience significant seasonality, there is some fluctuation on a quarterly basis due to natural demand fluctuation as well as promotional impacts. The Company continues to adapt its brand strategy, advertising spend and execution strategies as conditions in the online channels dictate. Beginning in Q2 2019, the Company saw considerable shifts in the marketplace which impacted sales through the end of that year. Management made significant changes to its marketing strategy, including changing external advertising partners. Entering 2020, sales and revenues showed a strong recovery and experienced a surge in late Q1 2020 as the Covid-

19 pandemic began to proliferate. This volume increase was somewhat short-lived as channel partners began to experience stress in the supply chain. In general, while demand remained strong, consistent changes in event dates such as Prime Day made it difficult to fully take advantage. The Company supplemented typically strong event days with more regular ad-hoc sales promotions and was able to maintain strong product velocity through a typically slow end of year period. Sales from the Company's own e-commerce sites, as well through additional online retail outlets continued to grow, however, a majority of sales of the Company's products are conducted through the Amazon.com platform.

Revenues to date have been generated primarily through the Company's online sales channels in the United States and Canada. The Company's top ten products account for a majority of its revenues. These products represent leaders in their categories and have a strong customer following. While customer loyalty has remained strong throughout 2020, both the supplements and skincare businesses offered more promotions than typical during the year in order to maintain volumes, which directly affect views and rankings. The Dr Tobias brand saw some considerable wins in 2020 with several of its top products gaining against competition. The All Natural Advice products also were able to gain share in international markets, with one of its products top-ranked in the Australian marketplace. Other products in both portfolios are beginning to benefit from the success of these lead products and seem to have made a positive impact on sales volumes in the period since year end.

Gross margin for the year ended December 31, 2020 was \$28,010,223 (69.5%) compared to \$24,759,327 (69.9%) for the year ended December 31, 2019. Gross margin ratios are very similar in both the supplements and skincare businesses although the latter is subject to minor variations based on foreign currency rate movements.

Selling and Marketing Expense

The Company incurred selling and marketing expenses of \$18,405,332, or 45.7% of revenue, for the year ended December 31, 2020, compared to \$16,908,419, or approximately 47.8% of revenue, for the year ended December 31, 2019. Sales and marketing expenses for the period consist primarily of fulfillment costs related to delivering products to customers, direct online advertising placements, costs related to marketing the Dr. Tobias brand and other promotional and awareness initiatives. While the Dr Tobias brand continues to generate strong repeat sales, investments are also being made to attract new-to-brand customers and expand the offering to new channels and marketplaces. While this type of investment typically does not have an immediate material impact to revenue, as volumes begin to reach certain key levels, growth generally accelerates. While Amazon remains the Company's primary marketplace for both the supplements and skincare businesses, an emphasis was made in 2020 to diversify both domestically and internationally. The Company is confident it has appropriately adapted its advertising strategies in the near term as both efficiency and effectiveness of advertising has improved in the period since year end. The Company will continue to actively monitor its selling and marketing expenses, particularly those directly related to advertising and expects that these will vary in relation to sales revenues going forward as advertising spend is optimized relative to competitive conditions.

General and Administrative Expense

General and administrative expenses for the year ended December 31, 2020 were \$5,035,270, or 12.5% of revenue, compared to \$5,468,010, for the year ended 2019, representing 15.4% of revenue. General and administrative expenses consist primarily of salaries and benefits, professional fees, occupancy costs and insurance. General and administrative expenses in the 2020 period are lower than the same period in 2019 primarily due to slightly lower staff costs in 2020 and higher than normal administrative costs in 2019 as a result of certain one-time legal costs and employee relocation expenses in that period. Going forward, the Company expects general and administrative costs to remain relatively stable on an absolute basis and decrease relative to revenue.

Share-based Compensation Expense

Share-based compensation expense relates to awards under the Company's incentive stock option plan and is based on the estimated number of awards that will eventually vest using the Black-Scholes option pricing model. Share-based compensation expense for the year ended December 31, 2020 was \$151,342 compared to \$617,461 for the year ended December 31, 2019. Share-based compensation expense is amortized over the vesting period of individual grants and was lower in 2020 due to a smaller number of grants in the year and the full amortization of prior year grants.

