Rise Capital Corp.
(A Capital Pool Company)

Financial Statements

For the Period from the Date of Incorporation (March 4, 2021) to September 30, 2021 and the three months ended September 30, 2021 (unaudited)

(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Rise Capital Corp.:

Opinion

We have audited the financial statements of Rise Capital Corp. (the "Corporation"), which comprise the statement of financial position as at September 30, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from March 4, 2021 (date of incorporation) to September 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2021, and its financial performance and its cash flows for the period from March 4, 2021 (date of incorporation) to September 30, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the 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.

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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Corporation’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 Corporation’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 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 William E.K. Avery.

MNP LLP

Toronto, Ontario
November 8, 2021

Chartered Professional Accountants
Licensed Public Accountants

Rise Capital Corp.
Statement of Financial Position
As at September 30, 2021
(in Canadian Dollars)

Assets		**2021**
Cash held in trust	$	9,388,243
	$	**9,388,243**
Liabilities		
Accounts payable and accrued liabilities	$	136,808
Shareholders' Equity		
Share capital, net of issuance costs (Note 3)		9,545,472
Deficit		(294,037)
		9,251,435
	$	**9,388,243**

Subsequent Event (Note 1)

Approved by the Board (signed) *"Michael Zych"* Director **(Signed)** (signed) *"Gordon McMillan"* Director **(Signed)**

The accompanying notes are an integral part of these financial statements.

Rise Capital Corp.
Statements of Loss and Comprehensive Loss
For the Period from the Date of Incorporation (March 4, 2021) to September 30, 2021 and the Three Months Ended September 30, 2021 (unaudited)
(in Canadian Dollars)

	For three months ended September 30, 2021 (unaudited)	For the period from the Date of Incorporation (March 4, 2021) to September 30, 2021
Expenses		
Professional fees	$ 136,808	$ 189,968
Listing and filing fees	13,391	45,171
Insurance	-	58,898
Net loss and comprehensive loss for the period	**(150,199)**	**(294,037)**
Net loss per share – basic and diluted	**$ (0.00)**	**$ (0.01)**
Weighted average shares outstanding- basic and diluted	**55,000,000**	**37,878,049**

The accompanying notes are an integral part of these financial statements.

Rise Capital Corp.
Statement of Cash Flows
For the Period from the Date of Incorporation (March 4, 2021) to September 30, 2021
(in Canadian Dollars)

		For the period from the Date of Incorporation (March 4, 2021) to September 30, 2021
Cash provided by (used in)		
Operating		
Net loss for the period	$	(294,037)
Change in accounts payable and accrued liabilities		136,808
Cash used in operating activities		**(157,229)**
Financing		
Share subscription, net of issue costs		9,545,472
Cash provided by financing activities		**9,545,472**
Net change in cash		9,388,243
Cash, beginning of period		-
Cash, end of period	$	**9,388,243**

The accompanying notes are an integral part of these financial statements.

Rise Capital Corp.
Statement of Changes in Shareholders' Equity
For the Period from the Date of Incorporation (March 4, 2021) to September 30, 2021
(in Canadian Dollars)

	Number of Shares	Share Capital	Deficit	Shareholders' Equity
Balance, March 4, 2021	**-**	**$ -**	**$ -**	**$ -**
Share subscription (Note 3)	10,000,000	1,000,000	-	1,000,000
Share subscription (Note 3)	45,000,000	9,000,000	-	9,000,000
Issue costs	-	(454,528)	-	(454,528)
Net loss for the period	-	-	(294,037)	(294,037)
Balance, September 30, 2021	**55,000,000**	**$ 9,545,472**	**$ (294,037)**	**$ 9,251,435**

The accompanying notes are an integral part of these financial statements.

1. INCORPORATION AND NATURE OF BUSINESS

Rise Capital Corp. (the "Corporation") was incorporated under the *Business Corporations Act (Ontario)* on March 4, 2021 and is a Capital Pool Company as defined under Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception of reasonable general and administrative expenses, not exceeding $3,000 per month. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

Subsequent to the period ended September 30, 2021, in preparation for the transaction, the Corporation incorporated two wholly-owned subsidiaries, Rise Capital Merger Sub Inc., a Delaware corporation, and Rise Capital Subco Inc., incorporated in Ontario. These two wholly-owned subsidiaries have no operations and were formed solely for execution of the Transaction.

