

MIMI'S ROCK

Mimi's Rock Corp.

**Condensed Consolidated Interim Financial
Statements**

For the Three and Six Months Ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

(Unaudited)

Notice to Reader

The accompanying unaudited condensed consolidated interim financial statements of Mimi's Rock Corp. have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

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

As at:		June 30	December 31
		2021	2020
Assets			
Current assets			
Cash		\$ 680,003	\$ 539,534
Trade and other receivables		2,066,669	1,765,844
Inventories		1,919,023	1,923,566
Income taxes recoverable		101,934	195,021
Prepaid expenses		101,127	182,411
		4,868,756	4,606,376
Non-current assets			
Property and equipment	<i>note 2</i>	207,039	241,632
Right of use assets	<i>note 3</i>	419,658	482,886
Intangible assets	<i>note 4</i>	13,263,582	13,565,606
Goodwill	<i>note 5</i>	25,067,280	25,583,076
Total assets		\$ 43,826,315	\$ 44,479,576
Liabilities and Equity			
Current liabilities			
Operating lines	<i>note 6</i>	\$ 3,900,000	\$ 2,400,000
Accounts payable and accrued liabilities		2,102,308	1,952,727
Income taxes payable		233,778	168,069
Provisions	<i>note 7</i>	31,762	32,611
Current portion of lease liability	<i>note 8</i>	78,932	79,664
Current portion of debt	<i>note 9</i>	13,627,699	6,170,033
		19,974,479	10,803,104
Non-current liabilities			
Lease liability	<i>note 8</i>	342,293	428,138
Debt		-	9,135,004
Deferred income taxes		3,818,001	3,920,551
Total liabilities		24,134,773	24,286,797
Equity			
Share capital	<i>note 10</i>	22,110,464	22,110,464
Contributed surplus		2,229,923	2,166,577
Deficit		(2,544,843)	(2,814,170)
Accumulated other comprehensive income		(2,104,002)	(1,270,092)
Total equity		19,691,542	20,192,779
Total liabilities and equity		\$ 43,826,315	\$ 44,479,576

Approved on behalf of the Board:

(signed) Telfer Hanson

Director

(signed) Norman Betts

Director

Mimi's Rock Corp.
Condensed Consolidated Interim Statements of Operations
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Revenues	\$ 9,744,697	\$ 10,943,137	\$ 19,501,614	\$ 21,378,448
Cost of goods sold	2,495,191	3,308,383	5,560,252	6,490,252
Gross margin	7,249,506	7,634,754	13,941,362	14,888,196
Operating expenses:				
Selling and marketing	4,996,632	4,788,764	10,197,999	9,536,851
General and administrative	1,126,291	1,272,825	2,404,599	2,550,110
Share-based compensation	31,673	10,479	63,346	81,661
Depreciation	41,026	42,728	82,756	90,556
Foreign exchange (gains) losses	(6,215)	(21,498)	25,692	36,023
	6,189,407	6,093,298	12,774,392	12,295,201
Income before undernoted	1,060,099	1,541,456	1,166,970	2,592,995
Interest expense and financing costs	160,068	180,991	374,064	425,729
Income before income taxes	900,031	1,360,465	792,906	2,167,266
Income tax expense (recovery) - current	390,815	416,590	535,063	986,845
- deferred	7,189	15,710	(11,484)	(29,259)
Net income for the period	\$ 502,027	\$ 928,165	\$ 269,327	\$ 1,209,680
Earnings per share				
Basic	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.02
Diluted	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.02
Weighted average number of common shares outstanding - basic	52,525,883	52,525,883	52,525,883	52,603,026
Weighted average number of common shares outstanding - diluted	52,615,892	52,525,883	52,615,892	52,603,026

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Mimi's Rock Corp.
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Net income for the period	\$ 502,027	\$ 928,165	\$ 269,327	\$ 1,209,680
Other comprehensive income (loss):				
Items that may be reclassified to income:				
Currency translation differences	<u>(403,295)</u>	<u>(1,228,842)</u>	<u>(833,910)</u>	<u>1,639,756</u>
Other comprehensive income (loss) for the period	<u>(403,295)</u>	<u>(1,228,842)</u>	<u>(833,910)</u>	<u>1,639,756</u>
Total comprehensive income (loss)	<u>\$ 98,732</u>	<u>\$ (300,677)</u>	<u>\$ (564,583)</u>	<u>\$ 2,849,436</u>