Listing Expenses

Listing expenses of \$786,138 in the comparative year ended December 31, 2019 are related to the acquisition and reverse takeover transaction in connection with the Company's public listing in May 2019, and are \$nil for the current year. Listing expenses included legal and professional fees, as well as \$385,487 in non-cash charges related to the reverse takeover.

Acquisition Costs

There were no acquisition costs incurred in the year ended December 31, 2020 as there were no acquisition transactions. Acquisition costs in the year ended December 31, 2019 were \$99,788, incurred in connection with the acquisitions of All Natural and Maritime Naturals in December 2019.

Foreign Exchange Gains and Losses

Foreign exchange gains of \$263,583 were recorded in the year ended December 31, 2020, mainly due to movements in the Euro as related to foreign denominated taxes paid which were refunded late in the year. Foreign exchange losses of \$64,332 were incurred for the year ended December 31, 2019, primarily due to the movements in the value of the US dollar relative to the Euro between the time that expenses were incurred and the time that they were settled.

Interest Expense and Financing Costs

Interest and financing costs of \$785,760 were incurred during the year ended December 31, 2020, representing interest paid on senior term loans, operating lines and right of use leases, compared to \$2,735,815 for the year ended December 31, 2019. Interest and financing expenses in the 2019 period include approximately \$1,629,633 in non-cash charges related to amortization of expenses incurred in securing the Company's senior secured loan. Both the non-cash and total amount of expense was higher in 2019 due to the recognition of all unamortized costs incurred on the Company's original senior secured debt upon refinancing in December 2019.

FOURTH QUARTER RESULTS

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

For the three months ended December 31, 2020, the Company earned net income of \$523,467 (\$0.01 per share), compared to a net loss of \$2,459,720 (loss of \$0.05 per share) for the three months ended December 31, 2019. EBITDA for the three months ended December 31, 2020 was \$755,376, compared to negative EBITDA of \$1,355,703 for the three months ended 2019. Adjusted EBITDA, which adds back (deducts) non-cash stock based compensation, investment income, acquisition costs and listing expenses, was \$602,628 for the three months ended December 31, 2020, compared to negative Adjusted EBITDA of \$1,220,515 for the comparative three month period ended December 31, 2019.

Revenues and Gross Margin

Revenues were \$9,132,949 for the three months ended December 31, 2020 compared to revenues of \$7,716,827 for the three months ended December 31, 2019. Revenues reported in both the 2020 period represent revenues from both the supplements and skincare businesses, while the 2019 period primarily represent revenues from Dr Tobias products as the acquisitions of All Natural and Maritime Naturals was not completed until late in the year. While the fourth quarter revenues typically are softer, the 2019 was particularly low due to changes on the Amazon platform as described above. Revenues for the fourth quarter of 2020 were not impacted as expected by the movement of Amazon's Prime Day to late in the year. Promotion for the event translated in lower volumes than on similar promotional days in the past. While revenues in dollar terms were lower than expected, volumes remained encouragingly strong.

Gross margin for the three months ended December 31, 2020 was \$6,247,308 (68.4%), similar in proportion to the margin for the three months ended December 31, 2019 of \$5,311,150 (68.8%).

Selling and Marketing Expense

The Company incurred selling and marketing expenses of \$4,391,648, or 48.1% of revenue, for the three months ended December 31, 2020, compared to \$4,867,462, or approximately 63.1% of revenue, for the same period in 2019. Advertising spend levels in the 2020 period were slightly higher than average but relatively normal for the fourth quarter. Advertising spend levels in the fourth quarter of 2019 were abnormally high due to tactics employed in that period to retain customers as Amazon made changes to the way products were displayed in its marketplace. Measures were implemented to ensure protection of the brand and customer retention. A generally defensive stance was necessary as the market disruption continued through most of Q4 2019. A refinement of tactics was instituted which has had the desired impact of stabilizing declines and re-igniting growth. Going forward, management expects selling and marketing expenses to remain at levels in the mid-40% range relative to revenue.

General and Administrative Expense

General and administrative expenses for the three months ended December 31, 2020 were \$1,253,032, or 13.7% of revenue, compared to \$1,664,203, for the three months ended 2019, representing 21.6% of revenue. General and administrative expenses were higher in the 2019 fourth quarter, primarily due to certain one-time legal costs.

