

MIMI'S ROCK CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2021 and 2020

The following section of our report sets forth Management's Discussion and Analysis ("MD&A") of the financial performance and condition of Mimi's Rock Corp. ("the Company" or "Mimi", "we", "us" or "our") for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2021 and 2020 and the annual audited consolidated financial statements for Mimi's Rock Corp. and corresponding MD&As for the years ended December 31, 2020 and 2019 and the related notes thereto.

The date of this MD&A is May 25, 2021.

FORWARD-LOOKING STATEMENTS

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

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

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

business, results of operations, financial condition and credit stability may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

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

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

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

- no unforeseen changes in the legislative and operating framework for the business of the Company;
- a stable competitive environment; and

- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

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

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

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

CORPORATE HISTORY

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

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

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

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

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

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

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

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

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

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

Reverse Takeover Acquisition and Amalgamation

The Qualifying Transaction

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

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

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

Acquisition of DTI GmbH

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

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

Total consideration for the acquisition was \$29,818,511. The goodwill arising from the acquisition of \$19,826,596 is attributable to expected future income and cash-flow projections and other intangible factors that do not qualify for separate recognition. Goodwill is not deductible for tax purposes.

Acquisition of All Natural Advice and Maritime Naturals

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

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

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

All Natural Advice

Consideration for the acquisition of All Natural was \$4,803,551, funded with a combination of cash, common shares and a promissory note to the vendor. The fair value of the promissory note issued as part of the consideration was determined based on comparison to market rates. The Company common shares issued as part of the consideration were assigned a fair value based on the most recent closing price on the date of issuance.

The 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 and is not deductible for tax purposes.

Maritime Naturals

Consideration for the acquisition of Maritime Naturals was \$3,792,549, funded with a combination of cash, common shares and a promissory note to the vendors. The fair value of the promissory note issued as part of the consideration was determined based on comparison to market rates. The Company common shares issued as part of the consideration were assigned a fair value based on the most recent closing price on the date of issuance.

The 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 deductible for tax purposes.

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

CORPORATE STRATEGY

Principal Products or Services

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

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

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

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

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

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

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

Development of Products

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

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

Marketing

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

Regulatory Environment

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

We are also subject to the regulatory framework of the marketplaces on which we sell our products. There are varying degrees of regulations including manufacturing certifications, safety protocols and other listing

requirements for sellers of supplement and skincare products. The Company works to ensure it is in compliance with these regulations at all times and aware and prepared for any changes as they occur.

Dropshipping

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

Specialized Skills and Knowledge; Employees

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

Market & Trends

Dr Tobias

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

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

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

All Natural Advice and Maritime Naturals

By 2025, the global skin care market is estimated to be 189.3 billion U.S. dollars. The skin care industry has witnessed a shift from demand from older consumers to a growing younger consumer base. People are beginning to use skin care at an increasingly young age in a bid to delay the signs of aging, while the number of older consumers

is beginning to fall. Skin care companies may adapt their marketing strategies to correct this balance and hold on to their older consumer base.

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

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

Marketing Plans and Strategies

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

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

Competitive Conditions

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

Proprietary Protection

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

Future Developments

The Company's goal has always been to build a portfolio of online brands in various health and wellness segments. During its relatively short time in existence, the Company has been presented with and investigated various business development and acquisition opportunities. We leverage our relationships and industry contacts and advisors to identify acquisition opportunities. We are currently engaged in several early stage acquisition or partnering discussions with a number of companies and small brands. We are uniquely positioned as an organization with very few direct comparators in the market. We are fortunate due to our low capital investment to

be flexible so as to take advantage of opportunities as they arise. We will pursue strategic acquisitions and alliances that enable us to further broaden and diversify our product offerings, always mindful of our asset-light strategy. Opportunities currently being explored involve new product development, geographic expansion, new distribution channels and other potentially beneficial third party relationships.

OVERALL PERFORMANCE

For the three months ended March 31, 2021, the Company incurred a net loss of \$232,700 compared to net income of \$281,515 for the three months ended March 31, 2020. For the three months ended March 31, 2020, EBITDA¹ was \$148,601, compared to EBITDA of \$1,099,367 for the three months ended March 31, 2020. Adjusted EBITDA, which excludes non-cash share-based compensation expense and foreign exchange losses, was \$212,181, compared to Adjusted EBITDA of \$1,228,070 for the same three month period in 2020. As at March 31, 2021, the Company had an accumulated deficit of \$3,046,870.

Total first quarter 2021 revenues were comparable to that of first quarter 2020, outside of the impact of foreign exchange. While, the Company's skin care businesses contributed strongly to revenue, the Company's DTI business was challenged by higher than normal promotions in the period. Reported revenues were also comparatively lower due to the weaker US dollar in Q1 2021 as a majority of the Company's revenues are generated in USD. Revenues were \$9,756,917 for the three months ended March 31, 2021 compared to revenues of \$10,435,311 for the three month period ended March 31, 2020. While DTI revenues were lower in Q1 2021 compared to Q1 2020, product volumes for the Q1 2021 were considerably higher than the same period a year ago. Revenues are expected to improve going forward as less discounts and promotions are applied.

