Mimi's Rock Corp.

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

Independent Auditor's Report

MNP LLP

To the Shareholders of Mimi's Rock Corp.:

Opinion

We have audited the consolidated financial statements of Mimi's Rock Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the consolidated financial statements, which indicates that the Company had negative working capital and an accumulated deficit as at December 31, 2020. These conditions, along with other matters as set forth in Note 2(a) indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Murad Bhimani.

MNP LLP

Toronto, Ontario
April 26, 2021

Chartered Professional Accountants
Licensed Public Accountants

Mimi's Rock Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at:		December 31 2020	December 31 2019
Assets			
Current assets			
Cash		**$ 539,534**	$ 1,945,753
Trade and other receivables	*note 4*	**1,765,844**	710,643
Inventories	*note 5*	**1,923,566**	1,241,263
Income taxes recoverable		**195,021**	1,042,781
Prepaid expenses		**182,411**	255,350
		4,606,376	5,195,790
Non-current assets			
Property and equipment	*note 6*	**241,632**	303,736
Right of use assets	*note 7*	**482,886**	546,297
Intangible assets	*note 8*	**13,565,606**	13,746,475
Goodwill	*note 9*	**25,583,076**	25,891,962
Total assets		**$ 44,479,576**	$ 45,684,260
Liabilities and Equity			
Current liabilities			
Operating lines	*note 10*	**$ 2,400,000**	$ 326,000
Accounts payable and accrued liabilities		**1,952,727**	3,740,673
Income taxes payable		**168,069**	164,355
Provisions	*note 11*	**32,611**	30,533
Current portion of lease liability	*note 12*	**79,664**	80,103
Current portion of debt	*note 13*	**6,170,033**	18,536,305
		10,803,104	22,877,969
Non-current liabilities			
Lease liability	*note 12*	**428,138**	427,772
Debt	*note 13*	**9,135,004**	-
Deferred income taxes	*note 18*	**3,920,551**	3,971,026
Total liabilities		**24,286,797**	27,276,767
Equity			
Share capital	*note 14*	**22,110,464**	22,203,062
Contributed surplus	*note 15*	**2,166,577**	2,002,123
Deficit		**(2,814,170)**	(5,092,929)
Accumulated other comprehensive income		**(1,270,092)**	(704,763)
Total equity		**20,192,779**	18,407,493
Total liabilities and equity		**$ 44,479,576**	$ 45,684,260

Going concern (note 2a)
Commitments (note 16)
Subsequent events (note 22)

Approved on behalf of the Board:

(signed) Telfer Hanson
Director

(signed) Norman Betts
Director

(Expressed in Canadian dollars)

		Year Ended December 31	
		2020	2019
Revenues	*note 2*	**$ 40,286,303**	$ 35,409,072
Cost of goods sold	*note 5*	**12,276,080**	10,649,745
Gross margin		**28,010,223**	24,759,327
Operating expenses:			
Selling and marketing	*note 19*	**18,405,332**	16,908,419
General and administrative	*note 19*	**5,035,270**	5,468,010
Share-based compensation	*note 14*	**151,342**	617,461
Listing expenses	*note 3*	**-**	786,138
Acquisition costs		**-**	99,788
Depreciation	*note 6, 7*	**176,738**	131,536
Foreign exchange (gains) losses		**(263,583)**	64,332
		23,505,099	24,075,684
Income before undernoted		**4,505,124**	683,643
Interest expense and financing costs		**785,760**	2,735,815
Investment income		**-**	(13,579)
Income (loss) before income taxes		**3,719,364**	(2,038,593)
Income tax expense (recovery) - current	*note 18*	**1,441,435**	1,154,097
- deferred	*note 18*	**(830)**	358,320
Net income (loss) for the year		**$ 2,278,759**	$ (3,551,010)
Earnings (loss) per share			
Basic		**$ 0.04**	$ (0.10)
Diluted		**$ 0.04**	$ (0.10)
Weighted average number of common shares outstanding - basic		**52,545,063**	36,293,927
Weighted average number of common shares outstanding - diluted		**52,561,710**	36,293,927

(Expressed in Canadian dollars)

	Year Ended December 31	
	2020	2019
Net income (loss) for the year	**$ 2,278,759**	$ (3,551,010)
Other comprehensive loss:		
Items that may be reclassified to income:		
Currency translation differences	**(565,329)**	(1,592,733)
Other comprehensive loss for the year	**(565,329)**	(1,592,733)
Total comprehensive income (loss)	**$ 1,713,430**	$ (5,143,743)

Mimi's Rock Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31	
	2020	2019
Operating activities		
Net income (loss) for the year	**$ 2,278,759**	$ (3,551,010)
Adjustments for the following items:		
Depreciation	**176,738**	131,536
Interest expense	**785,760**	2,735,815
Income tax expense	**1,440,605**	1,512,417
Unrealized foreign exchange gains	**(486,585)**	(37,081)
Share-based compensation	**151,342**	617,461
Non-cash listing expenses	**-**	385,487
Interest paid	**(647,791)**	(1,024,869)
Income taxes received (paid)	**(191,284)**	(2,460,296)
Net change in non-cash working capital balances:		
Provisions	**2,078**	(4,437)
Trade and other receivables	**(1,055,201)**	66,308
Prepaid expenses	**72,939**	(161,667)
Inventories	**(682,303)**	413,275
Accounts payable and accrued liabilities	**(1,787,946)**	416,672
Net cash provided by (used in) operating activities	**57,111**	(960,389)
Financing activities		
Repurchase of common shares	**(79,486)**	-
Advances on operating lines	**2,074,000**	-
Repayments on operating lines	**-**	(203,000)
Proceeds from debt issuance, net of issuance costs	**-**	5,445,000
Payment of lease obligations	**(122,401)**	(120,021)
Repayment of long-term debt	**(3,326,400)**	(2,783,000)
Proceeds from stock option exercise	**-**	120,060
Proceeds from warrant exercise	**-**	5,000
Net cash provided by (used in) financing activities	**(1,454,287)**	2,464,039
Investing activities:		
Cash acquired in acquisition	**-**	740,775
Acquisition of business, net of cash acquired	**-**	(5,406,196)
Purchase of property and equipment	**(9,043)**	(294,926)
Proceeds from short-term investments	**-**	2,756,299
Net cash used in investing activities	**(9,043)**	(2,204,048)
Net change in cash	**$ (1,406,219)**	(700,398)
Cash, beginning of year	**1,945,753**	2,646,151
Cash, end of year	**$ 539,534**	$ 1,945,753