Share-based Compensation Expense

Share-based compensation expense for the three months ended December 31, 2020 was \$34,054 compared to \$86,542 for the three months ended December 31, 2019. Share-based compensation expense is amortized over the vesting period of individual grants and was higher in the 2019 period due to a larger amount of prior period grants.

Acquisition Costs

There were no acquisition costs in the fourth quarter of 2020. Acquisition costs in the three months ended December 31, 2019 were \$99,788, incurred in connection with the acquisitions of All Natural and Maritime Naturals in December 2019.

Foreign Exchange Gains and Losses

Foreign exchange gains of \$186,802 were recorded in the three months ended December 31, 2020, mainly due to movements of the Euro with respect to tax installments made. For the three months ended December 31, 2019, foreign exchange gains of \$51,142 were primarily due to similar movements.

Interest Expense and Financing Costs

Interest and financing costs of \$179,594 were incurred during the three months ended December 31, 2020, primarily related to borrowing costs on the Company's senior term loan. \$1,308,460 in interest and financing costs for the three months ended December 31, 2019 were primarily due to the recognition of \$1,062,589 in non-cash charges related to expenses incurred in securing the Company's original senior secured loan.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support its future business plans. As at December 31, 2020, excluding provisions and obligations related to debt and lease obligations, the Company had working capital of \$85,580, compared to \$964,762 at December 31, 2019. The decrease in working capital in the current year was due primarily to cash used for scheduled debt repayments as well as the financing of additional inventory in response to Covid-19. The Company currently has access to additional liquidity through its operating line of credit.

Net cash provided by operations of the Company was \$57,111 for the year ended December 31, 2020, compared to net cash used by operations of \$960,389 for the year ended 2019. The increase in cash flows from operations in 2019 was primarily a result of improved operating results in 2020, as well as lower payments of interest and taxes. Cash flows from operations in 2020 were reduced considerably by the impact of reductions in accounts payable along with increases in receivables and inventory.

Cash used in financing activities was \$1,454,287 for the year ended December 31, 2020 as scheduled payments on long-term debt were offset by additional use of facilities under the operating line. Cash provided by financing activities for the year ended December 31, 2019 was \$2,464,039, primarily from new debt taken on to finance the acquisition of All Natural and Maritime Naturals, offset by payments on the senior term facility.

Cash used in investing activities was \$9,043 for the year ended related to purchases of equipment. Cash used in investing activities was \$2,204,048 for the year ended December 31, 2019 relating mainly to the acquisition of All Natural and Maritime Naturals, offset by proceeds from short-term investments liquidated on completion of the public listing.

The Company's plan of operations in the next twelve months is to satisfy short-term debt obligations, while expanding its product line, sales channels and geographic markets. The Company's operations will be funded primarily from working capital and cash generated from operations. As a result of its business acquisitions, the Company expects to continue to generate positive cash flow on a quarterly basis. As the business is not capital intensive, operations should not require the Company to raise additional cash through equity or debt issuances. Additional capital may be required should the Company decide to pursue further acquisitions; however, any such transactions are expected to increase cash flow and are not expected to impact operating cash requirements. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable given the current state of financial markets. In the case of uncertainty over the ability to raise funds in current or future economic conditions, the Company would manage capital by minimizing ongoing expenses and has access to an operating line of credit for day-to-day requirements.

COMMITMENTS

(a) Operating lease commitments

The Company has entered into non-cancellable operating lease agreements for office premises and equipment with minimum annual lease payments to expiry as follows:

	December 31 2020	December 31 2019
Less than 1 year	\$ 127,006	\$ 128,962
1 to 2 years	84,779	125,506
2 to 3 years	84,978	84,779
3 to 4 years	84,978	84,978
Thereafter	92,059	177,037
Total	\$ 473,801	\$ 601,262

(b) Liability settlement

The table below analyzes the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and do not include capitalized transaction costs.