Cash generated by operating activities of the Company was \$434,808 for three months ended March 31, 2021, compared to \$481,759 for the three months ended March 31, 2020.

Operating risks include but are not limited to the Company's reliance on strength of reputation and brands, third-party manufacturing, transportation and distribution, ability to protect its intellectual property, reliance on e-commerce sites, and other risk factors. Financial risks include but are not limited to the availability of capital, liquidity risk, market risk, currency risk, credit risk and interest rate risk. See also "*Risk Factors*", in the Company's MD&A for the year ended December 31, 2020.

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

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

EBITDA¹ – Non-IFRS Financial Measures

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

	Three Months Ended March 31	
	(Unaudited)	2021
Net income (loss) for the period	\$ (232,700)	\$ 281,515
Interest expense	213,996	244,738
Income tax expense	125,575	525,286
Depreciation	41,730	47,828
EBITDA	\$ 148,601	\$ 1,099,367
Add/(deduct):		
Non-cash stock based compensation	31,673	71,182
Foreign exchange losses	31,907	57,521
Adjusted EBITDA	\$ 212,181	\$ 1,228,070

SELECT QUARTERLY INFORMATION

Seasonality

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

The following table sets forth selected quarterly consolidated financial information for the Company for quarterly periods ended 2021, 2020 and 2019:

Summary of Quarterly Results (Unaudited)

(in 000's)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	9,758	9,134	9,774	10,943	10,435	7,717	8,755	8,771
EBITDA¹	149	756	1,243	1,584	1,099	(1,356)	627	460
Adjusted EBITDA	212	603	1,166	1,573	1,228	(1,220)	903	1,382
Net Income	(233)	523	546	928	282	(2,460)	(243)	(1,240)

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

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

For the three months ended March 31, 2021, the Company incurred a net loss of \$232,700 (\$0.00 per share), compared to net income of \$281,515 (\$0.01 per share) for the three months ended March 31, 2020. EBITDA for the three months ended March 31, 2021 was \$148,601, compared to \$1,099,367 for the same period in 2020. Adjusted EBITDA, which adds back (deducts) non-cash stock based compensation and foreign exchange gains (losses), was \$212,181 for the three months ended March 31, 2021, compared to Adjusted EBITDA of \$1,228,070 for the same three month period in 2020.

Revenues and Gross Margin

Revenues were \$9,756,917 for the three months ended March 31, 2021 compared to revenues of \$10,435,311 for the three month period ended March 31, 2020. Revenues reported in the current period primarily represent sales from the Company's DTI supplements business as well as sales from All Natural and Maritime Naturals skincare businesses. While the Company's sales do not experience significant seasonality, there is some fluctuation on a quarterly basis due to natural demand fluctuation as well as promotional impacts. A number of headwinds in the supplements sector late in 2020 caused the Company to focus primarily on product velocity and unit volumes. Success in increasing customer traffic levels led to higher unit volumes in the 2021 period compared to 2020, despite lower reported revenue due to higher than typical promotions and discounts. Management expects the increased product volume to translate into higher revenues going forward as promotions and discounts were scaled back beginning late in Q1. Revenues from the skin care businesses were stronger than expected but were also impacted by promotional discounts during the quarter. Top line growth has been encouraging since acquisition in late 2019 with the expectation that the US market will become a more meaningful contributor for skincare. The Company expects these revenues to continue to grow throughout 2021 as the products develop a following with customers in new markets.

Revenues to date have been generated almost entirely through the Company's online sales channels in the United States, Canada and Europe. Revenue growth in future quarters is expected to come from expansion into additional geographic territories as well as the launch of new complementary products.

Gross margin for the three months ended March 31, 2021 was \$6,691,856 (68.6%) compared to \$7,253,442 (69.5%) for the three month period ended March 31, 2020. Margins were slightly lower comparatively in 2021 due to higher volumes relative to sales as described above.

Selling and Marketing Expense

The Company incurred selling and marketing expenses of \$5,201,367, or approximately 53.3% of revenue, for the three months ended March 31, 2021, compared to \$4,748,087, or 45.5% of revenue, for the three months ended March 31, 2020. Online advertising in the period was increased with a focus on brand awareness, new customer acquisition and customer loyalty. Higher than typical investments were made in new advertising programs being developed on the Company's primary platform. These investments position the Company to drive organic growth going forward; early assessment indicates that the programs are performing well. Sales from its own e-commerce site, drtobias.com, as well through additional online retail outlets continued to grow, however, a majority of revenue continues to be generated on the Amazon platform.

Selling and marketing expenses for the period consist primarily of fulfillment costs related to delivering products to customers, direct online advertising placements, costs related to marketing the Dr Tobias brand and other promotional and awareness initiatives. The Company will continue to actively monitor its selling and marketing expenses, particularly direct advertising expenses and expects that these will begin to stabilize in relation to sales revenues going forward.