Mimi's Rock Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital	Contributed surplus	Preferred shares	Accumulated deficit	Accumulated other comprehensive income (AOCI)	Total equity
Balance, December 31, 2018	**$ 663,502**	**$ 1,376,860**	**$ 15,819,863**	**$ (953,451)**	**$ 887,970**	**$ 17,794,744**
Correction to net proceeds of preferred shares	-	-	164,220	-	-	**$ 164,220**
Common shares, options and warrants issued in connection with RTO	1,046,875	67,900	-	-	-	**1,114,775**
Dividends to preferred shareholders	-	-	588,468	(588,468)	-	**-**
Conversion of preferred A shares	16,572,551	-	(16,572,551)	-	-	**-**
Conversion of preferred B shares	2,779,012	-	-	-	-	**2,779,012**
Common shares issued in connection with acquisitions	955,964	-	-	-	-	**955,964**
Share-based compensation	-	617,461	-	-	-	**617,461**
Stock option exercise	178,572	(58,512)	-	-	-	**120,060**
Warrant exercise	6,586	(1,586)	-	-	-	**5,000**
Net loss for the year	-	-	-	(3,551,010)	-	**(3,551,010)**
Other comprehensive loss	-	-	-	-	(1,592,733)	**(1,592,733)**
Balance, December 31, 2019	**$ 22,203,062**	**$ 2,002,123**	**$ -**	**$ (5,092,929)**	**$ (704,763)**	**$ 18,407,493**
Share repurchase and cancellation pursuant to normal course issuer bid	(92,598)	13,112	-	-	-	**(79,486)**
Share-based compensation	-	151,342	-	-	-	**151,342**
Net income for the year	-	-	-	2,278,759	-	**2,278,759**
Other comprehensive loss	-	-	-	-	(565,329)	**(565,329)**
Balance, December 31, 2020	**$ 22,110,464**	**$ 2,166,577**	**$ -**	**$ (2,814,170)**	**$ (1,270,092)**	**$ 20,192,779**

1. Presentation of Financial Statements

Nature of Business

Mimi's Rock Corp., formerly known as Commerce Acquisition Corp. ("the Company"), was incorporated under the Ontario Business Corporations Act ("OBCA") on March 27, 2017. The Company and its subsidiaries operate in Canada and Europe. The head office of the Company is 610 Chartwell Road, Suite 202, Oakville, Ontario. The Company is a marketer and distributor of dietary supplements, vitamins, skin care and other wellness products through online channels to its customers in the United States, Canada and Europe.

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 a private corporation, 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."

Basis of Preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for items that are required to be accounted for at fair value. The policies set out below have been consistently applied to all the periods presented.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on April 26, 2021.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide continuing to enact various emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. While the Company has so far been able to maintain normal operation without significant disruption, it remains unknown the extent of the impact the COVID-19 outbreak may have going forward as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

2. Significant Accounting Policies and Changes in Accounting Standards

(a) Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements. Such adjustments could be material.

(Expressed in Canadian dollars)

As at December 31, 2020, the Company had negative working capital of $ 6,196,728 compared to negative working capital of $17,682,179 at December 31, 2019. Net income for the year ended December 31, 2020 $2,278,759 (2019 – net loss of $3,551,010). The accumulated deficit as at December 31, 2020 was $2,814,170.

The Company anticipates it will have sufficient cash on hand to service its liabilities and fund operating costs as they come due; however, there is uncertainty with respect to compliance with lending covenants which, in turn, create uncertainty around the ability to repay the loan should such a demand be made. The application of the going concern assumption is dependent upon the Company’s ability to continue to generate future profitable operations. While the Company was successful in obtaining waivers and financing in prior periods, there can be no assurance that a waiver would be obtained or additional funds could be raised in the future should they be required. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, collectively known as Mimi's Rock Corp. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions, and revenues and expenses are eliminated on consolidation. The consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries of the Company as at December 31, 2020 and 2019:

Company	December 31 2020 % ownership	December 31 2019 % ownership	Jurisdiction of incorporation
Mimi's Rock GmbH	100.0	100.0	Germany
DTI GmbH	100.0	100.0	Germany
Thunder Beach Holdings	100.0	100.0	Barbados
Mimi’s Rock Inc.	100.0	100.0	Canada
All Natural Advice Ltd.	100.0	100.0	Canada
Maritime Naturals Ltd.	100.0	100.0	Canada

(c) Accounting judgments, estimates, and uncertainties

Critical judgements

The following are the critical judgements, apart from those involving estimations (see below), that have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Acquisition accounting

Management exercised judgement in determining that the acquisitions of DTI GmbH, All Natural Advice Ltd. and Maritime Naturals Ltd. were acquisitions of a business. Management considered the guidance and definitions per IFRS 3 in making these determinations. These transactions have been recorded in the consolidated financial statements based on management's assessment of fair value for the acquired assets and liabilities.

Functional currency

Management has exercised judgement in selecting the functional currency of each of the entities that it consolidates based on the primary economic environment in which the entity operates and in reference to the various indicators as provided by IAS 21 – *The effects of changes in foreign exchange rates.* The functional currency of Mimi's Rock GmbH, DTI GmbH and Thunder Beach Holdings is US dollars ("USD"). The functional currency of Mimi's Rock Inc., All Natural Advice Ltd. and Maritime Naturals Ltd. is Canadian dollars ("CAD"). The consolidated financial statements of the Company are presented in CAD, which is the parent Company's functional and presentation currency.

Use of estimates

In preparation of the Company's consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amount of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the Company's consolidated financial statements and such differences could be material. Significant estimates include:

- the allowance for inventory obsolescence;
- estimate for product returns;
- allocation of the purchase price and estimates of fair value for the acquired assets and liabilities;
- the estimated useful lives of property and equipment and intangible assets;
- impairment of financial and non-financial assets;
- the valuation of deferred tax assets and liabilities;
- the valuation of share-based compensation expense; and
- the assessment of whether a contract contains a lease.

Significant estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Inventory obsolescence

The Company reviews the net realizable value of its inventory. The Company has determined that there are adequate future sales to support the carrying value amount for all inventories as at December 31, 2020. In addition, management reviews specific product and industry experience with returns in assessing if a write-down is required.

(ii) Estimated product returns

Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The Company's return policy allows for return of any unsatisfactory product. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.