At December 31, 2020	2021	2022	Year ended December 31	
			2023	Thereafter
Debt	\$ 6,158,000	\$ 4,158,000	\$ 4,989,600	\$ -
Operating line	2,400,000	-	-	-
Accounts payable and accrued liabilities	1,952,727	-	-	-
Income taxes payable	168,069	-	-	-
Lease liability	95,580	98,273	98,988	247,746
Total	\$ 10,774,376	\$ 4,256,273	\$ 5,088,588	\$ 247,746

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

At December 31, 2020 and 2019, there were no amounts owing to or from related parties, other than the loan receivable as described below. The remuneration of directors and other members of key management personnel recorded in the general and administrative line of operating expenses are as follows:

	December 31	December 31
	2020	2019
Salaries	\$ 1,900,259	\$ 1,806,752
Share-based compensation	90,365	387,224
	\$ 1,990,624	\$ 2,193,976

In February 2019, the Company advanced US\$50,000 (\$63,765) as a short term loan to Iconacy Orthopedic Implants Inc., a company controlled by certain of the Company's officers and directors, for the purpose of short term working capital needs. The loan is in the form of an unsecured promissory note bearing interest at 8% and is due May 31, 2021. This amount has been included in trade and other receivables.

RISK FACTORS

An investment in the Company's common shares is subject to a number of risks and uncertainties. An investor should carefully consider the risks described below and the other information filed with the Canadian securities regulators (www.sedar.com), before investing in the Company's common shares. If any of the described risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose a significant proportion of their investment.

The following risk factors may not be a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's business and operations.

Reliance on Strength of Reputation and Brands

Any negative publicity about nutritional supplements generally, or concerning any actual or purported failure by the Company to meet high quality standards or comply with applicable laws and regulations could do significant damage to the Company's reputation and brands and could harm its financial condition and operating results. The Company may be impacted as the perceptions of consumers and others are formed based on modern communication and social media tools over which it has no control. The increasing use of social media has especially heightened the need for reputational risk management procedures. Any actions the Company takes that cause negative public opinion have the potential to negatively impact its reputation, which may materially adversely affect its business, results of operations or financial condition.

Adverse publicity, such as negative media about the nutritional supplement segment generally or about specific types of products within this segment, whether or not accurate, resulting from individuals' use or misuse of our products or new scientific research findings about such products, that associates consumption of the Company's products or any similar products with illness or other adverse effects, questions the benefits of its products or similar products or claims that any such products are ineffective, inappropriately labelled or have inaccurate instructions as to their use, could negatively impact the Company's reputation or the market demand for its products.

Third-Party Manufacturing, Transportation and Distribution

The Company currently operates its business using a supply-chain management system known as "dropshipping" whereby subsidiaries of the Company facilitate the delivery of the goods from a third-party manufacturer to a third-party distributor and then to the end-point consumer who places the associated order. None of the Company's subsidiaries take physical possession of the goods in its inventory at any point during the ordering or delivery process.

This system requires that the Company rely on the efforts and services of third-party manufacturers, carriers and distributors. If issues arise at any step of the supply chain, it could cause logistical problems and delays in customers obtaining their orders beyond the direct control of the Company. There can be no assurance that the third-party manufacturers will continue to reliably manufacture products for us at the levels of quality or in the quantities we require, nor can there be any assurance that the third-party carriers and distributors fulfill their obligations pursuant to their committed timelines. Any insufficiency or delay by third-party services would adversely affect the Company's financial performance.

These third-party business relationships, transactions and contracts will require that such third parties have performance, payment and other obligations to the Company. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, the Company's rights and benefits in relation to such business relationships, contracts and transactions with such third parties could be terminated, modified in an adverse manner, or otherwise impaired. No assurances can be made that the Company would be able to arrange for alternate or replacement business relationships, transactions or contracts on terms as favorable as the initial business relationships, transactions or contracts, if at all. Any inability on the Company's part to do so could have a material adverse effect on its business and results of operations.

Protection of Intellectual Property

The Company's products are not currently protected by patents. The applicable labeling regulations governing natural health products require that the ingredients of such products be precisely and accurately indicated on product containers. Accordingly, patent protection for natural health products often is impractical given the large number of manufacturers who produce natural health products having many active ingredients in common.