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

	Six Months Ended June 30	
	2021	2020
Operating activities		
Net income for the period	\$ 269,327	\$ 1,209,680
Adjustments for the following items:		
Depreciation	82,756	90,556
Interest expense	374,064	425,729
Income tax expense	523,579	957,586
Unrealized foreign exchange losses (gains)	(81,261)	(139,229)
Share-based compensation	63,346	81,661
Interest paid	(388,202)	(383,573)
Income taxes paid	(418,840)	(1,458,571)
Net change in non-cash working capital balances:		
Provisions	(849)	6,896
Trade and other receivables	(300,825)	(328,438)
Prepaid expenses	81,284	44,341
Inventories	4,543	(1,466,322)
Accounts payable and accrued liabilities	149,581	(47,266)
Net cash provided by (used in) operating activities	358,503	(1,006,950)
Financing activities		
Repurchase of common shares	-	(79,486)
Advances on operating lines	1,500,000	574,000
Increase in bank indebtedness	-	864,278
Payment of lease obligations	(54,834)	(56,980)
Repayment of debt	(1,663,200)	(1,663,200)
Net cash used in financing activities	(218,034)	(361,388)
Investing activities:		
Purchase of property and equipment	-	(9,043)
Net cash used in investing activities	-	(9,043)
Net change in cash	\$ 140,469	(1,377,381)
Cash, beginning of period	539,534	1,945,753
Cash, end of period	\$ 680,003	\$ 568,372

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

	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (AOCI)	Total equity
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	-	81,661	-	-	81,661
Net income for the period	-	-	1,209,680	-	1,209,680
Other comprehensive income	-	-	-	1,639,756	1,639,756
Balance, June 30, 2020	\$ 22,110,464	\$ 2,096,896	\$ (3,883,249)	\$ 934,993	\$ 21,259,104
Balance, December 31, 2020	\$ 22,110,464	\$ 2,166,577	\$ (2,814,170)	\$ (1,270,092)	\$ 20,192,779
Share-based compensation	-	63,346	-	-	63,346
Net loss for the period	-	-	269,327	-	269,327
Other comprehensive loss	-	-	-	(833,910)	(833,910)
Balance, June 30, 2021	\$ 22,110,464	\$ 2,229,923	\$ (2,544,843)	\$ (2,104,002)	\$ 19,691,542

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Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)
(Expressed in Canadian dollars)

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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 unaudited condensed consolidated interim financial statements ("interim financial statements") of the Company have been prepared on a historical cost basis, except for certain financial assets which are presented at fair value, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS") for interim financial statements. The interim financial statements have been prepared on a basis consistent with the Company's annual audited consolidated financial statements for the year ended December 31, 2020. These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The interim financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with IFRS, have been omitted or condensed. During the six months ended June 30, 2021, there were no significant changes in accounting policies or their application.

The preparation of the Company's interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in Note 2 of the Company's annual audited consolidated financial statements for the year ended December 31, 2020. These interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2020.

Since June 30, 2021, 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

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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.

These interim financial statements were authorized for issue by the Company's Board of Directors on August 3, 2021.

2. Property and equipment

Continuity of property and equipment for the period ended June 30, 2021 was as follows:

	Computer Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost at December 31, 2020	\$ 72,694	\$ 51,171	\$ 241,663	\$ 365,328
Additions	-	-	-	-
Foreign exchange differences	(983)	-	-	(983)
Cost at June 30, 2021	\$ 71,511	\$ 51,171	\$ 241,663	\$ 364,345
Accumulated Depreciation at December 31, 2020	\$ 37,884	\$ 32,530	\$ 53,282	\$ 123,696
Depreciation charge	9,039	7,181	17,901	34,121
Foreign exchange differences	(520)	9	-	(511)
Accumulated Depreciation at June 30, 2021	\$ 46,403	\$ 39,720	\$ 71,183	\$ 157,306
Net book value at December 31, 2020	\$ 34,610	\$ 18,641	\$ 188,381	\$ 241,632
Net book value at June 30, 2021	\$ 25,108	\$ 11,451	\$ 170,480	\$ 207,039

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Continuity of property and equipment for the period ended June 30, 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	1,956	1,159	-	3,115
Cost at June 30, 2020	\$ 74,650	\$ 50,268	\$ 241,663	\$ 366,581
Accumulated Depreciation at December 31, 2019	\$ 18,761	\$ 14,445	\$ 17,481	\$ 50,687
Depreciation charge	9,718	8,586	17,231	35,535
Foreign exchange differences	795	1,023	-	1,818
Accumulated Depreciation at June 30, 2020	\$ 29,274	\$ 24,054	\$ 34,712	\$ 88,040
Net book value at December 31, 2019	\$ 53,934	\$ 34,664	\$ 215,138	\$ 303,736
Net book value at June 30, 2020	\$ 45,376	\$ 26,214	\$ 206,951	\$ 278,541

3. Right of use assets

The Company's right-of-use assets primarily relate to the lease of office space. Leases are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities is 7.4%.