(iii) Allocation of the purchase price and estimates of fair value for the acquired assets and liabilities

The Company as part of its business combinations and product acquisitions performs a preliminary assessment of the fair value of all assets and liabilities acquired based on all current available information. As part of the measurement period to finalize the purchase price allocation, management updates the estimated fair values as information becomes available, support from third party market data becomes available, and where necessary, third party independent valuations are obtained. Management is ultimately responsible for concluding on the allocation of purchase price and estimates of fair value for the acquired assets and liabilities.

(iv) Impairment of financial and non-financial assets

<u>Financial Assets</u>

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss has occurred on an unquoted or not actively traded equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and is recognized in profit or loss for the period. Reversals of impairment losses on assets carried at cost are not permitted.

For financial assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

Objective evidence of impairment of financial assets carried at amortized cost exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

<u>Non-Financial Assets</u>

At the end of each reporting period, the Company reviews property and equipment and intangible assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating units ("CGUs") or groups of CGUs to which goodwill has been allocated. The determination of recoverable amount requires the Company to estimate the future cash flows expected to arise from these CGUs and a suitable discount rate in order to calculate the recoverable amount of the CGUs. If the recoverable amount of the CGUs is less than its carrying amount, an impairment loss is recorded. As at December 31, 2020, all of the Company's CGUs are considered to have recoverable amounts in excess of their carrying amounts.

(v) Useful lives of property, equipment and intangible assets

The Company reviews the estimated useful lives of property, equipment and intangible assets at the end of each year, with the effect of any changes in estimates being accounted for on a prospective basis.

Depreciation on property and equipment and amortization on intangible assets is calculated using the straight-line method using cost less residual values over their estimated useful lives, as follows:

• Computer equipment	3 years
• Furniture and fixtures	3 years
• Leasehold improvements	Term of the lease
• Brand and trademarks	Indefinite useful life

During the year ended December 31, 2020, the useful lives were considered reasonable.

(vi) Valuation of deferred tax assets and liabilities

The Company estimates the probability that taxable profits will be available against deductible temporary differences can be utilized and thus give rise to deferred tax assets. The Company has reviewed the expected profitability and determined that no value related to deferred tax assets should be recognized at this time. In addition, in connection with the business combinations, the Company determined that deferred tax liabilities should be recognized based on the difference in accounting and tax basis of intangible assets acquired.

(vii) Valuation of share-based compensation expense

The Company estimates the fair value of share options issued for services based on the Black Scholes option-pricing model for warrants and share options with a service condition. These methods of valuation, which require management to use certain assumptions regarding inputs used, were applied to the equity transactions during the year.

(viii) Assessment of whether a contract contains a lease

The Company applies significant judgement in assessing whether a contract is or contains a lease. Such judgements include the determination of whether an asset or assets are specifically or implicitly identified in the contract, if the Company has the right to obtain substantially all the economic benefits from use of the asset or assets and whether the Company has the right to direct the use of the asset or assets. These judgements are made at the inception of a contract and may change if there are material changes to the agreement.

Estimates are used to determine the incremental borrowing rate of a lease when the interest rate implicit to the lease is not readily available. The Company's incremental borrowing rate is determined using a model which incorporates the Company's credit worthiness, the nature and quality of the underlying asset, geographic environments and the duration of the lease. The inputs used in determining the incremental borrowing rate are reviewed and updated quarterly.

The Company also applies significant judgement in determining whether it is reasonably certain to exercise lease extension options or purchase options in a contract by considering all relevant factors and circumstances that may create an economic incentive for the Company to exercise the option considering such factors as past experience, the terms and conditions of the contract, and the importance of the underlying assets to the Company's operations.

(d) Financial instruments

The Company classifies all financial instruments as either subsequently measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income "FVTOCI"). Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instruments' classification. Financial instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the results of operations. FTVOCI instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Trade receivables and financial liabilities are measured at amortized cost. Transaction costs for FVTPL financial instruments are expensed as incurred, whereas transaction costs for financial instruments carried at amortized cost are capitalized upon initial recognition of the instrument.

At each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

Other financial liabilities (including debt and accounts payable and accrued liabilities) are initially recorded at fair value less transaction costs and subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(e) Cash

Cash primarily consists of demand deposits with financial institutions.

(f) Inventories

Inventories are comprised of finished goods of nutraceutical and skincare products and are recorded at the lower of cost and net realizable value on a first-in first-out basis. Costs are comprised primarily of finished goods for resale and associated packaging. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion/fulfillment and applicable selling expenses. The Company writes down inventory to its estimated net realizable value based upon assumptions about future and market conditions when necessary.

(g) Trade and other receivables

Trade and other receivables are stated at their amortized cost and are non-interest bearing and unsecured. Management conducts a periodic review of the collectability of trade receivables. The Company records an allowance for doubtful accounts if any uncertainty exists with respect to the recoverability of certain amounts based on historical experience or economic climate.

(h) Intangible assets

Intangible assets include all costs incurred to acquire brand rights, trademarks, licensing and distribution agreements. Intangible assets are established as a result of business combinations and measured on initial recognition at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Upon recognition of an intangible asset, the Company determines if the asset has a definite or indefinite life. In making this determination, the Company considers the expected use, expiry of agreements, the nature of the asset, and whether the value of the asset decreases over time. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The Company expects its trade names to generate economic benefit in perpetuity, and accordingly, has assigned the trade names as indefinite-life intangible assets. Indefinite-life intangibles are tested for impairment annually and any changes arising from this assessment are applied by the Company prospectively.

(i) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed and included in acquisition costs.

Goodwill represents the price paid for acquisitions in excess of the fair market value of net tangible and identifiable intangible assets acquired. Goodwill is carried at cost, less impairment losses if any. Goodwill is tested for impairment at the end of each fiscal year or if events or changes in circumstances indicate a potential impairment. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(j) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment, intangible assets and goodwill to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. In addition, goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, if any, are tested for impairment annually.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the greater of the asset's or CGU's fair value less costs to sell ("FVLCTS") and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining

FVLCTS, a post-tax discounted cash flow model is used. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset or CGU is less than its carrying amount, an impairment loss is recognized immediately in the statement of operations.

Other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Goodwill impairment losses are not reversed.

(k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(l) Income taxes

Provision for income taxes consists of current and deferred tax expense. Tax is recognized in the statement of operations, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end in the countries where the Company and its subsidiaries operate and generate taxable income, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized, using the liability method, on temporary differences between the carrying amounts of assets and liabilities on the consolidated statement of financial position and their corresponding tax values, using the enacted or substantively enacted, as applicable, income tax rates at each statement of financial position date.

