MINILUXE'S MD&A IN CONNECTION WITH THE FINANCIAL STATEMENTS OF MINILUXE FOR THE 13 WEEKS AND 26 WEEKS ENDED JULY 2, 2023

DATED: AUGUST 28, 2023

This Management's Discussion and Analysis ("MD&A") for the thirteen weeks and twenty-six weeks ended July 2, 2023 provides information on the operating activities, performance and financial position of MiniLuxe Holding Corp. ("MiniLuxe" or the "Company"). This discussion should be read in conjunction with the Company's corresponding interim unaudited consolidated financial statements for the thirteen-week period and twenty-six week period ended July 2, 2023 and related notes (the "Interim Financial Statements"), as well as the audited consolidated financial statements related notes, and MD&A for the fifty-three-week period ended January 1, 2023 (the "Audited Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in U.S. dollars, unless otherwise stated. The information contained herein is current to August 28, 2023, unless otherwise stated.

The fiscal year of the Company is a 52-week reporting cycle ending on the Sunday closest to December 31st, which periodically necessitates a fiscal year of 53 weeks. The fifty-two-week fiscal year, which will end on December 31, 2023, is referred to as "fiscal 2023", "FY23" or similar wording while the fifty-three-week fiscal year, which ended on January 1, 2023, is referred to as "fiscal 2022", "FY22" or similar wording. The period of twenty-six weeks ended July 2, 2023 is referred to as "H1 2023", or similar while the thirteen week period ended July 2, 2023 is referred to as "Q2 2023", or similar.

In this document unless otherwise specified, "we", "us", "our", "Company" and "MiniLuxe" all refer to MiniLuxe Holding Corp. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see the "Performance Assessment" and "Selected Consolidated Financial Information" sections of this MD&A.

Forward-Looking Information

Certain statements in this MD&A which are not historical facts constitute forward-looking statements or information within the meaning of applicable securities laws ("forward-looking statements"). Such statements include, but are not limited to, statements regarding MiniLuxe's projected revenues, gross margins, earnings, growth rates, the success of new products and services, market penetration and product or service plans. The use of terms such as "may", "anticipated", "expected", "projected", "targeting", "estimate", "intend" and similar terms are intended to assist in the identification of these forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause MiniLuxe's actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Accordingly, there can be no assurance that forward-looking statements will prove to be accurate and readers are therefore cautioned not to place undue reliance upon any such forward-looking statements.

Factors that could cause results or events to differ materially from current expectations expressed or implied by forward looking statements contained herein include, but are not limited to: MiniLuxe's history of losses and the risks associated with not achieving or sustaining profitability; risks relating to the highly competitive industry in which MiniLuxe operates; inability to successfully improve existing products or services and introduce new products or services; inability to anticipate and respond to market trends and changing consumer preferences; inability to expand market awareness of the MiniLuxe brand; damage to the MiniLuxe brand's reputational value; disruption from the impact of COVID-19 or other COVID-like pandemics; failure to receive and/or renew requisite licenses and regulatory approvals; the impact of adverse economic conditions on revenue and profitability; loss of key personnel or an inability to attract and retain new personnel; involvement in product recalls or product liability claims; inability to generate sufficient cash from operations or raise capital on acceptable terms to meet future needs; risks related to acquisitions; changes in tax and trade law; natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events; adoption of new accounting standards or interpretations or changes in accounting standards and management's underlying accounting standard assumptions, estimates and judgments; and risks related to forward-looking information contained in MiniLuxe's annual financial statements.

All forward-looking statements are qualified in their entirety by this cautionary statement. MiniLuxe is providing this information as of the current date and does not undertake any obligation to update any forward-looking statements contained herein as a result of new information, future events or otherwise except as may be required by applicable securities laws.

Overview

The Company

MiniLuxe is a digital-first, socially responsible lifestyle brand and talent empowerment platform for the nail and waxing industry. For over a decade, MiniLuxe has been setting industry standards for health, hygiene, quality services, and fair labor practices in its efforts to transform the most used, but highly under-regulated nail care industry. MiniLuxe looks to become one of the largest inclusionary educators, employers, and marketplace of vocational women workers by empowering a community of diverse members on its talent empowerment platform.

The Company is headquartered in Boston, Massachusetts and its platform brings together a Talent ecosystem of licensed nail designers and waxing specialists that provide high-quality, ethical and clean beauty services both at studio locations (MiniLuxe owned-and operated Fleet) or on-demand across off-premises venues. MiniLuxe also sells its own private-label line of cruelty-free, clean, better for you[1] nail and body care products, which can be purchased in-studio or via e-commerce.

[1]All MiniLuxe products are 8-free. 8-free means that MiniLuxe products do not contain formaldehyde, toluene, di-putyl phthalate, formaldehyde resin, camphor, triphenyl phosphate, ethyl tosylamide or xylene.