Additionally, certain of the Company's current and planned products are affected by rapid change and frequent reformulations, as the body of scientific research and literature refines the current understanding of the application and efficacy of certain substances and the interactions among various substances. In this respect, the Company maintains an active research and development program, which will be continued under the Company's operations that is devoted to developing purer more potent and more effective formulations of its products. The Company protects its investment in research, as well as the techniques it uses to improve the purity and effectiveness of our products, by relying on trade secret and trademark laws. Notwithstanding the Company's efforts, there can be no

assurance that efforts to protect the Company's trade secrets and trademarks will be successful. The Company intends to maintain and keep current all of its trademark registrations and to pay all applicable renewal fees as they become due. Beyond merely its trademarks, if for any reason the Company is unable to maintain its current or future intellectual property rights, its sales of any related products could be materially and negatively affected.

Reliance on E-Commerce Sites

The Company's main source of revenue is through the sales (by its subsidiaries) of products through e-commerce sites, including Amazon and Walmart. These e-commerce sites have the right to terminate this relationship under certain circumstances. User behavior on e-commerce websites is rapidly evolving, and if the Company fails to successfully adapt to these changes, its competitiveness and market position may suffer.

Disruption or Breaches in Information Technology Systems

The Company's business operations are currently managed through a variety of information technology systems. The Company will be dependent on these systems for sale transactions, supply-chain management and inventory management. While the systems are designed to operate without interruption, the Company may in the future experience interruptions to the availability of its computer systems from time to time. The failure of the computer systems to operate effectively, keep pace with growing capacity requirements, smoothly transition to upgraded or replacement systems or integrate with new systems could adversely affect the Company's business.

In addition, the Company's computer systems may be subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attacks, denial-of-service attacks, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by the Company's or its affiliates' employees. If the computer systems are damaged or cease to function properly, the Company may have to make an investment to fix or replace them, and it may suffer loss of critical data, compromise to the integrity or confidentiality of customer and employee information in its systems or networks, disruption to any systems or networks of third parties on which it relies, and interruptions or delays in its operations. A lack of relevant and reliable information that enables management to effectively manage the Company's business could preclude it from optimizing its overall performance. Any significant loss of data or failure to maintain reliable data may have an adverse effect on the business and results of operations. Any such disruption may increase the Company's costs, diminish its growth prospects, expose it to litigation, decrease customer confidence and damage its brand, and a material interruption to any of its computer systems could adversely affect the business or results of operations and reputation.

Mergers and Amalgamations

The ability to realize the benefits of any merger or amalgamation completed by the Company will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of the Company following completion of any such arrangement, and from operational matters during such a process.

Litigation

The Company may become party to litigation from time to time in the ordinary course of their respective businesses which could adversely affect their respective operations. Should any litigation in which the Company becomes involved be determined against the Company, such a decision may adversely affect the Company's respective abilities to continue operating, adversely affect the market price of Company Common Shares and use significant resources. Even if the Company, as the case may be, is involved in litigation and succeeds, litigation can redirect significant company resources. Litigation may also create a negative perception of the Company's brand.

Volatile Market Price

The market price for the Company's common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of

companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of Company's common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's common shares may be materially adversely affected.

Inability to Successfully Implement Growth Strategy on a Timely Basis

The Company's future success depends, in part, on its ability to implement its growth strategy, including (i) product innovations within existing categories and growth into adjacent categories and continued growth of existing products in existing categories; (ii) further penetration into international markets and new geographies; (iii) in support of its profitability targets, improvements in its operating income, gross profit and Adjusted EBITDA margins. The Company may not be able to successfully implement its growth strategy and reach its revenue and profitability improvement targets. The Company may need to change its strategy. If the Company fails to implement its growth strategy or if it invests resources in a growth strategy that ultimately proves unsuccessful, its business, financial condition and results of operations may be materially adversely affected.

Difficulty Expanding Sales in Targeted International Markets

International markets have been, and will continue to be, a focus for sales growth, and the Company intends for international sales to comprise a larger percentage of their total sales. Several factors, including weakened economic conditions in any targeted international markets, could adversely affect such growth. Additionally, the Company's entry into and development of business in new international markets requires management attention and financial resources that would otherwise be spent on other parts of its business. The country in which the Company sells its products, or otherwise has an international presence, is to some degree subject to political, economic and/or social instability. The Company's sales expose it to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular where the risks may be heightened.

