MINILUXE'S MD&A IN CONNECTION WITH
THE CONSOLIDATED FINANCIAL STATEMENTS OF MINILUXE
FOR THE 13 WEEKS AND 39 WEEKS ENDED OCTOBER 1, 2023

DATED: NOVEMBER 30, 2023

This Management's Discussion and Analysis ("MD&A") for the thirteen weeks and thirty-nine weeks ended October 1, 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 thirty-nine week period ended October 1, 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 November 30, 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 thirty-nine weeks ended October 1, 2023 is referred to as "YTD Q3 2023", or similar while the thirteen week period ended October 1, 2023 is referred to as "Q3 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. All figures are denominated in U.S. dollars, unless otherwise stated.

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 lifestyle brand and talent empowerment platform in the beauty and self-care industry. The company focuses on delivering high-quality nail care and esthetic services and offers a suite of trusted proprietary products that are used in its services. For over a decade, MiniLuxe has been elevating industry standards through healthier, ultra-hygienic services, a modern design esthetic, socially responsible labor practices, and better-for-you, cleaner products. The company's vision is to radically transform a highly fragmented and under-regulated self-care and nail care industry through its brand, standards, and technology platform that collectively enable better talent and client experiences. For its clients, MiniLuxe offers best-in-class self-care services and better-for-you products, and for nail care and beauty professionals, MiniLuxe seeks to become the employer of choice. In addition to creating long-term durable economic returns for our stakeholders, we seek to positively impact and empower one of the most diverse and largest hourly worker segments through professional development and certification, economic mobility, and company ownership opportunities (e.g., equity participation and future franchise opportunities).

MiniLuxe is headquartered in Boston, Massachusetts and has performed over 3.5 million services since its inception. 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 focused studio location in New York City (Upper East Side), a branded product line and proprietary IP designs for nail art designs, alongside a large online social following. Paintbox-trained nail artists perform high-quality nail services featuring sophisticated and modern nail art and the company offers a premium line of premium nail press-ons. See *Acquisitions* and *Significant Events* for more details.

Business Model: Services and Products

MiniLuxe's business model consists of two revenue streams: 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 principally delivers its services revenue across its own fleet of 22 fully owned-and-operated MiniLuxe / Paintbox studios (consisting of 19 MiniLuxe Core Studios with 1+ years of operations, 1 new MiniLuxe studio with less than 1-year of operations, 1 Paintbox studio, and 1 training center). Since its founding, MiniLuxe has committed to offering elevated service experiences using only fully-licensed MiniLuxe certified designers who practice consistent quality and hygiene protocols using proprietary MiniLuxe branded products, from better-for-you nail care treatments to high-performance polishes, across all service offerings.

Product revenue is derived from the sale of the Company's proprietary and branded lines of self-care products. Channels of distribution for these products are direct-to-consumer e-commerce websites (company's own website and select third-parties) and through wholesale retail partners. MiniLuxe differentiates its product offerings by committing to clean, sustainable, and better-for-you products that have been time- and client-tested across millions of in-studio services performed by certified MiniLuxe and Paintbox designers. MiniLuxe and Paintbox products are also sold in company-owned studios via MiniLuxe team member product ambassadors.

The Company also differentiates itself through the experience and data derived from the delivery of more than 3.5 million services since its inception and its digitally-driven approach with the vast majority of all its services booked through the Company's website and booking app. Additional specific factors of distinction for MiniLuxe's offerings include:

- **Standard-setter for clean and hygienic practices**: MiniLuxe studios are distinctively branded with a modern and clean design esthetic and each 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.

- **Optimized utilization leveraging platform and data insights**: The MiniLuxe/Paintbox Talent Ecosystem runs on a fully digitized booking, personalization, and payment platform. This platform is used by all team members enabling transparency, efficiency and data insights that improves matching between supply (talent side) and demand (client side) utilization.

- **Branded proprietary products**: MiniLuxe's proprietary line of products are used across MiniLuxe services and are formulated with the best efforts to be better-for-you, sustainable, and ethically sourced.
- **Loyalty and Engagement of Clients and Team Members**: MiniLuxe nail designers and waxing specialists are compensated with fair and industry-leading 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. These factors contribute to a low turnover / high retention rate of team members with approximately 30% of associates having 5-year or longer tenure with the company.

Key Performance Factors

MiniLuxe's performance and success depend on several factors, each presenting inherent opportunities and risks. Overall, key performance factors for the business include the continued recruitment of talent and focus on consistent and superior studio unit economics (driven by unit revenue volume, margin, and efficient investment in build-out costs). 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. Almost immediately following the Company's RTO transaction to go public in December 2021, the Company was impacted by the first and second waves of the Omicron variant of COVID-19. In the second half of 2022 and early 2023, the Company saw positive bounce back with consumer demand trending towards pre-pandemic levels and Q1 2023 represented the first "normalized reset" quarter. By focusing on well-identified key performance indicators (including peak day staffing, premium nail and waxing services and growth of loyal clients), the company has yielded double digit same-studio growth throughout 2023. With that said the Company is not immune to the current challenging macro-environment which includes inflationary pressures, higher interest rates, and greater caution by consumers on discretionary spending.