In Q3 2022, MiniLuxe completed the acquisition of the majority of the assets of Paintbox, LLC and now operates a sister brand ("Paintbox") with a nail art studio location in New York City (Upper East Side), a proprietary product line and proprietary IP designs for nail art designs, alongside 260K online social followers. Paintbox-trained nail artists perform high-quality nail services featuring sophisticated and modern nail art. Please see *Acquisitions* and *Significant Events* for more details.

On November 23, 2021, MiniLuxe Inc. and MiniLuxe Holding Corp ("MiniLuxe Holding") formerly Rise Capital Corp completed a reverse takeover transaction (the "RTO Transaction"), providing for the acquisition by MiniLuxe Holding of all the issued and outstanding common shares of MiniLuxe. Pursuant to a securities exchange agreement, all common shares of MiniLuxe were exchanged for Subordinate Voting Shares and Proportionate Voting Shares of MiniLuxe Holding, and MiniLuxe became a wholly owned subsidiary of MiniLuxe Holding, which is continuing on with the business of MiniLuxe. As a result, the financial statements are presented as a continuance of MiniLuxe, and the comparative figures presented in the financial statements are those of MiniLuxe.

Products and Services

MiniLuxe's business model consists of Talent revenue and Product revenue.

Talent revenue is derived from the provision of self-care services including nail care, waxing, and other esthetic services. The Company delivers its services revenue across a fleet of 21 fully owned-and-operated MiniLuxe / Paintbox studios (and 1 training center) as well as "off-premises" delivery (e.g., hospitality venues and events).[2]

Product revenue is derived from the sale of proprietary lines of self-care products sold both direct-to-consumer via e-commerce websites and through various wholesale partners. MiniLuxe differentiates its product offerings by committing to clean, sustainable, and better-for-you products that have been time- and client-tested across 3+ million services performed. MiniLuxe and Paintbox products are sold in studio with MiniLuxe team members who are all product ambassadors, wholesale channels, and online DTC (direct-to-consumer) e-commerce.

The Company and its brand differentiates itself through a digitally driven experience alongside a dual commitment to setting high standards of cleanliness and empowering a diverse base of employees. Some of the specific factors that make MiniLuxe's offerings distinctive include:

- Every MiniLuxe-branded studio location is equipped with a "Clean Lab" that utilizes surgical-grade sterilization techniques, including autoclaving, to clean metal tools, while all non-metal tools are disposed of after each service.
- The MiniLuxe/Paintbox Talent Ecosystem runs on a fully digitized booking, personalization, and payment platform.
- MiniLuxe's proprietary line of products are used across MiniLuxe services and are formulated with the best efforts to be sustainable, ethically sourced, clean, better, and safer for you[1].
- MiniLuxe nail designers and waxing specialists are compensated with fair wages commensurate with their experience and their value as professionals and are eligible for benefits that include healthcare coverage, 401k, paid time off, and equity ownership opportunities.

[2] Retail product sales at the MiniLuxe/Paintbox fleet of studios are reflected in Talent revenue.

Summary of Key Performance Factors

MiniLuxe's performance and future success depend on several factors, each presenting inherent opportunities and risks. Additionally, the Company notes that since March 2020, the COVID-19 pandemic and resulting government efforts to contain the virus along with the macroeconomic impacts of inflation and labor shortages have in the past significantly disrupted many factors which affect the Company's operations and performance. In 2022 and early 2023, the Company saw consumer demand trending towards pre-pandemic levels and Q1 2023 represented the first "normalized reset" quarter. With that said the Company is not immune to the current inflationary and low employment environment which results in more challenging hiring of critical field talent.

MiniLuxe Brand

The MiniLuxe brand is centered around empowerment, especially in the context of elevating and positively changing the nail care industry and its workers. Empowerment at Miniluxe comes from offering a safe and healthy environment, learning and development program (i.e. career path), and economic mobility that offers fair wages, benefits and equity ownership. Since its founding, the Company has paid out more than $100M in fair wages to its talented and dedicated team members. Our brand is also synonymous with having a modern design-sensibility and being a pioneer of clean services and products. The integration of MiniLuxe-branded products into the in-studio experience provides unmatched insights and products that have been time tested and authenticated through millions of client services.

Strategic Offering

The Company's strategy involves the delivery of MiniLuxe services and products across an omni-channel ecosystem:

Talent Revenue

- On premises
  - MiniLuxe owned-and-operated branded studios
  - Paintbox owned-and-operated branded studios

- Off premises
  - MiniLuxe events staffing
  - Paintbox events staffing
  - "Store-in-Store" Partnerships

Product Revenue

- E-commerce
- Wholesale

Consumer Trends

The self-care market has benefited from the following trends and tailwinds: clean beauty, ethical services and conscious consumerism (including more diverse and inclusive brands). These trends are directly aligned with MiniLuxe's founding principles.