Deferred tax assets also result from unused losses and other deductions carried forward. An assessment of the probability that a deferred tax asset will be recovered is made prior to any deferred tax asset being recognized. The valuation of deferred tax assets is reviewed on a quarterly basis and adjusted, if necessary, to reflect the estimated realizable amount.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities functional currency. The consolidated financial statements of the Company are presented in CAD, which is the parent Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are initiated by the Company's entities at their respective functional currency using the exchange rates prevailing at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of comprehensive loss.

(iii) Company's subsidiaries

On consolidation the assets and liabilities of foreign operations are translated into CAD at the rate of exchange prevailing at the reporting date and their statement of operations are translated at the average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of comprehensive loss.

(n) Revenue recognition and estimated product returns

Revenue from product sales, including shipments to distributors, is recognized when the Company has transferred to the customer the significant risks and benefits of ownership or future obligations with respect to the product, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances.

The Company's return policy allows for return of any unsatisfactory product. The return allowance is determined based on analysis of the historical rate of returns and current market conditions, which is applied directly against sales.

(o) Share-based compensation

From time to time, the Company grants options to directors, officers, employees and non-employees to purchase common shares. The Company accounts for its stock options using the fair-value method. Share-based payments, equal to the fair value of the options on the date of grant, are recognized in the consolidated statement of comprehensive loss, with an offsetting credit to contributed surplus, for stock options granted to employees, officers and directors over the period during which the related options vest. Share-based payments are recognized in the statement of operations, with an offsetting credit to contributed surplus, for options granted to non-employees based on the fair value of the services received. Consideration paid upon exercise of stock options, along with the applicable amount of contributed surplus, is credited to share capital.

(p) Comprehensive income or loss

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as FVTOCI will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

(q) Basic and diluted net loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used to compute the dilutive effect of equity instruments. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. The diluted earnings per share is equal to the basic earnings per share if the effects of the outstanding options and warrants are anti-dilutive.

(r) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(s) Joint arrangement

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When an entity transacts with a joint venture of the Company, profits and losses resulting from the transactions with the joint venture are recognized in the Company's financial statements only to the extent of interests in the joint venture that are not related to the Company.

On June 13, 2019, the Company signed a Shareholder's Agreement with Avivagen Inc. ("VIV") to create a joint venture, Centre Beach, Inc. ("Centre Beach") for the purposes of marketing and selling pet supplement products through internet sales world-wide. The Company and VIV each hold 50% of the outstanding shares and each occupy 50% of the seats on the Board of Directors of Centre Beach. Under the terms of the Shareholder's Agreement, VIV is responsible for providing Centre Beach with certain active ingredients and securing registrations in various countries. The Company is responsible for the production, marketing, and sale of the products as well as administration of Centre Beach. The entity is a joint venture and equity accounting will be applied under IAS 28 Investments in Associates and Joint Ventures. There was no material activity in the joint venture for the years ended December 31, 2020 and 2019.

(Expressed in Canadian dollars)

3. Business Combinations

Reverse Acquisition and Amalgamation

On May 27, 2019, MRI amalgamated with a wholly owned subsidiary of the Company, then known as 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 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, 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 will be regarded as the legal parent, MRI is considered to be the acquirer for accounting purposes. Consequently, the Company will be 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 transaction has been accounted for at the fair value of equity instruments issued by the Company to the option holders, 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 in the consolidated statements of operations for the year ended December 31, 2019. In addition, legal and professional fees of $400,651 were incurred to complete the RTO.

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
Listing expense	385,487
Total	**$ 1,114,775**

Purchase consideration:	
Issuance of 1,562,500 common shares	$ 1,046,875
Issuance of 156,250 options	46,313
Issuance of 125,000 warrants	21,587
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.

(Expressed in Canadian dollars)

Acquisition of All Natural Advice and Maritime Naturals

On December 13, 2019, in concurrent transactions, the Company acquired all outstanding shares of All Natural Advice Ltd. ("All Natural") and Maritime Naturals Ltd. ("Maritime Naturals"), 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.

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.

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

Purchase price consideration	
Cash	**$ 3,147,073**
Promissory note	**1,120,770**
Common shares issued (Note 14)	**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's 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 is not expected to 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".

(Expressed in Canadian dollars)

For the year ended December 31, 2019, revenues of $160,564 and net income of $21,384 from the operations of All Natural have been included in the consolidated statements of comprehensive loss. Had the acquisition occurred at the beginning of the year ended December 31, 2019, the revenue and net loss for the Company on a consolidated basis would have been $38,661,988 and $2,818,981, respectively.

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 vendor.

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

Purchase price consideration	
Cash	**$ 2,493,063**
Promissory note	**879,230**
Common shares issued (Note 14)	**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's 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 is not expected to 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".

(Expressed in Canadian dollars)

For the year ended December 31, 2019, revenues of $91,226 and net income of $20,584 from the operations of Maritime Naturals have been included in the consolidated statements of comprehensive loss. Had the acquisition occurred at the beginning of the year ended December 31, 2019, the revenue and net loss for the Company on a consolidated basis would have been $37,396,692 and $3,046,395, respectively.

4. Trade and other receivables

		December 31 2020		December 31 2019
Trade receivables	**$**	**1,765,844**	$	710,643
Less: provision for doubtful accounts		**-**		-
Trade receivables - net	**$**	**1,765,844**	$	710,643

The aging analysis of trade receivables is as follows:

		December 31 2020		December 31 2019
Current	**$**	**1,765,844**	$	710,643
1 to 30 days overdue		**-**		-
31 to 90 days overdue		**-**		-
Greater than 90 days overdue		**-**		-
Total trade receivables	**$**	**1,765,844**	$	710,643

5. Inventories

		December 31 2020		December 31 2019
Finished goods	**$**	**1,923,566**	$	1,241,263
Total inventories	**$**	**1,923,566**	$	1,241,263

The amount of inventories expensed in cost of goods sold during the year ended December 31, 2020 amounted to $12,276,080 (2019: $10,649,745).