The Company's international efforts may not produce desired levels of sales. Furthermore, its experience with selling products in its current international markets may not be relevant or may not necessarily translate into favourable results if it sells in other international markets. As the Company enters into new markets, it may experience different competitive conditions, less familiarity with its brands and/or different consumer tastes and discretionary spending patterns. As a result, the Company may be less successful than expected in expanding its sales in its current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Company's overall growth and profitability. To build brand awareness in these new markets, the Company may need to make greater investments in advertising and promotional activity than originally planned, which could negatively impact the profitability of its sales in those markets. These or one or more of the factors listed above may harm the Company's business, results of operations or financial condition. Any material decrease in its international sales or profitability could also adversely impact its business, results of operations or financial condition.

Changes in General Economic Conditions

Current and future conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction in the general economy of any of the countries in which the Company's products are sold. It is even more challenging to estimate growth or contraction in various parts, sectors and regions of the economy of those countries. Our budgeting and forecasting are dependent upon estimates of demand for our products and growth or contraction in the markets we serve. Economic uncertainty complicates reliable estimation of our future income and expenditures. Adverse changes in general economic conditions may occur as a result of weakening global economic conditions, tightening of consumer credit, falling consumer confidence, political events or uncertainty, increasing unemployment, declining stock markets or other factors affecting economic conditions generally or in the various countries in which the Company's products are sold. These changes may adversely affect demand for the Company's products, increase the cost or decrease the availability of financing to fund its business and growth plans or increase costs associated with manufacturing and distributing its products, any of which could have a material and adverse effect on the Company's revenue and profitability.

In addition, consumer spending habits, including spending on the Company's products, are affected by, among other things, prevailing economic conditions, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, consumer confidence and consumer perception of economic conditions. A general economic slowdown in any of the Company's active markets could decrease demand for its products, which would adversely affect the Company's revenue. In addition, an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged economic downturn in any of the Company's markets could have a material negative impact on its business, financial condition and performance. Such would equivalently impact the Company.

Ability to Service Debt Obligations

The Company's ability to make payments on and to refinance its debt will depend on the Company's financial and operating performance, which may fluctuate significantly from quarter to quarter, and is subject to prevailing economic, financial and business conditions along with other factors, many of which are beyond our control. There can be no assurance that the Company will be able to generate cash flow or that it will be able to borrow funds, including under its credit facility, in amounts sufficient to enable us to service its debt or to meet working capital requirements.

Holding Company Status

The Company is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Management of Growth

The Company and its subsidiaries may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage their respective employee bases. The inability of the Company to deal with growth may have a material adverse effect on their respective businesses, financial conditions, results of operations and prospects.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Principal Shareholders

The Company's largest shareholders are Telfer Hanson and David Kohler (the "Principal Shareholders"), respectively the Executive Chairman and CEO of the Company. The Principal Shareholders beneficially own (directly or indirectly) an aggregate of 15,960,750 common shares of the Company, or approximately 30% of the outstanding common shares of the Company. As a result, the Principal Shareholders have a substantial interest in the Company and may be able to exert significant influence on the corporate actions of the Company, including with respect to determining the outcome of any corporate transaction or other matters submitted to shareholders for approval. The significant shareholdings of the Principal Shareholders may also affect the attractiveness of the

Company to third parties considering an acquisition of the Company if those third parties are not able to negotiate terms with the Principal Shareholders to support such an acquisition.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may now or in the future be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. External business interests may require significant time and attention of the Company's executive officers and directors. In some cases, executive officers and directors may have fiduciary obligations associated with external business interests that may interfere with their abilities to devote time to the Company's businesses and affairs, as applicable, and this could adversely affect the Company's operations.