The head office and the registered head office of the Corporation is located at 20 Holly Street, Suite 300, Toronto, Ontario, Canada, M4S 3B1.

On November 8, 2021, the Board of Directors approved the financial statements as at September 30, 2021 and for the period from the date of Incorporation (March 4, 2021) to September 30, 2021.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Share-based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss, and (ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash held in trust is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive loss (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Instruments - continued

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.
Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

The effective tax rate of the Corporation is 26.5%. Non-capital loss carryforward of $344,389 expire in 2041 and consist of current year loss of $294,037 and tax amortization of share issuance costs for the period ended September 30, 2021 of $50,352.

(in Canadian Dollars)

3. SHARE CAPITAL

Authorized – Unlimited common shares

Issued

10,00,000 common shares	**10,000,000**	**$ 1,000,000**
45,000,000 common shares	**45,000,000**	**9,000,000**
Issue costs	**-**	**(454,528)**
Balance, September 30, 2021	**55,000,000**	**$ 9,545,472**

Filing of Prospectus and Initial Public Offering

The Corporation filed a prospectus to offer to sell and issue a minimum of 5,000,000 common shares to a maximum of 45,000,000 common shares at a price of $0.20 per common share for gross proceeds of $1,000,000 to $9,000,000, respectively (the "Offering"). In connection with the Offering, the Corporation entered into an agency agreement with Hampton Securities Limited (the "Agent"). On May 26, 2021, the Corporation announced it completed the Offering, issuing 45,000,000 common shares at $0.20 per share for gross proceeds of $9,000,000. In completing the Offering, the Company incurred $419,328 in commissions for the Agent and $35,200 in other reimbursable costs, for total issue costs of $454,528.

Escrowed Shares

During the period ended June 30, 2021, the Corporation issued 10,000,000 common shares at $0.10 per share for gross proceeds of $1,000,000.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. Directors and officers also subscribed for additional shares in the Offering, as a result a total of 17,450,000 common shares have been escrowed at September 30, 2021.

All common shares and commons shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued, releasing from escrow as follows:

Date of Final Exchange Bulletin	25%
Date 6 months following Final Exchange Bulletin	25%
Date 12 months following Final Exchange Bulletin	25%
Date 18 months following Final Exchange Bulletin	25%

3. SHARE CAPITAL – continued

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. They are non-transferable and the exercise price of each option granted under the plan shall be determined by the Board of Directors. Options may be granted for a maximum term of ten years from the date of the grant.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions as described above for escrowed shares.

The stock option plan is subject to regulatory approval.

No options have been granted or are outstanding as at September 30, 2021.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception of reasonable general and administrative expenses, not exceeding $3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash held in trust, accounts payable and accrued liabilities approximate fair value due to the relatively short-term maturity of the instruments. It is management’s opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. RELATED PARTY TRANSACTIONS

There was no remuneration paid to key management personnel during the period ended September 30, 2021 and no other related party transactions have occurred during this period.

6. QUALIFYING TRANSACTION

On June 25, 2021, the Corporation entered into a non-binding letter of intent ("LOI") with MiniLuxe, Inc. ("MiniLuxe"), to complete a proposed business combination (the "Transaction"). which is intended to constitute its QT. MiniLuxe is a Delaware corporation based in Boston, Massachusetts that has emerged as one of the leading socially-responsible lifestyle brands in nail care. Pursuant to the terms of the Transaction, all of the issued and outstanding stock of MiniLuxe will be exchanged for shares of Rise following a consolidation of the Rise Shares on a 4:1 basis, as has been determined by the parties. It is intended that any outstanding convertible securities of MiniLuxe will either be cancelled or converted prior to the completion of the Transaction or exchanged pursuant to the Transaction for comparable securities of the Resulting Issuer on substantially similar economic terms.