(Expressed in Canadian dollars)

6. Property and equipment

Continuity of property and equipment for the year ended December 31, 2020 was as follows:

	Computer Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost at December 31, 2019	$ 72,694	$ 49,109	$ 232,620	**$ 354,423**
Additions	-	-	9,043	**9,043**
Foreign exchange differences	(200)	2,062	-	**1,862**
Cost at December 31, 2020	$ 72,494	$ 51,171	$ 241,663	**$ 365,328**
Accumulated Depreciation at December 31, 2019	$ 18,760	$ 14,445	$ 17,482	**$ 50,687**
Depreciation charge	19,226	16,100	35,801	**71,127**
Foreign exchange differences	(103)	1,985	-	**1,882**
Accumulated Depreciation at December 31, 2020	$ 37,884	$ 32,530	$ 53,282	**$ 123,696**
Net book value at December 31, 2019	$ 53,934	$ 34,664	$ 215,138	$ 303,736
Net book value at December 31, 2020	**$ 34,610**	**$ 18,641**	**$ 188,381**	**$ 241,632**

Continuity of property and equipment for the year ended December 31, 2019 was as follows:

	Computer Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost at December 31, 2018	$ 53,602	$ 8,689	$ -	$ 62,291
Additions	21,079	41,227	232,620	294,926
Foreign exchange differences	(1,987)	(807)	-	(2,794)
Cost at December 31, 2019	$ 72,694	$ 49,109	$ 232,620	$ 354,423
Accumulated Depreciation at December 31, 2018	$ 3,323	$ 2,112	$ -	$ 5,435
Depreciation charge	16,152	12,898	17,482	46,532
Foreign exchange differences	(715)	(565)	-	(1,280)
Accumulated Depreciation at December 31, 2019	$ 18,760	$ 14,445	$ 17,482	$ 50,687
Net book value at December 31, 2018	$ 50,279	$ 6,577	$ -	$ 56,856
Net book value at December 31, 2019	$ 53,934	$ 34,664	$ 215,138	$ 303,736

(Expressed in Canadian dollars)

7. Right of use assets

The Company's right-of-use assets primarily relate to the lease of office space. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 7.4%.

	December 31 2020	December 31 2019
Balance, beginning of the year, and on adoption of IFRS 16	**$ 630,943**	$ 590,642
Additions	**-**	49,910
Foreign exchange differences	**44,600**	(9,609)
Cost, end of the year	**$ 675,543**	$ 630,943
Accumulated Depreciation, beginning of the year and on adoption of IFRS 16	**$ 84,646**	$ -
Depreciation charge	**105,611**	85,004
Foreign exchange differences	**2,400**	(358)
Accumulated Depreciation, end of the year	**$ 192,657**	$ 84,646
Net book value, beginning of the year, and on adoption of IFRS 16	**$ 546,297**	$ 590,642
Net book value, end of the year	**$ 482,886**	$ 546,297

8. Intangible assets

Continuity of intangible assets for the years ended December 31, 2020 and 2019 was as follows:

	December 31 2020	December 31 2019
Balance, beginning of the year	**$ 13,746,475**	$ 11,807,518
Business acquisitions (Note 3)	**-**	2,529,160
Foreign exchange differences	**(180,869)**	(590,203)
Balance, end of the year	**$ 13,565,606**	$ 13,746,475

Intangible assets consist of indefinite-life brand and trademarks. For the purposes of impairment testing, intangible assets were allocated to CGUs as follows:

	DTI	**All Natural**	**Maritime Naturals**
Balance, beginning of the year	$ 11,217,315	$ 1,395,140	$ 1,134,020
Foreign exchange differences	(180,869)	-	-
Balance, end of the year	**$ 11,036,446**	**$ 1,395,140**	**$ 1,134,020**

(Expressed in Canadian dollars)

The estimated recoverable amount of each CGU was determined by the Company as its value in use using a discounted cashflow model. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources.

	DTI	**All Natural**	**Maritime Naturals**
Discount rate	23.70%	25.41%	20.00%
Terminal growth rate	(2.0%)	(2.0%)	(2.0%)

There have been no impairment losses recognized against intangible assets during the years ended December 31, 2020 and 2019.

9. Goodwill

The carrying amount of goodwill for the years ended December 31, 2020 and 2019 was as follows:

	December 31 2020	December 31 2019
Balance, beginning of the year	**$ 25,891,962**	$ 20,408,899
Business acquisitions (Note 3)	**-**	6,491,008
Foreign exchange differences	**(308,886)**	(1,007,945)
Balance, end of the year	**$ 25,583,076**	$ 25,891,962

For the purposes of impairment testing, goodwill acquired through business combinations were allocated to CGUs as follows:

	DTI	**All Natural**	**Maritime Naturals**
Balance, beginning of the year	$ 19,400,954	$ 3,637,493	$ 2,853,515
Foreign exchange differences	(308,886)	-	-
Balance, end of the year	**$ 19,092,068**	**$ 3,637,493**	**$ 2,853,515**

The estimated recoverable amount of each CGU was determined by the Company as its value in use using a discounted cashflow model. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The key assumptions used in the estimation of the recoverable amount of each CGU are described in Note 8. There have been no impairment losses recognized against goodwill during the years ended December 31, 2020 and 2019.

(Expressed in Canadian dollars)

10. Operating lines

The Company maintains an operating line of credit with its lender allowing for revolving credit up to a maximum of $900,000. Advances against the operating line bear interest at the bank prime rate (currently 2.45%), with interest payable monthly and is secured by a general security interest in the assets of the Company as well as an assignment of trade receivables and inventory. Drawings against this facility at December 31, 2020 were $900,000 (2019: $326,000). Interest incurred for the year ended December 31, 2020 was $24,351 (2019: $18,317).

On June 26, 2020, the Company entered into an amendment to its debt agreement with its senior secured lender for the purposes of making available an additional borrowing facility for day-to day operational purposes and to manage any cashflow challenges presented by COVID-19. Funding for the new facility occurred July 3, 2020, whereby the Company drew the full amount of $1,500,000. The new facility is available for a 12 month period, with any advanced funds bearing interest at bank prime plus 1% and is secured by a guarantee with Export Development Canada. Drawings against this facility at December 31, 2020 were $1,500,000 (2019: $nil). Interest incurred for the year ended December 31, 2020 was $21,692 (2019: $nil).

Subsequent to year end, on March 8, 2021, the Company further amended its senior debt facility. The revised facility provides for additional availability under the Export Development Canada Program up to a maximum total of $3,000,000.

