

RMMI CORP.

**Condensed Interim Consolidated Financial Statements
For the Three-Month Periods Ended March 31, 2020 and 2019
(unaudited)
(In Canadian dollars)**

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

RMMI Corp.
Condensed Interim Consolidated Statements of Financial Position

	As at March 31, 2020 (unaudited)	As at December 31, 2019 (audited)
Assets		
Current Assets		
Cash	\$ 249,178	\$ 466,733
Prepaid expenses and other receivables (Note 3)	15,058	17,383
Total Current Assets	264,236	484,116
Non-Current Assets		
Property, plant and equipment (Note 4)	6,589,458	6,587,619
Deposits (Note 4)	348,715	348,715
Right-of-use asset (Note 5)	8,289	16,564
Total Assets	\$ 7,210,698	\$ 7,437,014
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 406,167	\$ 198,670
Secured notes (Note 7)	1,000,000	1,000,000
Lease obligation liability (Note 6)	9,319	20,699
Total Current Liabilities	1,415,486	1,219,369
Shareholders' Equity		
Share capital (Note 8)	7,031,953	7,031,953
Warrants (Note 8)	855,091	855,091
Contributed surplus	1,994,962	1,974,962
Deficit	(4,086,794)	(3,644,361)
Total Shareholders' Equity	5,795,212	6,217,645
Total Liabilities and Shareholders' Equity	\$ 7,210,698	\$ 7,437,014

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors:

Signed "Earl Connors"
 Director

Signed "Dave Guebert"
 Director

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

RMMI Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three-month periods ended March 31, 2020 and 2019
(unaudited)

	Three months ended March 31,	
	2020	2019
Expenses		
General and administration	\$227,933	\$321,496
Interest and financing costs (Note 7)	180,000	-
Lease finance expense	315	952
Depreciation (Note 4 and 5)	14,185	14,120
Share based compensation (Note 9)	20,000	45,800
Total Expenses	442,433	382,368
Net loss and comprehensive loss	\$442,433	\$382,368
Net loss per share:		
- Basic and diluted (Note 10)	(0.03)	(0.03)

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

RMMI Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(unaudited)
(In Canadian dollars, except the number of shares and warrants)

	Number of Shares	Number of Warrants	Share Capital	Warrants	Contributed Surplus	Deficit	Shareholders' Equity
As at December 31, 2019	13,577,628	2,015,256	\$ 7,031,953	\$ 855,091	\$ 1,974,962	\$ (3,644,361)	\$ 6,217,645
Share based compensation (Note 9)	-	-	-	-	20,000	-	20,000
Net loss and comprehensive loss	-	-	-	-	-	(442,433)	(442,433)
Balance March 31, 2020	13,577,628	2,015,256	\$ 7,031,953	\$ 855,091	\$ 1,994,962	\$ (4,086,794)	\$ 5,795,212

	Number of Shares	Number of Warrants	Share Capital	Warrants	Contributed Surplus	Deficit	Shareholders' Equity
As at December 31, 2018	13,548,928	2,184,546	\$ 7,665,709	\$ 1,525,508	\$ 526,339	\$ (2,262,502)	\$ 7,455,054
Broker warrant exercises (Note 8)	3,700	(3,700)	6,405	(2,705)	-	-	3,700
Option exercises (Note 9)	25,000	-	12,053	-	(5,803)	-	6,250
Warrant expiries (Note 8)	-	(165,590)	-	(121,051)	121,051	-	-
Share based compensation (Note 9)	-	-	-	-	45,800	-	45,800
Net loss and comprehensive loss	-	-	-	-	-	(382,368)	(382,368)
Balance March 31, 2019	13,577,628	2,015,256	\$ 7,684,167	\$ 1,401,752	\$ 687,387	\$ (2,644,870)	\$ 7,128,436

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

RMMI Corp.
Condensed Interim Statements of Cash Flows
For the three-month periods ended March 31, 2020 and 2019
(unaudited)