Competition

MiniLuxe operates in the self-care product and service industry. The industry is highly fragmented, with full service high-end day spas on one end and thousands of single unit "mom and pop" salons. MiniLuxe has been a pioneer in creating an accessible luxury nail care studio that is much more elevated than a traditional corner nail salon in terms of design, cleanliness and quality, but more convenient and accessible than a high-end day spa. Whereas most salons compete on price, MiniLuxe focuses on the Company's principles of clean products, a hygienic environment, ethical and empowering treatment of team associates and high-quality service. The Company believes that consumers will increasingly demand products and services in line with the MiniLuxe offering. Competition for talent in the industry is a key driver of success, specifically focusing on recruitment, development, and retention. On the product side, the quality of MiniLuxe's proprietary back-bar supplies and polishes, the Company's purpose-driven brand and market positioning, are similarly differentiating factors.

Acquisitions

MiniLuxe may pursue acquisitions that represent a strategic fit and are complementary and consistent with the Company's overall growth values and disciplined capital management. MiniLuxe may also consider opportunities to engage in joint ventures or other business collaborations with third parties. In Q3 2022, MiniLuxe completed the acquisition of the majority of the assets of Paintbox LLC ("Paintbox"), which was treated as a business combination under IFRS. Paintbox brings MiniLuxe their nail studio in a new market of New York City, leading brand in premium nail art & design, proprietary IP in their iconic look-book, and 260K new social followers.

Seasonality

MiniLuxe's business is subject to seasonal variation. During FY2022, 21% of Talent revenue occurred in Q1, 26% each in Q2 and Q3, and 27% in Q4.

Performance Assessment

In assessing the performance of MiniLuxe's business, the Company considers a variety of financial and operating drivers and key performance indicators. All figures are denominated in U.S. dollars.

Revenue

MiniLuxe's business model consists of 1) Talent services revenue generated from nail care and waxing/esthetics, and 2) Product revenue generated from MiniLuxe's proprietary nail and self-care product portfolio via e-commerce DTC (direct-to-consumer) offerings and wholesale. The Company's services revenue is delivered across a fleet of 21 fully owned-and-operated MiniLuxe / Paintbox studios (and 1 training center) as well as "off-premises" delivery (e.g., hospitality venues and events). In addition to services, MiniLuxe sells its proprietary products through its studios, online, and wholesale partners.

The Company recognizes Talent revenue immediately after a given service is completed or when retail is sold and Product revenue after fulfillment of each order in accordance with IFRS 15. Historically the Company has only received consideration in advance of provided goods and services related to the sale of gift cards and service packages. The Company records unused gift card balances as deferred liabilities then recognizes revenue and reduces the corresponding liabilities as the gift cards are redeemed in exchange for services. The Company does not charge administrative fees on unused gift cards, and gift cards do not have an expiration date. Revenue as reported is inclusive of all discounts and promotions.

The Company collects and remits sales tax on transactions with customers and reports such amounts under the net method in the statement of operations. Accordingly, these taxes are not included in gross revenue.

Cost of Sales

Cost of sales consists of expenses directly involved in the delivery of services and products. Cost of sales associated with the Company's Talent revenue includes the cost of products used in services and the cost of direct labor, defined as the immediate service providers. Cost of sales associated with MiniLuxe's Product revenue primarily consists of the cost of purchasing MiniLuxe private label products directly from manufacturers, raw materials, and third-party products purchased at wholesale cost.

Gross Profit

Gross profit reflects MiniLuxe's revenue less cost of sales. The Company defines gross profit margin as MiniLuxe's gross profit divided by MiniLuxe's net revenue.

Operating Expenses

Selling, general and administrative

Selling, general and administrative expenses primarily consist of indirect labor costs (defined as salaries, wages, and benefits for employees whose primary function is not service provision), marketing costs, accounting and legal fees, information technology and systems expenses, other professional services fees, freight and shipping costs, and variable occupancy expenses.

Q2 and H1 2023 Business Highlights

Entering 2023, MiniLuxe built a strategy in its first full post-Covid year to leverage its core studio business (fleet of company-owned MiniLuxe locations) and its continued positive contribution while identifying and testing opportunities for diversification of revenue across new growth channels.

Strength in the core studio base business

Similar to previous periods, MiniLuxe continued its trend of double-digit growth in Q2 2023 as total company revenue increased 16% over Q2 2022 to $6.4M (all figures in US dollars). The continued growth reflects well vs. pre-pandemic (2019) comparatives as revenue increased 23% on a same-studio basis vs. Q2 2019. Q2 2023 gross profit increased 9% over Q2 2022 to $2.7M. As in past periods, the majority of this growth came organically from the studio base business as did the gross profit. The Company views gross profit dollar growth as a key indicator of MiniLuxe's positive trajectory towards long-term profitability. Key drivers of revenue growth and gross profit growth in the core studio base came from positive momentum on the demand side (new customer and loyal customer growth) and supply side (talent ecosystem growth to deliver on service demand).

- *New and loyal customer growth:* MiniLuxe continues to see robust growth in new customer count across the studios with an average new customer rate of ~15%. MiniLuxe's loyal customer base remains robust and growing, with ~10,000 studio clients that average over 10 visits per year, a 7% increase year-over-year. The top 30 percent of these loyal clients visit MiniLuxe more than 20 times per year and have an average annual spend of ~$2000.