Prior to September 30, 2021, MiniLuxe Finco Corp. ("MiniLuxe Finco") raised an aggregate of $1,057,368 CAD for 881,140 subscription receipts, or $1.20 CAD per subscription receipt, and $5,211,000 CAD ($4,095,151 USD) for 4,265,747 subscription receipts, or $0.96 USD per subscription receipt, for a total of 5,146,887 subscription receipts and $6,268,369 CAD. The Offering of Subscription Receipts remained open until October 15, 2021, during that MiniLuxe Finco raised an additional $1,296,288 CAD for 1,080,220 subscription receipts, at $1.20 CAD per subscription receipt, and $2,123,001 USD for 2,391,668 subscription receipts, at $0.96 USD per subscription receipt.

Each subscription receipt will entitle the holder thereof to one common share of MiniLuxe Finco. The funds are held in escrow pending completion of the Transaction and are refundable to the investors if the conditions for release are not met. As the amount is potentially settled in cash, the subscription receipts have been presented as a liability, the foreign currency amounts reside in a USD bank account and accordingly, the foreign exchange adjustments to period end spot rate offset between the bank and subscription receipts.

The Escrowed Funds shall be released to MiniLuxe Finco, and in connection therewith: (a) each Subscription Receipt will be automatically converted into one Common Share (but no certificates evidencing such Common Shares will be issued to the Subscriber); and (b) MiniLuxe Finco will be amalgamated with a wholly-owned subsidiary of Rise Capital Corp., and pursuant thereto all Common Shares will be exchanged for Class A subordinate voting shares of Rise Capital as part of the business combination transaction (the "Qualifying Transaction") to be completed between Rise Capital and MiniLuxe Inc..

Release Conditions means (a) MiniLuxe Finco, MiniLuxe and Rise Capital having entered into the QT Agreement, (b) the receipt of all applicable regulatory and shareholder approvals for the Qualifying Transaction (including the conditional approval of the TSXV), (c) MiniLuxe Finco having confirmed that all conditions under the QT Agreement have been satisfied or waived, other than the release of the Escrowed Funds, the completion of the Amalgamation and the Qualifying Transaction and the filing of the requisite documents with governmental authorities, if any, to give effect to the Qualifying Transaction, (d) the Class A subordinate voting shares of Rise Capital issued to holders of Common Shares (including Common Shares issued on conversion of the Subscription Receipts) not being subject to any statutory hold period in Canada, (e) the Class A subordinate voting shares of Rise Capital being conditionally approved for listing on the TSXV, and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the conditions set out in the conditional approval letter of the TSXV, and (f) MiniLuxe Finco having delivered a written notice to the Subscription Receipt Agent confirming that the Release Conditions have been met or waived.

6. QUALIFYING TRANSACTION - continued

On September 30, 2021, the shareholders of the Corporation approved the following restructuring of the Corporation's share capital, subject to completion of the Transaction:

i. amend the rights and restrictions of the Common Shares, which will be re-designated as Class A subordinate voting shares ("SVS") having the special rights and restrictions described under the heading "Summary Share Terms"; and
ii. create a new class of shares designated as Class B proportionate voting shares (the PVS") that will have the special rights and restrictions described under the heading "Summary Share Terms"

The following is a summary of the special rights and restrictions attached to the SVS and PVS.

<u>SVS</u>
Holders of SVS will be entitled one vote in respect of each SVS held. In the event of an offer to purchase the PVS and not the SVS, then the SVS will become convertible at the rate of 1,000:1. Dividends, whether in cash, property or stock, if and when declared, may only be declared if simultaneously declared for the PVS, adjusted by the 1,000:1 ratio.

<u>PVS</u>
The PVS will be entitled to one thousand (1,000) votes in respect of each PVS held. Each PVS will be convertible into one thousand SVS. Dividends, whether in cash, property or stock, if and when declared, may only be declared if simultaneously declared for the SVS.

Further, also subject to the completion of the Transaction, the shareholders of the Corporation approved the consolidation of all of its issued and outstanding common shares at a consolidation ratio of 4:1,as has been determined by the parties.