Advertising spend in the first quarter of 2021 was consciously increased with a focus on gaining product rankings and visibility. As a result of strategic advertisement targeting, several of the Company's key products achieved top rank in their category. The impact of this exposure translates to considerably higher customer traffic and ultimately, sales. Short term promotions on new product launches have enabled the business to maintain

momentum, however, going forward, advertising spend is expected to remain closer to historical levels around 45% of revenue.

General and Administrative Expense

General and administrative expenses for the three months ended March 31, 2021 were \$1,278,308, compared to \$1,277,285 for the same period in 2020. General and administrative expenses consist primarily of salaries and benefits, professional fees, occupancy costs and insurance. General and administrative expenses in the first quarter of 2021 are relatively comparable to the same period in 2020. Staff and operational costs are relatively stable and expected to remain level or decrease going forward.

Share based Compensation Expense

Share based compensation expense relates to awards under the Company's incentive stock option plan and is based on the estimated number of awards that will eventually vest using the Black-Scholes option pricing model. Share based compensation expense for the three months ended March 31, 2021 was \$31,673 compared to \$71,182 for the three months ended March 31, 2020. Share based compensation expense in 2020 was slightly higher due to initial vesting of employee grants.

Foreign Exchange Gains and Losses

Foreign exchange losses of \$31,907 were recorded in the three months ended March 31, 2021, compared to \$57,521 for the three months ended March 31, 2020, primarily due to the movements in the value of the US dollar relative to the Euro between the time that expenses were incurred and the time that they were settled.

Interest Expense and Financing Costs

Interest and financing costs of \$213,996 were incurred during the three months ended March 31, 2021, compared to \$244,738 for the three months ended March 31, 2020. Interest and financing expenses continue to decrease relative to the balance of the senior debt facility as well as due to somewhat lower interest rates in the current period.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support its future business plans. As at March 31, 2021, excluding provisions and debt and lease obligations, the Company had negative working capital of \$1,012,161, compared to working capital of \$85,580 at December 31, 2020. The decrease in working capital in the first quarter of 2021 was due primarily to cash used for scheduled debt repayments and the operating cashflow requirements related to advertising spend.

Cash provided by operations of the Company was \$434,808 for the three months ended March 31, 2021, compared to \$481,759 for the three months ended March 31, 2020. The similar cash flows from operations in both periods was primarily due to management of accounts payable and inventory levels in response to supply chain fluctuations.

Cash provided by financing activities for the three months ended March 31, 2021 was \$350,483, compared to cash used in financing activities of \$505,923 in the same period in 2020. Higher draws on the operating line in the 2021 period was the main reason for the difference in flows compared to 2020.

Cash used in investing activities was \$nil for the three months ended March 31, 2021, compared to \$9,043 for the three months ended March 31, 2020, consisting of purchases of equipment.

The Company's plan of operations in the next twelve months is to satisfy short-term debt obligations, while expanding its product line, sales channels and geographic markets. The Company's operations will be funded primarily from working capital and cash generated from operations. As a result of its business acquisitions, the Company expects to continue to generate positive cash flow on a quarterly basis. As the business is not capital

intensive, operations should not require the Company to raise additional cash through equity or debt issuances. Additional capital may be required should the Company decide to pursue further acquisitions; however, any such transactions are expected to increase cash flow and are not expected to impact operating cash requirements. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable given the current state of financial markets. In the case of uncertainty over the ability to raise funds in current or future economic conditions, the Company would manage capital by minimizing ongoing expenses and has access to an operating line of credit for day-to-day requirements.

COMMITMENTS

(a) Operating lease commitments

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

	(Unaudited)	March 31 2021
Less than 1 year		\$ 99,758
1 to 2 years		84,779
2 to 3 years		84,978
3 to 4 years		84,978
Thereafter		92,029
Total		\$ 446,522

(b) Liability settlement

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

At March 31, 2021	(Unaudited)		Year ended December 31		
	2021	2022	2023	Thereafter	
Debt	\$ 4,477,766	\$ 3,326,400	\$ 3,326,400	\$ 3,326,400	
Operating line	3,610,000				
Accounts payable and accrued liabilities	2,393,026	-	-	-	
Income taxes payable	203,949	-	-	-	
Lease liability	71,199	98,273	98,988	247,746	
Total	\$ 10,755,940	\$ 3,424,673	\$ 3,425,388	\$ 3,574,146	

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

At March 31, 2021 and 2020, 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:

	(Unaudited)	March 31 2021	March 31 2020
Salaries		\$ 472,685	\$ 458,192
Share based compensation		20,087	43,087
		\$ 492,772	\$ 501,279

FINANCIAL RISK MANAGEMENT

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

(i) Liquidity risk

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

(ii) Market risk

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

(iii) Currency risk

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

(iv) Credit risk

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

(v) Interest rate risk

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

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at May 25, 2021 the Company has 52,525,883 common shares issued and outstanding.

Stock Options

The Company has 4,842,500 stock options outstanding as at May 25, 2021.

Share Purchase Warrants

The Company has 125,000 share purchase warrants outstanding as at May 25, 2021.

ADDITIONAL INFORMATION

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