- *Growth in attracting talent:* On the supply side, MiniLuxe's current and future success comes from the continued growth, development and scaling of the MiniLuxe Talent Ecosystem. Beauty professionals who are part of MiniLuxe's Talent Ecosystem are part of a Career Path Program – from Apprentice, Junior Designer, Studio Designer to Artistic and Expert Designer Levels. Total beauty professionals across MiniLuxe's Talent Ecosystem ended Q2 2023 18% higher than year-end and 27% higher than Q2 2022. The MiniLuxe studio fleet total staffed hours grew at double-digit rates vs. Q2 2022 with a focus of staffing on peak (high traffic) days, leading to similar growth rates in fleet appointment hours.

Continued progress but greater selectivity in other new growth channels

While new growth channels demonstrated continued progress, results were more mixed in terms of the ability to have near-term term impact on profitability. Outside of the studio base of business for MiniLuxe, new growth channels include its Anywhere off-premise services as well as MiniLuxe product revenue through e-commerce and wholesale channels. Given foreseeable macro-economic headwinds, the MiniLuxe Board and Management hold the view of prioritizing quality of revenue over quantity of revenue and are in the process of realigning resources to more selectively pull-back and / or double down in each of these growth channels.

MiniLuxe Anywhere Refocus: As previously shared, MiniLuxe has been exploring strategies to introduce and offer off-premise services to the self-care marketplace, referred to as MiniLuxe Anywhere. Throughout the past eighteen months, the Company has tested and explored multiple formats and opportunities, from development of a proprietary platform for on-demand mobile services to 1:1 home and office visits to corporate/events services offerings. While MiniLuxe Anywhere exhibited some good positive initial results in its test markets, the Company has narrowed its focus to "Store-in-Store" channel opportunities and selective events which have been operationally more profitable and scalable versus delivering in individual homes and offices. Density of service delivery (i.e. where we have more locations and more talent) also will be an important factor on future decisions regarding priority markets.

MiniLuxe Product Opportunities: Given industry-wide changes in paid social media, MiniLuxe took a conservative approach in its marketing spend and focused on seeing where it could best generate marketing efficiency and positive e-commerce DTC (direct-to-consumer) growth. While the base of e-commerce remains modest, Q2 2023 e-commerce orders grew 63% from Q2 2022 and new customer counts increased 64% year-over-year and most important several signals of positive marketing-efficiency (i.e. positive return on spend) give management confidence of product potential. Hero SKUs – those products that have the highest sales velocity – remain in the categories of self-care products for hand and foot-care and seasonal polish colors.

Updates on M+A and Paintbox Integration
M+A remains an important part of MiniLuxe's longer term growth plans. The MiniLuxe management team continues to assess opportunities for accretive growth via acquisitions. The current macro-economic environment offers with it more reasonable multiples for targets for service or product revenue acquisition candidates.

MiniLuxe's planned growth initiatives for its Paintbox brand, which was acquired in Fall 2022, continue with further activities taken over the past several months. As a reminder, Paintbox, based in New York City and founded in 2014, has been re-defining the nail-care industry through its proprietary nail art designs. The two principal areas of focus for Paintbox are exploring "store-in-store" growth opportunities – which have included a test of the format in MiniLuxe's Boston South End studio. The footprint of less than 200 square feet presents the opportunity for a capital-light model to scale in the future – with the largest opportunity being national channel partners.

- *Asset-light store-in-store opportunities:* The Company also launched a test for a second Paintbox "store-in-store" concept in collaboration with a New York fashion house that explores a model where a MiniLuxe or Paintbox outpost can serve as a traffic-generating amenity in exchange for in-kind "rent" and various revenue share models.

- MiniLuxe and Paintbox will also partner during New York Fashion Week (NYFW) this September. Some of the iconic fashion brands that the brands will partner with include 3.1 Phillip Lim and Tory Burch, where Paintbox will launch and feature a new product offering with "Ready-to-Wear Nail Art." This latest Paintbox innovation represents the brand's reinvention of press-on nails - curated in design and with some of the highest quality fit and finish qualities in the industry. To provide some perspective, press-on nails market sales exceeded wet polish sales industry wide in 2023.

Outlook to Remainder of 2023

With 3+ million services completed to date, a growing talent ecosystem of empowered beauty professionals, and expanded offerings across our product channels, MiniLuxe is well-positioned to continue building its market presence and creating long-term shareholder value.

In closing, MiniLuxe's Board and Executive Team are focused on delivering a plan to achieve long-term cashflow generative operations through execution of three key pillars:

(1) Continued compounding of studio economics, particularly studio contribution, across the core base fleet business,
(2) Realignment of MiniLuxe's infrastructure and cost base to focus on key priorities and achieve material fixed cost leverage in the near term, and
(3) Identifying and executing on a focused set of growth investments that have breakout growth potential.

As previously mentioned and subsequent to the end of Q2 2023, MiniLuxe completed an initial reconfiguration of its overhead, which should yield fixed cost leverage benefits in H2 2023. In addition to these actions, MiniLuxe is in the process of assessing and executing on further revenue and cost initiatives with the goal of providing a faster path to cashflow positive operations. The Company looks forward to sharing further updates throughout the remainder of the year.