	2020	2019
Operating		
Net loss	\$(442,433)	\$(382,368)
Items not affecting cash:		
Depreciation	14,185	14,120
Share based compensation (Note 9)	20,000	45,800
Change in non-cash working capital (Note 14)	207,812	(84,886)
Net cash used in operating activities	(200,436)	(407,334)
Investing		
Additions to property, plant and equipment (Note 4)	(7,749)	(1,525,171)
Deposits (Note 4)	-	(392,664)
Change in non-cash working capital (Note 14)	2,010	652,493
Net cash used in investing activities	(5,739)	(1,265,342)
Financing		
Proceeds from warrant exercise (Note 8)	-	3,700
Proceeds from option exercise (Note 9)	-	6,250
Repayment of lease liability (Note 6)	(11,380)	(7,783)
Change in non-cash working capital (Note 14)	-	(4,036)
Net cash provided by financing activities	(11,380)	(1,869)
Net (use of)/increase in cash	(217,555)	(1,674,545)
Cash, beginning of period	466,733	5,376,054
Cash, end of period	\$249,178	\$3,701,509

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

1. REPORTING ENTITY

RMMI Corp. (the “Company” or “RMMI”) was incorporated under the Business Corporations Act (Alberta) on February 6, 2018. The registered office is located at Suite 1050, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9. RMMI completed its initial public offering on September 24, 2018 and became a listed entity on the Canadian Securities Exchange (“CSE” or the “Exchange”) under the symbol “RMMI”. The shares of RMMI commenced trading on CSE on September 25, 2018.

On April 1, 2018, the Company issued 11,779,700 common shares of RMMI Corp. in exchange for all of the issued and outstanding shares (the “Transaction”) of Rocky Mountain Marijuana Inc. (“RM”). For accounting purposes, the Transaction was treated as a reverse acquisition with RM being the accounting acquirer. Therefore, the Company’s historical financial statements reflect those of RM. Prior to the Transaction, RMMI had no business operations or activities.

On October 11, 2019, RM received its cannabis cultivation, processing and medical sales licence from Health Canada under Canada’s Cannabis Act and Regulations (“Cannabis Act”). The Company owns a facility in Newell County, Alberta (the “RMMI Property”) which has been renovated as a cannabis cultivation facility, with some interior wall construction and utility installation remaining. RMMI is a development stage company and commencement of operations depends on obtaining adequate financing to become operational. RMMI will commence its cultivations immediately upon completion of some utility system connections and final renovations at the RMMI Property.

The Company is in a development stage and has not commenced commercial operations or generated any revenue. During the three months ended March 31, 2020, the Company incurred a net loss and comprehensive loss of \$442,443 (three months ended March 31, 2019 - \$382,368) and utilized cash of \$200,436 (2019 - \$407,334) in operations. The Company’s working capital deficit was \$1,151,250 at March 31, 2020 (December 31, 2019 - \$735,253). The continued operations of the Company are dependent on its ability to obtain additional financing and generate future positive operating cash flows. In the past the Company has been successful in raising capital to fund operations however there is no guarantee of future success. The Company’s secured noteholders have agreed to extend the maturity date of the secured notes until May 31, 2020 and we expect to ask for additional extensions if refinancing is not available by then but there is no guarantee that they will agree to further extensions.

The Company has incurred operating losses since inception and requires funds to meet its overhead and to commence commercial operations. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. Management is currently exploring various options that, if successful, will enable the Company to have access to sufficient funds to complete construction, commence commercial operations, generate operating cash flows and be able to settle the liabilities as and when they fall due. These include, but are not limited to:

- Engaging agents to source debt capital;
- Discussions with various parties for equity capital; and
- Discussions with third parties on joint venture, partnership, merger or other transactions.

If for any reason the Company is unable to continue as a going concern, then this could impact the Company’s ability to realize its assets and discharge its liabilities in the normal course of business at the amounts stated in the condensed consolidated interim financial statements. These interim condensed unaudited consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These unaudited condensed interim financial statements (“interim financial statement”) have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended December 31, 2019 (“last annual financial statements”). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

These interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

These interim financial statements were approved and authorized for issuance by the Board of Directors on May 22, 2020.

(b) Use of judgments and estimates

In preparing these interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in that last annual financial statements.