11. Provisions

		December 31 2020		December 31 2019
Balance at beginning of year	**$**	**30,533**	$	34,970
Charges		**5,633**		16,762
Utilization		**(2,604)**		(18,803)
Foreign exchange		**(951)**		(2,396)
Balance at end of year	**$**	**32,611**	$	30,533
Less: current portion of provisions		**(32,611)**		(30,533)
Non-current portion of provisions	**$**	**-**	$	-

The Company's provisions are comprised of estimates for product returns. The Company accepts all product returns relating to online product sales. Management estimates the fair value of the product returns liability by taking into consideration the number of units previously sold, returns experience to date, expiry of product currently in inventory, forecast sales volumes, and changes in the marketplace. Due to the expected timeframe under which the returns are expected, the Company classifies all provisions as current liabilities.

(Expressed in Canadian dollars)

12. Lease Liability

	December 31 2020	December 31 2019
Balance at beginning of year, and on adoption of IFRS 16	**$ 507,875**	$ 590,642
Additions	**-**	49,910
Interest expense	**42,837**	48,267
Lease payments	**(122,401)**	(168,288)
Foreign exchange	**79,491**	(12,656)
Balance at end of year	**$ 507,802**	$ 507,875
Less: current portion of lease liability	**(79,664)**	(80,103)
Non-current portion of lease liability	**$ 428,138**	$ 427,772

On September 10, 2019, the Company's subsidiary DTI GmbH, entered into a 36-month vehicle lease agreement. Pursuant to the agreement, the Company is obligated for monthly payments of €1,050 with no commitment to purchase the vehicle at the termination of the lease term.

On December 11, 2018, the Company entered into a seven year lease agreement with respect to its head office premises in Oakville, Ontario. Pursuant to the agreement, for the first three years under the lease, the Company is obligated to pay basic rent of $4,564 and operating costs of approximately $2,319, on a monthly basis. Basic rent for the final four years increases to $4,762.

On September 27, 2018, the Company's subsidiary DTI GmbH, entered into a 38-month lease agreement for its office in Ahrensburg, Germany, effective October 1, 2018. The Company is obligated for basic rent of EUR 2,096 plus operating costs of EUR 413 per month for the first two months, with basic rent increasing to EUR 2,122 plus operating costs for the next twelve months of the lease, and EUR 2,148 and EUR 2,175 for the second and third twelve-month periods, respectively. The Company has an option to renew for a further five years.

13. Debt

	December 31 2020	December 31 2019
Current		
Senior secured facility, net of unamortized transaction costs of $19,211 (2019: $55,000)	**$ 4,107,074**	**$ 16,533,346**
Short term promissory notes	**2,062,959**	**2,002,959**
Total	**$ 6,170,033**	**$ 18,536,305**
Non-Current		
Senior secured facility, net of unamortized transaction costs of $12,596 (2019: $nil)	**$ 9,135,004**	$ -
Total	**$ 9,135,004**	$ -

(Expressed in Canadian dollars)

Senior secured facility

On November 28, 2019, the Company and its lender amended its secured debt facility, originally entered into in July 2018. The facility provided funds for the acquisition of All Natural and Maritime Naturals and was originally negotiated in connection with the acquisition of DTI GmbH. The facility matures on December 13, 2022 and consists of a $16,632,000 term loan, currently at the Canadian Bankers' Acceptance ("BA") rate plus 3.0%, or approximately 3.55% effective rate, with interest paid monthly. Finance costs of $55,000 were capitalized to the new term loan balance and will be amortized over the term of the loan.

Subsequent to year end, on March 8, 2021, the Company further amended its facility. The revised facility provides for continued quarterly principal repayments of $831,600 over the term of the loan.

The facility is secured by all assets of the Company and contains affirmative and negative covenants including compliance with laws and restrictions on additional debt, as well as traditional financial covenants. The Company was in compliance with all covenants of the senior secured facility at December 31, 2020. As the Company was not in compliance at the end of the prior year period, the full balance of the loan was presented as current at December 31, 2019.

Short term promissory notes

In connection with the acquisition of each of All Natural and Maritime Naturals, a portion of the purchase price was paid via the issuance of a promissory note to the vendor. The principal amount of the promissory note to the vendor of All Natural was $1,120,770, while the principal amount of the note to the vendor of Maritime Naturals was $869,230, for a total of $2,000,000. Both notes were originally due one year from the acquisition date, or December 13, 2020, and remain outstanding. The notes accrue interest at 3% are subordinated to the Senior Secured Facility and are unsecured other than by written guarantees of the acquired companies.

14. Share capital

(a) Authorized:

Unlimited common shares without par value. Unlimited preferred shares.

Issued:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Number of common shares	**Amount**	Number of common shares	Amount
Balance, beginning of year	**52,745,883**	**$ 22,203,062**	15,995,250	$ 663,502
Common shares repurchased pursuant to normal course issuer bid	**(220,000)**	**(92,598)**	-	-
Common shares issued in connection with reverse takeover acquisition	**-**	**-**	1,562,500	1,046,875
Conversion of preferred A shares	**-**	**-**	27,666,797	16,572,551

(Expressed in Canadian dollars)

Conversion of preferred B shares	-	-	4,147,290	2,779,012
Common shares issued in connection with acquisition (Note 3)	-	-	3,186,546	955,964
Exercise of stock options	-	-	180,000	178,572
Exercise of warrants	-	-	7,500	6,586
Balance, end of year	**52,525,883**	**$ 22,110,464**	52,745,883	$ 22,203,062

Historical share numbers and per share amounts have been restated to reflect 1.5 for 1 share exchange in connection with the reverse takeover acquisition (Note 3).

(b) Normal Course Issuer Bid

In November 2019, the Company announced that the TSX Venture Exchange (the "Exchange") had accepted the Company's notice to implement a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 3,029,109 of its common shares, representing approximately 10% of the Company's "public float". The Company received approval from the Exchange to commence the NCIB on November 29, 2019 and continue to November 28, 2020, or earlier in the event that the Company has acquired the maximum number of Shares that may be purchased under the NCIB.

All shares purchased by the Company under the NCIB are cancelled. During the year ended December 31, 2020, the Company repurchased and cancelled 220,000 shares under the NCIB at an average price of approximately $0.36 per share (2019: nil).

(c) Stock option plan

The Company offers equity-based compensation under its stock option plan. Under the plan, the options are exercisable for one common share and the exercise price of the option must equal the market price of the underlying share at the grant date. The options have vesting periods ranging from the date of grant up to two years. Once vested, options are exercisable at any time until expiry.

During the year ended December 31, 2020, the Company granted 920,000 options (2019: 167,500) to staff and consultants, with an exercise prices ranging from $0.36 to $0.67 per share (2019: $1.00 - $1.25). The options have terms of one to five years from the date of grant and vest over periods of one to two years.