	June 30 2021	June 30 2020
Cost, beginning of period	\$ 675,543	\$ 630,943
Foreign exchange differences	(24,321)	16,801
Cost, end of period	\$ 651,222	\$ 647,744
Accumulated Depreciation, beginning of period	\$ 192,657	\$ 84,646
Depreciation charge	48,635	55,021
Foreign exchange differences	(9,728)	3,179
Accumulated Depreciation, end of period	\$ 231,564	\$ 142,846
Net book value, beginning of period	\$ 482,886	\$ 546,297
Net book value, end of period	\$ 419,658	\$ 504,898

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4. Intangible assets

Continuity of intangible assets for the six months ended June 30, 2021 and 2020 was as follows:

	June 30 2021	June 30 2020
Brand and Trademarks		
Balance, beginning of period	\$ 13,565,606	\$ 13,746,475
Foreign exchange differences	(302,024)	564,241
Balance, end of period	\$ 13,263,582	\$ 14,310,716

There have been no impairment losses recognized against intangible assets in current or prior periods.

5. Goodwill

The continuity of goodwill for the six months ended June 30, 2021 and 2020 was as follows:

	June 30 2021	June 30 2020
Balance, beginning of period	\$ 25,583,076	\$ 25,891,962
Foreign exchange differences	(515,796)	963,607
Balance, end of period	\$ 25,067,280	\$ 26,855,569

There were no impairment losses recognized against goodwill during period ended June 30, 2021.

6. 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 June 30, 2021 were \$900,000 (December 31, 2020: \$900,000).

The Company also maintains an additional borrowing facility under a guarantee program with Export Development Canada (EDC), for day-to day operational purposes and to manage any cashflow challenges presented by COVID-19. An initial \$1,500,000 was advanced under this facility in July 2020 with an additional \$1,500,000 advance being drawn under the facility in March 2021. The EDC facility is available for a 12 month period with an optional renewal period. Advanced funds bear interest at bank prime plus 1% and are secured by EDC. Drawings against this facility at June 30, 2021 were \$3,000,000 (December 31, 2020: \$1,500,000).

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7. Provisions

	June 30 2021	June 30 2020
Balance at beginning of period	\$ 32,611	\$ 30,533
Charges	29,255	18,818
Utilization	(29,323)	(12,634)
Foreign exchange	(781)	712
Balance at end of period	\$ 31,762	\$ 37,429
Less: current portion of provisions	(31,762)	(37,429)
Non-current portion of provisions	\$ -	\$ -

8. Lease Liability

	June 30 2021	June 30 2020
Balance, beginning of period	\$ 507,802	\$ 507,875
Interest expense	16,670	23,717
Lease payments	(71,504)	(80,697)
Foreign exchange	(31,743)	26,964
Balance, end of period	\$ 421,225	\$ 477,859
Less: current portion of lease liability	(78,932)	(81,471)
Non-current portion of lease liability	\$ 342,293	\$ 396,388

9. Debt

	June 30 2021	December 31 2020
Current		
Senior secured facility	\$ 11,609,734	\$ 4,107,074
Short term promissory notes	2,017,965	2,062,959
Total	\$ 13,627,699	\$ 6,170,033
Non-Current		
	\$ -	\$ 9,135,004
Total	\$ -	\$ 9,135,004

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Senior secured facility

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 such as debt to earnings and other coverage ratios. As measured at June 30, 2021, the Company was not in compliance with certain financial covenants of the senior secured facility. The Company received waivers with respect to covenants during 2020 and expects to receive a waiver from its lender with respect to the covenants at June 30, 2021. As the Company was not in compliance at the reporting date, the full balance of the loan has been presented as due within the current period.

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 principal of \$2,000,000. Both notes are due one year from the acquisition date, or December 13, 2020, accrue interest at 3% and are subordinated to the senior secured facility and are unsecured other than by written guarantees of the acquired companies.

10. Share capital

(a) Authorized:

Unlimited common shares without par value. Unlimited preferred shares.

Issued:

	Six months ended		Year ended	
	June 30, 2021		December 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Balance , beginning of period	52,525,883	\$ 22,110,464	52,745,883	\$ 22,203,062
Common shares repurchased pursuant to normal course issuer bid	-	-	(220,000)	(92,598)
Balance , end of period	52,525,883	\$ 22,110,464	52,525,883	\$ 22,110,464

(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" over a twelve month period. 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. The Company's NCIB expired November 2020.

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(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.