(c) Significant accounting policies

Please refer to the December 31, 2019 audited financial statements and accompanying notes for a description of the significant accounting policies used by the Company. The policies set out in the Company’s December 31, 2019 financial statements were consistently applied to all periods presented. These unaudited interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2019.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets and are comprised of:

	March 31, 2020	December 31, 2019
Prepaid expenses	\$11,281	\$11,281
Goods and service tax (GST) receivable	3,777	6,102
Total	\$15,058	\$17,383

RMMI Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three-month periods ended March 31, 2020 and 2019 (unaudited)
(In Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Furniture & equipment	Buildings & improvements	Land	Total
Cost				
At December 31, 2019	\$ 128,540	\$ 6,236,136	\$ 259,000	\$ 6,623,676
Additions	-	7,749	-	7,749
At March 31, 2020	128,540	6,243,885	259,000	6,631,425
Accumulated depreciation				
At December 31, 2019	\$ 13,571	\$ 22,486	\$ -	\$ 36,057
Depreciation for the period	2,110	3,800	-	5,910
At March 31, 2020	15,681	26,286	-	41,967
Net book value				
At December 31, 2019	\$ 114,969	\$ 6,213,650	\$ 259,000	\$6,587,619
At March 31, 2020	\$ 112,859	\$ 6,217,599	\$ 259,000	\$6,589,458

In January 2018, the Company acquired land and buildings in Newell County, Alberta for \$1,025,000. This amount includes \$125,000 of deposits that was paid at December 31, 2017. The Company incurred other directly attributable costs totaling \$9,556 in connection with the acquisition of land and building. The purchase price was allocated to land and buildings based on a third-party appraisal report. The buildings include two warehouse facilities which were expected to be retrofitted as the Company's cannabis production facilities. A portion of the smaller of the two warehouse facilities was put in use for the Company's hemp cultivation testing program during the year and was subjected to depreciation.

In the three months ended March 31, 2020, the Company incurred \$7,749 (three months ended March 31, 2019 - \$1,523,414) of costs related to the retrofit of the Newell property. These expenses primarily relate to design, engineering, construction and project management. The majority of the buildings and improvements are not considered available for use and are not subject to depreciation.

During the three months ended March 31, 2020, the Company purchased furniture and equipment totaling \$NIL for head office (three months ended March 31, 2019 - \$1,757).

At March 31, 2020, the Company had made deposits totaling \$348,715 to two vendors (December 31, 2019 - \$348,715 to two vendors) as progress payments on long lead-time equipment to be delivered in 2020. Additional progress payments on this equipment are due when specific construction or delivery and installation milestones have been met (Note 13).

5. RIGHT-OF-USE ASSET

Right of use asset consist of the following:

	Office lease
Cost	
At December 31, 2019	\$ 49,664
Additions	-
At March 31, 2020	49,664
Accumulated depreciation	
At December 31, 2019	\$ 33,100
Depreciation for the period	8,275
At March 31, 2020	41,375
Net book value	
At December 31, 2019	\$ 16,564
At March 31, 2020	\$8,289

6. LEASE OBLIGATION LIABILITY

	Amount
At December 31, 2019	\$20,699
Repayments in the period	11,380
At March 31, 2020	\$9,319

The Company has lease liabilities for contracts related to office space. The Company has not included extension options in the calculation of lease obligation liabilities as it is currently not more than likely to exercise the extension option. The Company had variable lease payments related to operating costs and property taxes for real estate contracts which were recorded as general and administrative expenses.

7. SECURED NOTES

On September 13, 2019, the Company issued secured notes totaling \$1,000,000 to fund working capital costs. Certain members of RMMI's executives and board of directors participated in the financing in the collective amount of \$425,000. The secured notes carry a 12% per annum interest rate, with an original maturity date of December 31, 2019 and are secured by a fixed charge on all present and after acquired property of the Company until the loan is repaid in full. A 5% facility fee was payable at the original maturity. The secured notes were extended from their original maturity date of December 31, 2019 to May 31, 2020 and 5% extension fees accrued monthly. The cumulative interest and facility fee are now payable at the extended maturity date of May 31, 2020. During the three months ended March 31, 2020, interest and facility fee totaled \$180,000 and was recognized in the profit and loss and included in the accounts payable and accrued liabilities as at March 31, 2020.