Non-IFRS Measures

Adjusted EBITDA

Management believes Adjusted EBITDA most accurately reflects the commercial reality of the Company's operations on an ongoing basis by adding back non-cash expenses. Additionally, the rent-related adjustments ensure that studio-related expenses align with revenue generated over the corresponding time periods.

Adjusted EBITDA is calculated by adding back fixed asset depreciation, right-of-use asset amortization under IFRS 16, asset disposal, and share-based compensation expense to IFRS operating income, then deducting straight-line rent expenses net of lease abatements. IFRS operating income is revenue less cost of sales (gross profit), additionally adjusted for general and administrative expenses, and depreciation and amortization expense.

A reconciliation of IFRS operating income to Adjusted EBITDA is included in *Selected Consolidated Financial Information.*

The Company also uses Fleet Adjusted EBITDA to evaluate the performance of its MiniLuxe core fleet business (20 MiniLuxe branded studios). This metric is calculated in a similar manner, starting with Talent revenue and adjusting for non-fleet Talent revenue and cost of sales, further adjusted by fleet general and administrative expenses and finally subtracting straight line rent expense (similar to amount used in the full company Adjusted EBITDA, less amounts allocated to locations outside of MiniLuxe's core fleet business, i.e. Paintbox). The Company believes that this metric most closely mirrors how management views the fleet portion of the business. A reconciliation of Talent revenue to Fleet Adjusted EBITDA is included in *Selected Consolidated Financial Information.*

Selected Consolidated Financial Information

The following tables set forth selected financial information derived from the Company's unaudited interim consolidated financial statements for the thirteen and twenty-six weeks ended July 2, 2023 and June 26, 2022 and as of fiscal year ended January 1, 2023. The selected financial information was prepared in accordance with IFRS in a manner consistent with the Company's annual consolidated financial statements. The following information should be read in conjunction with these statements and the accompanying notes.

Statement of Comprehensive Income (Loss)

	Thirteen weeks ended		Twenty-six weeks ended	
	July 2,	June 26,	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Revenue	$ 6,385	$ 5,486	$ 11,603	$ 9,893
Cost of sales	3,680	2,997	6,688	5,494
Gross profit	2,705	2,489	4,915	4,399
General and administrative expense	4,395	4,373	8,776	8,020
Depreciation and amortization expense	872	727	1,702	1,491
Operating loss	$ (2,562)	$ (2,611)	$ (5,563)	$ (5,112)
Finance costs	(340)	(337)	(677)	(686)
Other income	7	3	3,166	167
Unrealized loss	(51)	-	(51)	-
Income (loss) before taxes	(2,946)	(2,945)	(3,125)	(5,631)
Income tax expenses	(24)	(17)	(36)	(42)
Net and comprehensive income (loss)	**$ (2,970)**	**$ (2,962)**	**$ (3,161)**	**$ (5,673)**
Full Company Adjusted EBITDA	**$ (2,172)**	**$ (2,449)**	**$ (4,803)**	**$ (4,732)**
Earnings per share				
Subordinate voting shares (basic)	(0.02)	(0.02)	(0.02)	(0.04)
Proportionate voting shares (basic)	(20.19)	(20.29)	(21.49)	(38.84)
Subordinate voting shares (diluted)	(0.02)	(0.02)	(0.02)	(0.04)
Proportionate voting shares (diluted)	(20.19)	(20.29)	(21.49)	(38.84)

Reconciliation of Full Company Adjusted EBITDA to Operating Loss

	Thirteen weeks ended		Twenty-six weeks ended	
	July 2,	June 26,	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Operating Loss	**$ (2,562)**	**$ (2,611)**	**$ (5,563)**	**$ (5,112)**
Right-of-Use Asset Amortization Expense	349	448	689	600
Fixed Asset Depreciation Expense	523	280	1,013	892
Disposals	89		89	
Stock Compensation Expense	85	10	201	28
Straight Line Rent	(656)	(576)	(1,232)	(1,140)
Full Company Adjusted EBITDA	**$ (2,172)**	**$ (2,449)**	**$ (4,803)**	**$ (4,732)**

Reconciliation of Fleet Adjusted EBITDA to Talent Revenue

	Thirteen weeks ended		Twenty-six weeks ended	
	July 2,	June 26,	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Talent Revenue	**$ 6,237**	**$ 5,433**	**$ 11,333**	**$ 9,775**
Less: Non-Fleet Revenue	(305)	(56)	(526)	(79)
Talent Cost of Sales	(3,583)	(2,977)	(6,549)	(5,447)
Less: Non-Fleet Cost of Sales	262	49	408	104
Fleet SG&A	(1,571)	(1,363)	(2,960)	(2,638)
Fleet Straight Line Rent	(572)	(576)	(1,121)	(1,140)
Fleet Adjusted EBITDA	**$ 468**	**$ 510**	**$ 585**	**$ 575**