There were no options granted during the six months ended June 30, 2021 (2020: nil). Outstanding options have terms of one to five years from the date of grant and vest over periods of one to two years.

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. For the three and six months ended June 30, 2021, stock based compensation expense of \$31,673 and \$63,346 (2020: \$10,479 and \$81,661) respectively, relating to 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.

(d) Details of outstanding options are as follows:

	Number of options	Weighted average exercise price per share
Options outstanding at December 31, 2020	4,842,500	\$ 0.64
Options outstanding, June 30, 2021	4,842,500	\$ 0.64
Options exercisable, June 30, 2021	4,106,500	\$ 0.67

11. Warrants

Details of outstanding warrants are as follows:

	Number of warrants	Exercise price per share
Warrants outstanding at December 31, 2020	125,000	\$ 0.80
Warrants outstanding, June 30, 2021	125,000	\$ 0.80
Warrants exercisable, June 30, 2021	125,000	\$ 0.80

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12. Related party transactions

At June 30, 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:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Salaries	\$ 407,925	\$ 473,382	\$ 880,610	\$ 931,574
Share based compensation	20,087	3,086	40,174	46,173
	\$ 428,012	\$ 476,468	\$ 920,784	\$ 977,747

13. Income taxes

The major components of income tax expense for the three months ended June 30, 2021 and 2020 are:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Income tax recognized in statements of operations				
Current tax	\$ 390,815	\$ 416,590	\$ 535,063	\$ 986,845
Deferred tax	7,189	15,710	(11,484)	(29,259)
Provision for income taxes	\$ 398,004	\$ 432,300	\$ 523,579	\$ 957,586

The Company has recognized an estimated current tax expense and adjustment to deferred taxes based on an approximation of tax liabilities due with respect to its operations in Germany, Barbados and Canada. Income taxes recoverable represent withholding taxes paid on intercompany dividends and are expected to be recovered in subsequent periods.

14. Management of capital

The Company includes the following in its definition of capital:

	June 30	December 31
	2021	2020
Debt	\$ 13,627,699	\$ 15,305,037
Equity comprised of:		
Share capital	22,110,464	22,110,464
Contributed surplus	2,229,923	2,166,577
Deficit and accumulated other comprehensive income	(4,648,845)	(4,084,262)
	\$ 33,319,241	\$ 35,497,816

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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;
- (b) utilizing leverage in the form of third party debt; and
- (c) realizing proceeds from the disposition of its investments

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 9, 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.

15. 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.

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

Classification	June 30, 2021	
	Carrying value	Fair value
	\$	\$
Loans and receivables		
- Cash	680,003	680,003
- Trade and other receivables	2,066,669	2,066,669
- Income tax recoverable	101,934	101,934
Other financial liabilities		
- Operating lines	3,900,000	3,900,000
- Accounts payable and accrued liabilities	2,102,308	2,102,308
- Income taxes payable	233,778	233,778
- Debt	13,627,699	13,627,699

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.

At June 30, 2021	Year ended December 31			
	2021	2022	2023	Thereafter
Debt	\$ 3,648,499	\$ 3,326,400	\$ 3,326,400	\$ 3,326,400
Operating line	3,900,000			
Accounts payable and accrued liabilities	2,102,308	-	-	-
Income taxes payable	233,778	-	-	-
Lease liability	46,604	95,831	96,515	240,140
Total	\$ 9,931,189	\$ 3,422,231	\$ 3,422,915	\$ 3,566,540

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(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 June 30, 2021 (U.S. dollar 1.2404, Euro 1.4696) and December 31, 2020 (U.S. dollar 1.2753, Euro 1.5597):

	June 30 2021	December 31 2020
Denominated in U.S. dollars		
Cash	1,338,182	402,991
Trade and other receivables	860,333	646,106
Accounts payable and accrued liabilities	(765,518)	(191,906)
Income taxes payable	(47,217)	(22,276)
Net assets denominated in U.S. dollars	1,385,780	834,915
Denominated in Euros		
Cash	89,961	87,756
Income taxes recoverable	101,934	195,021
Accounts payable and accrued liabilities	(644,435)	(968,456)
Lease liability	(208,328)	(236,844)
Net liabilities denominated in Euros	(660,778)	(922,523)

The following table shows the estimated sensitivity of the Company's total comprehensive loss for the three months ended June 30, 2021 from a change in foreign currencies with all other variables held constant as at June 30, 2021:

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%	\$ (16,585)	\$ 16,585
4%	(33,170)	33,170
6%	(49,755)	49,755
8%	(66,340)	66,340
10%	(82,925)	82,925

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

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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 historical variability in the BA rate, it is management's opinion that the Company is not currently exposed to significant interest rate risk.