In 2019, the Company issued 156,250 options to former optionholders of Commerce as part of the reverse acquisition. The options are fully vested, expire five years from the date of grant and have an exercise price of $0.80.

Share based compensation expense is based on the estimated number of awards that will eventually vest and adjustments are made for forfeitures as they occur. The estimated fair value of the options granted during the year ended December 31, 2020, using the Black-Scholes option pricing model, was $190,038 (2019: $50,030). $151,342 was expensed during the year ended December 31, 2020 (2019: $617,461) relating to current and prior period grants and has been included in equity as contributed surplus. The remaining expense will be recognized over the balance of the vesting periods.

(Expressed in Canadian dollars)

(c) Acquisitions

In December 2019, in connection with the acquisition of All Natural and Maritime Naturals, the Company issued a total of 3,186,546 common shares. The fair value of the shares issued was determined based on the most recent closing price on the date of acquisition. The shares are subject to an escrow release schedule whereby 25% of the shares were released on closing, followed by releases of 25% every six months thereafter.

(d) Stock option details

The fair value of each option granted was estimated on the date of the grant using the Black-Scholes fair value option pricing model with the following assumptions:

	Year ended December 31	
	2020	2019
Weighted-average fair value of options	**$0.21**	$0.30
Risk-free interest rate	**0.50%**	1.92%
Volatility of the Company's common shares	**77%**	55%
Weighted average expected life of the options	**5 years**	2.6 years
Forfeiture rate	**2.5%**	2.5%
Expected dividends	**nil**	nil

Volatility was determined based on daily observations of the historical stock price for comparable companies over a period consistent with the expected life of the options at the date of grant.

Details of outstanding options are as follows:

	Number of options	Weighted average exercise price per share
Options outstanding at December 31, 2018	4,845,000	$ 0.67
Options granted (Note 3)	323,750	0.98
Options exercised	(180,000)	0.67
Options forfeited	(131,250)	0.67
Options outstanding at December 31, 2019	4,857,500	$ 0.69
Options granted	920,000	0.44
Options forfeited	(935,000)	0.70
Options outstanding, December 31, 2020	**4,842,500**	**$ 0.64**
Options exercisable, December 31, 2020	**4,106,500**	**$ 0.67**

15. Warrants

In July 2018, in connection with its debt and equity financings, the Company issued share purchase warrants to its advisors. The warrants issued in connection to the equity financing were exercisable for one common share at price equal to the conversion price of the non-voting preferred shares issued in the private placement. As such, the Company issued 1,594,440 warrants to agents. The warrants had an exercise price of $0.67 per share and an expiry date two years from the date of the financing, or July 11, 2020. The Company estimated the value of these warrants at the date of issuance at $337,185, using the

(Expressed in Canadian dollars)

Black-Scholes option pricing model. In connection with the debt financing, the Company issued 759,000 warrants to its advisor. The warrants have an exercise price of $1.00 per share and a term of two years from the date of the financing, or July 11, 2020. The Company estimated the value of these warrants at $245,840, using the Black-Scholes option pricing model. These warrants expired unexercised.

In May 2019, in connection with the reverse acquisition (Note 3), the Company issued 125,000 warrants to former Commerce warrantholders. The warrants expire five years from the original date of grant and are exercisable at $0.80 per share.

Details of outstanding warrants are as follows:

	Number of warrants	Exercise price per share
Warrants outstanding at December 31, 2018	2,732,940	$ 0.67
Warrants issued in connection with RTO (Note 3)	125,000	$0.80
Warrants exercised	(7,500)	$0.67
Warrants outstanding at December 31, 2019	2,850,440	$ 0.68
Warrants expired	(2,725,440)	$0.67
Warrants outstanding, December 31, 2020	**125,000**	**$ 0.80**
Warrants exercisable, December 31, 2020	**125,000**	**$ 0.80**

16. Commitments

At December 31, 2020 and 2019, the Company had non-cancellable operating lease agreements for office premises and vehicles 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

(Expressed in Canadian dollars)

17. 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, defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, and recorded in the general and administrative line of operating expenses are as follows:

	December 31 2020	December 31 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 ($64,810) 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.

18. Income taxes

The major components of income tax (recovery) expense for the period ended December 31, 2020 and December 31, 2019 are:

Income tax recognized in profit or loss	**December 31 2020**	December 31 2019
Current tax		
Based on taxable income	**$ 1,441,435**	$ 1,154,097
Deferred tax:		
Origination and reversal of temporary differences	**(830)**	358,320
Provision for income taxes	**$ 1,440,605**	$ 1,512,417

A reconciliation between income tax expense and the product of accounting income multiplied by Canada's domestic tax rate (26.5%) for the period ended December 31, 2020 and 2019 is provided below:

	December 31 2020	December 31 2019
Income (loss) before income taxes	**$ 3,719,364**	$ (2,038,593)
Income tax expense (benefit) at the statutory income tax rate of 26.5% (2019: 26.5%)	**985,631**	(540,227)
Non-deductible expenses for tax purposes	**41,978**	527,929
Deductible temporary differences and unused tax losses not recognized, including impact of change in rate	**668,531**	1,701,909

(Expressed in Canadian dollars)

Effect of income taxes recorded at rates different from the Canadian tax rate	**(190,154)**	(286,480)
Differences from prior period assessments	**-**	77,523
Other differences	**(65,381)**	31,763
Income tax expense	**$ 1,440,605**	$ 1,512,417

The following table summarizes the components of deferred tax:

	December 31 2020	December 31 2019
Non-capital losses carried forward	**$ -**	**$ -**
Intangible assets	**(3,893,764)**	**(3,975,495)**
Other deductible temporary differences	**(26,787)**	**4,469**
	$ (3,920,551)	**$ (3,971,026)**

Classified in the consolidated financial statements as:

	December 31 2020	December 31 2019
Deferred tax assets	**$ -**	$ -
Deferred tax liabilities	**3,920,551**	3,971,026
Net deferred tax liability	**$ 3,920,551**	$ 3,971,026

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities	**December 31 2020**	December 31 2019
Balance at the beginning of the year	**$ 3,971,026**	$ 3,064,185
Recognized on acquisition of business	**-**	708,453
Recognized in profit/loss	**(830)**	358,320
Foreign exchange	**(49,645)**	(159,932)
Balance at end of the year	**$ 3,920,551**	$ 3,971,026

(Expressed in Canadian dollars)