In addition, the Company may also become involved in transactions that conflict with the interests of its directors and the officers, who may from time to time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons, firms, institutions or corporations could conflict with those of the Company. In addition, from time to time, these persons, firms, institutions or corporations may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Tax Matters

The Company cannot provide assurance that it will not be subject to U.S. federal, state or local income tax in the future. There is a risk that U.S. and other foreign jurisdictions could assert that the Company is liable for U.S. state and local or other foreign business activity taxes, which are levied upon income or gross receipts, or for the collection of U.S. state and local sales and use taxes. U.S. states are becoming increasingly active in asserting nexus for business activity tax purposes and imposing sales and use taxes on products and services provided over the internet. The application of federal, state, provincial, local and foreign tax laws to e-commerce businesses continues to evolve. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to e-commerce businesses. A successful assertion by one or more jurisdictions requiring the Company to collect sales or other taxes on the sale of its products could result in substantial tax liabilities for past transactions and otherwise harm the Company's business. The Company cannot provide assurance that it will not be subject to sales and use taxes or related penalties for past sales in jurisdictions where the Company currently believes no such taxes are required.

Product Liability and Intended Health Effects

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of products involves the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination, unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other substances could occur. The Company may be subject to various product liability claims, including, among others, that its products caused injury, illness or loss, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, adversely affect its reputation with its clients and consumers generally, and adversely affect the results of operations and financial conditions of the Company.

The products could also have certain side effects if not taken as directed or if taken by a consumer that has certain medical conditions. Such product-related risks, exacerbated by the difficulty with which consumers can isolate the Company's products' negative or positive effects on health, could lead to claims or litigation which could negatively

affect the business' reputation, financial condition, and results of operations. See also the descriptions of the risk factors as set out in "*Reliance on Strength of Reputation and Brands*".

Product Recalls

Manufacturers and distributors of products may be subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with prohibited substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Success Depends on Product Development and Innovation

The Company's business will be subject to changing consumer trends and preferences and dependent, in part, on continued consumer interest in our new products, including line extensions, reformulations, new formulations and new formats. There can be no assurance that consumers will accept any such new products or that the Company will be able to attain sufficient market share for such products. The success of any new product offerings depends upon a number of factors, including the Company's ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price products competitively; (v) manufacture and deliver products in sufficient volumes and in a timely manner; (vi) differentiate product offerings from those of competitors; and (vii) maintain relationships with its employees and consultants in order to benefit from their expertise and innovations.

New products of the Company's competitors may beat the Company's products to market, be more potent or effective, have more features or be less expensive than its products. They may obtain better market acceptance than the Company's products or render its products obsolete. If the Company does not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than its competitors, it may experience declining sales, which could have an adverse effect on its operating results.

Additionally, the development and introduction of new products may require substantial research, development and marketing expenditures, which the Company may be unable to recoup if new products do not gain widespread market acceptance or if the market for such products does not develop as expected. Efforts to accelerate its innovation capabilities may exacerbate risks associated with innovation. If the Company is unsuccessful in meeting its objectives with respect to new products, its financial condition, reputation and results of operations could be harmed.

Changes in Legal and Regulatory Standards

In the Company's markets, the formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of its products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There is currently no uniform regulation applicable to natural health products worldwide. There can be no assurance that the Company is in compliance with all of these laws, regulations and other constraints. The Company's failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact the Company's business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead the Company to discontinue product sales and may have an adverse effect on the marketing of its products, resulting in significant loss of sales. The introduction of new environmental laws affecting the size or materials composition of our packaging could impact the visibility of our products on the display shelves of our retail partners, resulting in significant loss of sales.

Governmental regulations in countries where the Company operates or plans to operate may prevent or delay entry into those markets or require it to incur additional costs. In addition, the Company's ability to sustain satisfactory levels of sales in its existing markets is dependent in significant part on its ability to introduce additional products

into such markets. However, governmental regulations in the existing markets, both domestic and international, can delay or prevent the introduction, or require the reformulation or withdrawal, of certain products. Further, such regulatory action, whether or not it results in a final determination adverse to the Company, could create negative publicity, with detrimental effects on sales.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Company. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Operating Risk and Insurance Coverage

The Company, and the manufacturers of the products sold by the Company, have insurance to protect their assets, operations and employees. While the Company believes the insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which it is exposed. However, the Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Sources for Materials May Fail to Support Demand and Increasing Raw Materials Could Adversely Affect Margins

In carrying out the Company's operations, the Company is dependent on a stable and consistent supply of raw materials and other inputs, including ingredients and packaging products. Although most of its products and inputs are generally available from multiple sources, certain materials may be sourced and controlled by a limited number of suppliers. Certain materials are commodities that may experience price volatility due to changing supply and demand conditions, especially if they are sourced and controlled by a limited number of suppliers.