Balance Sheet

in thousands of U.S. dollars		July 2, **2023**		January 1, **2023**
Current assets				
Cash, cash equivalents and restricted cash	$	4,854	$	8,343
Inventory		1,638		1,703
Prepaid expenses and other current assets		664		673
Total current assets		7,156		10,719
Total non-current assets		12,876		13,034
Total assets	**$**	**20,032**	**$**	**23,753**
Current liabilities				
Accounts payable and accrued liabilities	$	2,366	$	2,638
Deferred revenue		2,246		2,407
Current portion of lease liability		1,531		1,513
Total current liabilities		6,143		6,558
Total non-current liabilities		8,079		8,418
Total liabilities		14,222		14,976
Total equity (deficit)		5,810		8,777
Total liabilities and shareholders' equity	**$**	**20,032**	**$**	**23,753**

Results of Operations

Revenue

The following table breaks down total revenue by Talent and Product :

	Thirteen weeks ended		*Twenty-six weeks ended*	
in thousands of U.S. dollars	July 2, **2023**	June 26, **2022**	July 2, **2023**	June 26, **2022**
Talent	$6,237	$5,433	$11,333	$9,775
Product	148	53	270	118
Total Revenue	**$6,385**	**$5,486**	**$11,603**	**$9,893**

Q2 2023 Compared to Q2 2022

Revenues for Q2 2023 totaled $6.4 million, up 16% from $5.5 million recognized in Q2 2022. This increase is primarily attributable to continued growth in the core fleet as additional staffed hours led to further appointment hours year-over-year. Total talent revenue grew $0.8 million (+15%) while product revenue saw 179% growth year-over-year as our e-commerce channel repositioned towards Hero SKU focus. Q2 2023 total orders and total new customers increased 63% and 64%, respectively, when compared to Q2 2022.

The Company also saw improved same-store fleet revenue compared to the year prior to the pandemic, with a 23% increase in Q2 2023 vs. Q2 2019. Approximately 86% of revenue in Q2 2023 came from nail services, 9% came from waxing services, and 2% came from e-commerce product sales, with the balance coming from in-studio retail product sales. The Company plans to increase its marketing efforts and partner with selected national distributors, which management expects will increase revenue attributable to the Product segment.

H1 2023 Compared to H1 2022

Revenues for H1 2023 totaled $11.3 million, up 17% from $9.8 million in Q2 2022. This increase is primarily attributable to continued growth in the core fleet as additional staffed hours led to further appointment hours year-over-year. Total talent revenue grew $1.5 million (+16%) while product revenue saw 129% growth year-over-year as our e-commerce channel repositioned towards Hero SKU focus. H1 2023 total orders and total new customers increased 77% and 89%, respectively, when compared to H1 2022.

Similar to Q2, the Company also saw improved same-store fleet revenue compared to the year prior to the pandemic, with a 22% increase in H1 2023 vs. H1 2019.

Gross Margin

The following table breaks down the calculation of the Company's gross profit as a percentage of total revenue.

	Thirteen weeks ended		*Twenty-six weeks ended*	
	July 2,	June 26,	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Revenue	$6,385	$5,486	$11,603	$9,893
Cost of Sales	3,680	2,997	6,688	5,494
Gross Profit ($)	**$2,705**	**$2,489**	**$4,915**	**$4,399**
Gross Margin (%)	*42.4%*	*45.4%*	*42.4%*	*44.5%*

Q2 2023 Compared to Q2 2022

Gross Profit for Q2 2023 was $2.7 million, or +9% from Q2 2022 of $2.5 million, driven by increased studio services and expansion in growth channels. Gross margin for Q2 2023 was 42.4%, a 3% decrease from Q2 2022's level of 45.4%. This reduction is primarily driven by the opening of the new Miniluxe-owned studio in Tampa Bay, FL as well as additional fluctuations due to the growth channel investments. The Company targets a long-term, mature studio gross margin of ~45%.

H1 2023 Compared to H1 2022

Gross Profit for H1 2023 was $4.9 million, or +12% from H1 2022 of $4.4 million, similarly driven by increased studio services and expansion in growth channels. Gross margin for H1 2023 was 42.4%, a 2.1% decrease from Q1 2022's level of 44.5% with similar reasons for fluctuations as noted above.

Operating Expenses

The following table provides an analysis of the Company's general and administrative expenses as a percentage of total revenue.

General and Administrative Expenses:

	Thirteen weeks ended		*Twenty-six weeks ended*	
	July 2,	June 26,	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
General and administrative expense ($)	$4,395	$4,373	$8,776	$8,020
General and administrative expense (% of Revenue)	*68.8%*	*79.7%*	*75.6%*	*81.1%*

Q2 2023 Compared to Q2 2022

The Company is focused on building a long-term profitable business and is assessing spend in all areas, especially in General and Administrative Expense. Total G&A expense decreased $70K from Q2 2022 to Q2 2023 as the Company focused spend primarily on the review of new growth channel progress as maximization of activities focused on achieving cashflow positive operations. Q2 2023 general and administrative expense as a percentage of revenue was 69%, 11% lower than Q2 2022.