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

	December 31 2020	December 31 2019
Unrecognized temporary differences in relation to:		
Non-capital losses carried forward	**$ 10,687,083**	$ 7,544,989
Finance costs	**1,469,712**	2,216,654
	$ 12,156,795	$ 9,761,643

Non-capital losses begin to expire in 2037. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company has unused non-capital tax losses that may be applied against future taxable income for Canadian federal and provincial income tax purposes, which expire as follows:

Non-capital losses	**Federal and provincial**
Expires in	
2037	$ 3,028
2038	2,352,061
2039	5,189,900
2040	3,142,094
Total	**$ 10,687,083**

19. Operating expenses

Details of selling and marketing expenses for the year ended December 31, 2020 and 2019 are as follows:

	December 31 2020	December 31 2019
Fulfillment	**$ 12,562,732**	$ 10,780,332
Advertising	**4,856,580**	3,751,886
Distribution	**793,114**	147,665
Marketing	**192,906**	2,228,536
	$ 18,405,332	$ 16,908,419

(Expressed in Canadian dollars)

Details of general and administrative expenses for the years ended December 31, 2020 and 2019 are as follows:

	December 31 2020	December 31 2019
Salaries and benefits	**$ 3,264,433**	$ 2,470,982
Legal and professional fees	**670,470**	1,308,829
Office expenses	**621,275**	551,191
Insurance	**163,897**	144,653
Travel	**22,905**	66,008
Other	**292,290**	926,347
	$ 5,035,270	$ 5,468,010

20. Management of capital

The Company includes the following in its definition of capital:

	December 31 2020	December 31 2019
Debt comprised of:		
Debt	**$ 15,305,037**	$ 18,536,305
Equity comprised of:		
Share capital	**22,110,464**	22,203,062
Contributed surplus	**2,166,577**	2,002,123
Deficit and accumulated other comprehensive income	**(4,084,262)**	(5,797,692)
	$ 35,497,816	$ 36,943,798

The Company's objectives when managing capital are:

(a) to allow the Company to respond to changes in economic and/or marketplace conditions;

(b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity;

(c) to ensure that the Company maintains the level of capital necessary to meet the requirements of its debt;

(d) to comply with financial covenants required under its debt facilities; and

(e) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

(a) raising capital through equity financings; and

(b) utilizing leverage in the form of third party debt.

(Expressed in Canadian dollars)

The Company is not subject to any capital requirements imposed by a regulator. The Company is subject to certain capital requirements and negative covenants with respect to its debt and other than default and restrictions as discussed in Note 13, there are no other externally imposed restrictions on capital.

There were no changes in the Company's approach to capital management during the year. To date, the Company has not declared any cash dividends to its common or preferred shareholders as part of its capital management program. The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a regular basis.

21. Financial instruments and financial risk management

a) Fair Value Estimation

The Company's carrying value of cash, short-term investments, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments. The fair value of long-term liabilities is not materially different than its carrying value due to the recent issuance of these liabilities.

Carrying value and fair value of financial assets and liabilities are summarized as follows:

		December 31, 2020
Classification	**Carrying value**	**Fair value**
	$	**$**
Loans and receivables		
- Cash	**539,534**	**539,534**
- Trade and other receivables	**1,765,844**	**1,765,844**
- Income tax recoverable	**195,021**	**195,021**
Other financial liabilities		
- Operating lines	**2,400,000**	**2,400,000**
- Accounts payable and accrued liabilities	**1,952,727**	**1,952,727**
- Income taxes payable	**168,069**	**168,069**
- Debt	**15,305,037**	**15,336,844**

		December 31, 2019
Classification	Carrying value	Fair value
	$	$
Loans and receivables		
- Cash	1,945,753	1,945,753
- Trade and other receivables	710,643	710,643
- Income tax recoverable	1,042,781	1,042,781
Other financial liabilities		
- Operating line	326,000	326,000
- Accounts payable and accrued liabilities	3,740,673	3,740,673
- Income taxes payable	164,355	164,355
- Debt	18,536,305	18,591,305

The Company is required to present information about its financial assets and liabilities with respect to the hierarchy of the valuation techniques the Company utilized to determine fair value. The different levels have been defined as follows:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves
- Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in Level 3.

b) Financial Risk Factors

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 public and private financing mechanisms to satisfy longer term needs.

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.

			Year ended December 31	
At December 31, 2020	**2021**	**2022**	**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**

(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 following financial assets and liabilities were denominated in foreign currencies at December 31, 2020 (U.S. dollar 1.2753, Euro 1.5597) and December 31, 2019 (U.S. dollar 1.2962, Euro 1.4552, British Pound (GBP) 1.7584):

	December 31 2020	December 31 2019
Denominated in U.S. dollars		
Cash	**402,991**	1,366,987
Trade and other receivables	**646,106**	603,735
Accounts payable and accrued liabilities	**(191,906)**	(481,748)
Income taxes payable	**(22,276)**	(66,111)
Net assets denominated in U.S. dollars	**834,915**	1,422,863
Denominated in Euros		
Cash	**87,756**	163,578
Income taxes receivable	**195,021**	1,042,781
Accounts payable and accrued liabilities	**(968,456)**	(1,998,180)
Lease liability	**(236,844)**	(247,358)
Net assets denominated in Euros	**(922,523)**	(1,039,179)
Denominated in GBP		
Cash	**-**	70,174
Net assets denominated in GBP	**-**	70,174

The following table shows the estimated sensitivity of the Company's total comprehensive loss for the year ended December 31, 2020 from a change in foreign currencies with all other variables held constant as at December 31, 2020:

Percentage change in foreign currencies	Change in net pre-tax loss from % increase in foreign currencies	Change in net pre-tax loss from % decrease in foreign currencies
2%	$ (1,752)	$ 1,752
4%	(3,504)	3,504
6%	(5,256)	5,256
8%	(7,009)	7,009
10%	(8,761)	8,761

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 derivative contracts to reduce its exposure to foreign currency risks

(iv) Credit risk:

Certain of the Company's financial assets, including cash, short-term investments 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 BA rate plus 3.0%. Given the current level and historical variability of the BA rate, it is management's opinion that the Company is not currently exposed to significant interest rate risk.

22. Subsequent events

Senior Credit Facility

On March 11, 2021, the Company amended the terms of its credit agreement with its senior lender. The new terms allow for an extension of the term facility for an additional year and an increase to the EDC operating line component. The new terms allow for additional liquidity to be used as needed for working capital (Note 10, 13).