Although we believe our current arrangements for the supply of products and inputs are adequate to cover existing demand and anticipated growth, there can be no assurance that the Company's suppliers will be able to meet its demand, especially if its business experiences significant growth. Furthermore, there also can be no assurance that the Company will be able, in the future, to continue to purchase products and inputs from its current suppliers or any other suppliers on favourable terms or at all. If it experiences supply issues or price increases with certain products or inputs, the Company may not be able to reformulate its products so as to avoid using those materials. An interruption in the availability of certain materials or products, or significant increases in the prices paid by the Company for them, could have a material adverse effect on its business, financial condition, liquidity and operating results.

Natural Disasters, Unusual Weather and Geo-Political Events

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could impact the Company's supply chain and, thereby, its operations. These events could materially adversely affect the Company's business, results of operations or financial condition.

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as "COVID-19", or a fear of any of the foregoing, could adversely impact us by causing

operating and supply chain delays and disruptions, labour shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how we may be affected if such a pandemic persists for an extended period of time. We may incur expenses or delays relating to such events outside of our control, which could have a material adverse impact on our business, operating results and financial condition.

Effect of COVID-19 Pandemic

Subsequent to December 31, 2020, the COVID-19 pandemic continues to impact businesses worldwide. While the situation is changing quickly, and the ultimate impact on the Company's business is, as yet, unknown, the pandemic will likely continue to result in supply chain issues, transportation delays, changes to governmental regulation and ongoing economic uncertainty, any of which may have a material and adverse effect on the Company's business, financial condition and results of operations. The duration and impact of the COVID-19 pandemic is unknown at this time, and it is not possible to reliably estimate the length of the outbreak or the severity of its impact on the Company. The Company expects to remain well positioned as a business to sustain through the disruption of the COVID-19 pandemic as all product sales are completed online.

FINANCIAL RISK MANAGEMENT

The use of financial instruments can expose the Company to several risks, including market, credit and liquidity risks. Apart from the risks listed below, management is of the opinion that they are not exposed to any other significant risks. A discussion of the Company's use of financial instruments and its risk management is provided below.

(i) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. In order to mitigate this risk, the Company maintains a sufficient cash balance in order to satisfy short-term liabilities as they come due and actively pursues raising capital through various financing mechanisms to satisfy longer term needs.

(ii) Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is not exposed to significant market risk given the low value of its investments.

(iii) Currency risk

The Company is subject to currency risk through its sales of products denominated in foreign currencies, purchases of inventory in US dollars and product acquisitions denominated in foreign currencies. As such, changes in the exchange rate affect the operating results of the Company. Dependent on the nature, amount and timing of foreign currency receipts and payments, the Company may from time to time enter into foreign currency contracts to reduce its exposure to foreign currency risks.

(iv) Credit risk

Certain of the Company's financial assets, including cash and accounts receivable are exposed to the risk of financial loss occurring as a result of default of a counterparty on its obligations to the Company. The Company is also exposed, in the normal course of business, to credit risk from customer receivables. These amounts are continually monitored by management for collectability, and, in general, are lower risk as they are typically due from large commercial partners with very limited credit risk.

(v) Interest rate risk

Interest risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. The Company is exposed to variable interest rates as a result of its senior secured debt, which currently bears interest at the Canadian bankers' acceptance ("BA") rate plus 3.0%. Given the historical variability in the BA rate, it is management's opinion that the Company is not currently exposed to significant interest rate risk.

DISCLOSURE CONTROLS AND PROCEDURES

In November 2007, the Canadian Securities Administrators exempted issuers on the TSX-V, such as the Company, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007, and thereafter. The Company is required to file basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at April 26, 2021 the Company has 52,525,883 common shares issued and outstanding.

Stock Options

The Company has 4,842,500 stock options outstanding as at April 26, 2021.

Share Purchase Warrants

The Company has 125,000 share purchase warrants outstanding as at April 26, 2021.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com.