H1 2023 Compared to H1 2022

While total G&A expenses increased $0.7M from H1 2022 to H1 2023, the expense is decreasing in 2023, as reflected in the Q2 2023 comparative results above with a lagging impact on the year-to-date basis. H1 2023 general and administrative expense as a percentage of revenue was 76%, 6% lower than H1 2022 due to higher revenue.

Operating Expenses:

	Thirteen weeks ended		*Twenty-six weeks ended*	
	July 2,	June 26,	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Operating expense ($)	$5,267	$5,100	$10,478	$9,511

Q2 2023 Compared to Q2 2022

Total operating expenses in Q2 2023 were $5.3 million, a $167 thousand increase from $5.1 million in Q2 2022. Operating expenses remained essentially flat year-over-year as we saw a slight reduction in general & administrative expenses.

H1 2023 Compared to H1 2022

Total operating expenses in H1 2023 were $10.5 million, a $1 million increase from $9.5 million in Q2 2022. The reduction in general & administrative expenses has a delay in impact on the full year results.

Other Items

Finance costs

Finance costs were $0.3 million and $0.7 million, respectively, for Q2 2023 and H1 2023. These amounts are in line with Q2 2022 and H1 2022 and the amount represents interest expense related to real estate leases as accounted for under IFRS 16 as well as senior debt interest incurred.

Other income (loss)

Other income was negligible in Q2 2023 and Q2 2022. Other income was $3.2 million in H1 2023, or $3.0 million higher than H1 2022, driven by receipt of the $3.2 million Employee Retention Credit.

Adjusted EBITDA

Q2 2023 Compared to Q2 2022

Adjusted EBITDA was ($2.2) million in Q2 2023 compared with ($2.4) million in Q2 2022. The $0.2 million increase is primarily attributable to $0.2 million in increased gross profit. Fleet Adjusted EBITDA was $468K in Q2 2023, compared with $510K in Q2 2022.

H1 2023 Compared to H1 2022

Adjusted EBITDA was ($4.8) million in H1 2023 compared with ($4.7) million in H1 2022. The ($0.1) million decrease is primarily attributable to $0.7 million in increased general & administrative expenses, offset by $0.5 million in increased gross profit. Fleet Adjusted EBITDA was $585K in H1 2023, compared with $575K in H1 2022.

Summary of Quarterly Results

Due to the COVID-19 pandemic, MiniLuxe closed its fleet of studios in the beginning of 2020, with operations returning with government-mandated capacity restrictions through the remainder of 2020. Throughout the remainder of 2020, as those capacity restrictions eased, performance continued to improve, and demand started to normalize. By Q4 of 2021, the studios were fully operational but re-ramping operating hours to pre-pandemic levels. Studios continue to be fully operational with ramping operating hours through Q1 2023. MiniLuxe has seen performance improve throughout 2022, with increased staffed hours and appointment counts. MiniLuxe also saw improved revenue with slightly reduced gross profit due to staffing initiatives and supply chain impacts causing increased cost of sales.

In thousands of US dollars

Description	Jul 2, 2023 US$	Apr 2, 2023 US$	Jan 1, 2023 US$	Sep 25, 2022 US$	June 26, 2022 US$	March 27, 2022 US$	Dec 26, 2021 US$	Sep 26, 2021 US$
Revenue	6,385	5,218	6,000	5,579	5,486	4,407	5,160	4,748
Gross Profit	2,705	2,209	2,582	2,487	2,489	1,909	2,385	2,243

Net loss for the period								
Total	(2,970)	(191)	(2,491)	(3,549)	(2,962)	(2,710)	(27,088)	(5,156)
Per Share (basic)								(0.18)
Per Share (diluted)								(0.18)
Subordinate (basic)	(0.02)	(0.00)	(0.02)	(0.02)	(0.02)	(0.02)	(0.37)	
Proportionate (basic)	(20.19)	(1.30)	(16.93)	(24.22)	(20.29)	(18.56)	(371.37)	
Subordinate (diluted)	(0.02)	(0.00)	(0.02)	(0.02)	(0.02)	(0.02)	(0.37)	
Proportionate (diluted)	(20.19)	(1.30)	(16.93)	(24.22)	(20.29)	(18.56)	(371.37)	

The change in net loss across the four quarters of FY2021 is primarily attributable to the changes in fair value of the Company's preferred stock. Earnings per share is updated to reflect the RTO transaction share conversion ratio of 1.34303.

Liquidity and Capital Resources

Historically, the Company has financed its operations through the sale of equity securities, raising debt, and generating cash through its operating activities.

Cash and cash equivalents

As of July 2, 2023, the Company's cash and cash equivalents totaled $4.9 million, a decrease of $3.5 million from January 1, 2023 balance of $8.3 million. The net decrease in the Company's cash was a result of cash spent for fixed asset additions, general and administrative expenses, and repayment of loan payable and lease liabilities totaling $6.7 million for H1 2023, partially offset by receipt of the $3.2 million Employee Retention Credit.