8. SHARE AND WARRANT CAPITAL

Authorized: an unlimited number of voting common shares, no par value
an unlimited number of preferred shares, no par value

Shares and warrants issued:

	Common shares		Warrants		
	Number of shares	Amount	Number of warrants	Number of broker warrants	Amount
Balance December 31, 2019	13,577,628	\$ 7,031,953	1,874,000	141,256	\$ 855,091
Balance March 31, 2020	13,577,628	\$ 7,031,953	1,874,000	141,256	\$ 855,091
Balance December 31, 2018	13,548,928	\$ 7,665,709	1,874,000	310,546	\$ 1,525,508
Options exercises (<i>Note 9</i>)	25,000	12,053	-	-	-
Broker warrants exercises (<i>i</i>)	3,700	6,405	-	(3,700)	(2,705)
Warrants expired (<i>ii</i>)	-	-	-	(165,590)	(121,051)
Balance March 31, 2019	13,577,628	\$ 7,684,167	1,874,000	141,256	\$ 1,401,752

(i) In the three months ended March 31, 2019, 3,700 broker warrants were exercised for gross proceeds of \$3,700. The original fair market value of the exercised warrants of \$2,705 was transferred from warrant capital to share capital.

(ii) In the three months ended March 31, 2019, 165,590 broker warrants expired. The fair value of the warrants at time of grant of \$121,051 was transferred from warrant capital to contributed surplus.

RMMI Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three-month periods ended March 31, 2020 and 2019 (unaudited)
(In Canadian dollars)

8. SHARE AND WARRANT CAPITAL (Continued)

The following summarizes warrant transactions for the three months ended March 31, 2020 and 2019:

	2020		2019	
	Number of warrants	Weighted average price	Number of warrants	Weighted average price
Beginning of year	2,015,256	\$1.34	2,184,546	\$1.31
Broker warrants exercised	-	-	(3,700)	\$1.00
Broker warrants expired	-	-	(165,590)	\$1.00
Balance March 31	2,015,256	\$1.34	2,015,256	\$1.34

Outstanding warrants at March 31, 2020 were as follows:

	Warrants	Weighted average prices	Weighted average years to expiry
Broker warrants	141,256	\$2.50	0.5
Warrants	1,874,000	\$1.25	0.2
Balance March 31, 2020	2,015,256	\$1.34	0.2

Outstanding warrants at March 31, 2019 were as follows:

	Warrants	Weighted average prices	Weighted average years to expiry
Broker warrants	141,256	\$2.50	1.5
Warrants	1,874,000	\$1.25	0.2
Balance March 31, 2019	2,015,256	\$1.34	0.3

Escrowed securities:

Pursuant to an escrow agreement dated June 24, 2018, 1,826,668 common shares of the Company were deposited into escrow with respect to the Company's initial public offering. In addition, 216,668 warrants at \$1.25 per share expiring June 30, 2020 and 985,000 stock options with exercise prices of \$0.25 and \$1.00 per share expiring March 31, 2022 and March 5, 2023 respectively, were also subject to the escrow agreement. Under the escrow agreement, 10% of the escrowed common shares were released from escrow on September 24, 2018, the date of closing of the Company's initial public offering, and 15% will be released every six months thereafter over a period of 36 months. As of March 31, 2020, 822,002 (March 31, 2019 - 1,370,002) common shares remain in escrow.

9. SHARE BASED COMPENSATION

The following summarizes information about stock options outstanding as at March 31, 2020 and 2019:

	For the three months ended March 31, 2020		For the three months ended March 31, 2019	
	Number of options	Weighted average price	Number of options	Weighted average price
Beginning of year	1,030,000	\$0.61	1,137,500	\$0.66
Options forfeited and expired	-	-	(20,000)	\$0.53
Options exercised	-	-	(25,000)	\$0.25
Options issued	-	-	-	-
End of the period	1,030,000	\$0.61	1,092,500	\$0.67

The following table summarizes information about the share options outstanding and exercisable as at March 31, 2020:

Exercise price	Options outstanding			Options exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price	
\$0.25	550,000	2.0	\$0.25	550,000	\$0.25	
\$1.00	455,000	2.9	\$1.00	397,500	\$1.00	
\$1.56	25,000	3.7	\$1.56	12,500	\$1.56	
-	1,030,000	2.4	\$0.61	960,000	\$0.58	

The following table summarizes information about the share options outstanding and exercisable as at March 31, 2019:

Exercise price	Options outstanding			Options exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price	
\$0.25	537,500	3.0	\$0.25	455,000	\$0.25	
\$1.00	480,000	3.9	\$1.00	247,500	\$1.00	
\$1.56	75,000	4.7	\$1.56	18,750	\$1.56	
-	1,092,500	3.4	\$0.67	721,250	\$0.54	

9. SHARE BASED COMPENSATION (Continued)

During the three months ended March 31, 2020, the Company issued NIL options (three months ended March 31, 2019 – NIL options). The share-based compensation expense recognized during the three months ended March 31, 2020 was \$20,000 (three months ended March 31, 2019 - \$45,800). During the three months ended March 31, 2020, NIL options were exercised. During the three months ended March 31, 2019, 25,000 options were exercised for gross proceeds of \$6,250. The original fair market value of the exercised options of \$5,803 was transferred from contributed surplus to share capital.

10. NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2020 was based on the loss attributable to common shareholders of \$442,433 (three months ended March 31, 2019 – \$382,368) and the weighted average number of common shares outstanding of 13,577,628 (three months ended March 31, 2019 – 13,569,399).

Share options and warrants were anti-dilutive during the three months ended March 31, 2020 and 2019.

11. RELATED PARTY TRANSACTIONS

Related party transactions are incurred during the normal course of operations on similar terms and conditions to those entered into with unrelated parties.

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company. The amounts are measured at the exchange amount which is the fair value of the transactions.

(a) Transactions with related parties

	Three months ended March 31, 2020	Three months ended March 31, 2019
Legal fees paid or payable to a firm at which a director of the Company is a partner:	\$5,028	\$20,565

At March 31, 2020, \$5,206 (March 31, 2019 - \$6,128) was owing to the law firm at which a director of the Company is a partner. This amount is recorded in accounts payable and accrued liabilities.

(b) Secured notes

Several officers and directors of the Company participated in the Company's secured note financing. These related parties are owed their proportionate share of the facility fee and interest and these amounts are recorded in accounts payable and accrued liabilities.

12. FINANCIAL RISK MANAGEMENT

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at March 31, 2020, the Company has \$1,000,000 of secured notes outstanding (Note 7). The Company is not subject to externally imposed capital requirements.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash was held at one financial institution at March 31, 2020, which is a Canadian Chartered Bank. Management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

The Company has a GST receivable outstanding with the Canada Revenue Agency ("CRA") for \$3,777. The Company deems CRA to be creditworthy and collection of the receivable will occur.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. As at December 31, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities, secured notes and lease liability. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the year (See Note 1).

Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. The Company purchases some equipment that are denominated in United States dollars ("US dollars"). The purchase value of some of the Company's equipment is subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in U.S. dollars as the Company holds cash in Canadian dollars and has commitments in U.S. dollars (Note 13). Assets are translated based on the foreign currency translation policy.

The Company has determined that as at March 31, 2020, the effect of a \$0.01 increase or decrease in U.S. dollars against the Canadian dollar on commitments would result in an increase or decrease of approximately \$3,200 (March 31, 2019 - \$4,750) to the Company's commitments.

At March 31, 2020, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

13. COMMITMENTS

Purchase of property, plant and equipment

In 2018, the Company placed purchase orders with several suppliers in the normal course of business for acquisition of property, plant and equipment related to its Newell facility that had not been supplied or delivered at March 31, 2020. Certain progress payments had been completed and recorded as Deposits. At March 31, 2020 and December 31, 2019, payments of \$28,000 and US\$320,000 remain outstanding subject to future delivery and construction milestones.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital are comprised of:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Source/(use) of cash:		
Prepaid expenses and other current assets	\$2,325	\$(40,682)
Accounts payable and accrued liabilities	207,497	604,253
Net change in non-cash working capital	\$209,822	\$(563,571)
Operating	207,812	(84,886)
Investing	2,010	652,493
Financing	-	(4,036)
Total	\$209,822	\$(563,571)

15. SUBSEQUENT EVENTS

On April 16, 2020, the Company received a \$40,000 loan from the Government of Canada under its Canada Emergency Business Account. The loan is unsecured and interest-free until December 31, 2022, at which time the remaining balance will convert to a 3-year term loan at an interest rate of 5% per annum. If the Company repays the balance of the loan on or before December 31, 2022, there will be loan forgiveness of 25% or \$10,000.