Working capital

Working capital represents the Company's current assets less its current liabilities. The Company's working capital surplus shrank by $3.1 million to $1.0 million as of July 2, 2023 from $4.2 million at January 1, 2023. This was largely driven by a decrease in cash and cash equivalents used to pay capital expenditures related to new studios as well as additional operating expenses during Q2 2023, partially offset by receipt of the Employee Retention Credit.

	As of	
in thousands of U.S. dollars	July 2, **2023**	January 1, **2023**
Current assets	$7,156	$10,719
Current liabilities	6,143	6,558
Working capital	**$1,013**	**$4,161**

The following table shows the Company's cash flows from operating activities, investing activities and financing activities for the periods indicated.

Cash flows by activity:

	Twenty-six weeks ended	
	July 2,	June 26,
in thousands of U.S. dollars	**2023**	**2022**
Operating activites	($1,291)	($4,406)
Investing activities	(1,254)	(423)
Financing activities	(944)	(773)
Net (outflows)/inflows	**($3,489)**	**($5,602)**

Cash Flows from Operating Activities

Cash flows from operating activities consist of MiniLuxe's net loss adjusted for non-cash expenses and for changes in working capital items. Non-cash adjustments generally include depreciation and amortization, share-based payments, write-downs on disposals of property, plant, and equipment, and adjustments in the fair value of assets and liabilities. Working capital adjustments generally include changes in inventories, prepaid expenses, and deferred revenue, and changes to accounts payable.

During H1 2023, the net cash flow from operating activities was ($1.3) million compared to ($4.4) million in H1 2022. This $3.1 million favorable difference was primarily driven by receipt of the $3.2 million Employee Retention Credit, which was treated as other income for accounting purposes.

Cash Flows from Investing Activities

Net cash outflows from investing activities result from purchases and disposals of property, plant and equipment and intangible assets to support product development, facilities expansion, and general growth. These include investments in new fleet and market expansion and development of the MiniLuxe digital platform.

Net cash outflows from investing activities for H1 2023 were $1.3 million and are attributable to cash payments for fixed assets and intangible additions, primarily related to costs of new studio construction. This was a $0.9 million increase in investing activities when compared to H1 2022.

Cash Flows from Financing Activities

Net cash flow from financing activities for H1 2023 was ($0.9) million, ($0.1) million lower than H1 2022 due to additional leases related to new studio locations. Outflows are attributable to lease payments and repayments of loan payable balance in H1 2023 and H1 2022.

Liquidity and Cash Resource Requirements

The Company's objective in managing its capital is to ensure that it has sufficient liquidity to support its operations and meet its short-term liabilities and commitments as they become due. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfil obligations. In managing working capital, the Company may limit or control the amount of working capital used for operations or other initiatives and/or pursue additional financing. The Company is not subject to any financial ratio maintenance covenants in its bank borrowings or other outstanding debt obligations.

Disclosure of Outstanding Share Data

The Company's outstanding share data has not changed since the reporting date. Please see Note 14 in the Company's financial statements.

Transactions Between Related Parties

The Company made related party payments to key management personnel and advisors. Those payments consisted of salary, benefits, and share-based payments. Total payments made in H1 2023 were $0.4 million, compared to H1 2022 payments of $0.3 million. Total payments made in fiscal Q2 2023 were $ compared to fiscal Q2 2022 payments of $.

Off-Balance Sheet Arrangements

During the periods presented, the Company did not have, nor does the Company currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Financial Instruments and Risk Management

The Company's principal financial liabilities are comprised of accounts payable and accrued expenses, lease liabilities, loans payable, convertible promissory notes, redeemable preferred shares, warrants and contingent consideration. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and responds to financial risks within the Company's operating units. Finance reports to the Board monthly.

Fair Value

The Company's financial liabilities include accounts payable and accrued expenses, lease liabilities, and loans payable. Accounts payable and accrued expenses, lease liabilities, and loans payable are subsequently measured at amortized cost.

Market Risk and Foreign Currency risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not materially exposed to credit risk from its operating activities and from its financing activities, since most of its revenue is generated at point-of-sale systems where cash is exchanged, or credit card payments are made. The Company's cash holdings and deposits are held in an A+ rating financial institution according to Standard & Poor's.

Liquidity Risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash of another financial asset.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Changes in Internal Control over Financial Reporting

There have been no material changes to internal control over financial reporting.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the reporting period. The Company regularly evaluates MiniLuxe's estimates, and assumptions related to revenue recognition, accounts receivable, share-based transaction expense, and warrant liability. The Company bases estimates and assumption on current facts, historical experience and various other factors that the Company believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues, costs and expenses that are not readily apparent from other sources. The actual results experienced by MiniLuxe may differ materially and adversely from the Company's estimates. To the extent there are material differences between the Company's estimates and actual results, MiniLuxe's future results of operations will be affected. For a description of MiniLuxe's critical accounting estimates, please refer to Note 3, *Accounting policies,* in the Company's audited consolidated financial statements for the fiscal year ended January 1, 2023.