Company Impact

MiniLuxe's brand centers 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 meaningfully healthier environment with ultra-hygienic studio practices, continuous professional development programs, and economic mobility that offers fair wages, benefits, career pathing and equity ownership. Since its founding, the Company has helped to upskill thousands of diverse workers and paid out more than $100M in industry-leading fair wages to its team members Additionally, nail designers and waxing specialists who have been with the Company for more than 5 years (currently ~30% of designer base) have received equity incentive ownership. The brand is also synonymous with having a modern design sensibility and being a pioneer of clean, better-for-you services and products. It is estimated that hundreds of gallons of toxic polish have been avoided through the use of MiniLuxe better-for-you, safer polishes.

Strategic Trends and Competitive Environment

Consumer Trends

The self-care market has benefited from the following trends and tailwinds: clean beauty, transparent and ethical practices and overall, a greater degree of conscious consumerism (including more diverse and inclusive brands). Other consumer trends include nails becoming more integrated into the cultural, beauty and fashion industry narrative. Nails have historically served as a palette for self-expression and identity and have become an important element of designer fashion runways and even permanent museum exhibits such as ones in MOMA (New York's Museum of Modern Art). These trends are directly aligned with MiniLuxe's founding principles and recent product development efforts. In September of 2023, MiniLuxe and Paintbox participated in a number of New York Fashion Week runway shows. The Company has also recently introduced a "ready-to-wear" high-end press-on nail which is a natural-looking "faux" nail set that can be applied with nail adhesive or tabs. As a Company, MiniLuxe believes that press-on nails will take an increasing share of the nail care market, substituting out basic wet polish use at home or in-studio. One advantage of MiniLuxe having both studios and products is that the Company is able to gain insights into consumer nail and esthetic trends earlier through their preferences and feedback. On this note, Miniluxe believes that offering press-on nails *as a service* not just as a *do-it-yourself* retail purchase is a trend worth testing.

Competition

MiniLuxe operates in the self-care product and service industry and most directly in the "better-for-you" nail care segment of that market. 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 conveniently accessible than a high-end day spa. Whereas most salons compete on price, MiniLuxe focuses on the Company's principles of value and quality with clean products, a hygienic environment, ethical and empowering treatment of team associates and superior services. 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. In recent years, there have been a handful of more elevated nail care brands entering the market, but MiniLuxe maintains a level of scale against most competition and a strong brand history.

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. The Company has been evaluating the acquisition of other nail care studio operators with the intention of converting them into MiniLuxe or Paintbox studios. MiniLuxe may also consider opportunities to engage in joint ventures or other business collaborations with third parties. As a reminder, 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. The Company is using the Paintbox brand for its first launch of press-ons and press-ons as a service.

Seasonality

MiniLuxe's business is subject to seasonal variation with peak quarterly revenue typically occurring in the fourth quarter. During FY2022, 21% of Talent revenue occurred in Q1, 26% each in Q2 and Q3, and 27% in Q4.

Performance Indicators and Financial Definitions

In assessing the performance of MiniLuxe's business, the Company considers a variety of financial and operating drivers and key performance indicators. Some of the key performance drivers of Talent revenue include: quality of manager within a given studio, staffing levels and availability (especially on peak days), utilization of staffed hours and available service stations, premium services, and repeatable business from loyal clients. On the Product revenue side of the business, key performance drivers include efficient client acquisition costs, lifetime value of clients, and ability to offer hero products.

Revenue Recognition

From a revenue recognition standpoint, MiniLuxe's business model, as mentioned, consists of 1) Talent services revenue generated from nail care and waxing/esthetics, and 2) Product revenue generated from MiniLuxe's proprietary branded nail and self-care product portfolio via e-commerce DTC (direct-to-consumer) offerings and wholesale contracts. The Company's services revenue is delivered across its fleet of fully owned-and-operated MiniLuxe / Paintbox studios as well as selective "off-premises" delivery (e.g., hospitality venues, partner pop-ups, and events). In addition to services, MiniLuxe sells its proprietary branded products through its studios, online, and wholesale partners. Revenue from products is recognized at the time of sale.

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 clients 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.

Q3 and YTD Q3 2023 Business Highlights

Entering 2023, MiniLuxe built a strategy in its first full post-Covid year to leverage its Core Studio business (fleet of 19 company-owned MiniLuxe-branded studio locations that have been operating for 1+ years since pre-pandemic) and its continued positive contribution while identifying and testing opportunities for diversification of revenue across new growth channels.

A material change in Q3 was the transition of the business's CEO leadership from Ms. Zoe Krislock to Company Co-Founder and Chairman of the Board of Directors Mr. Anthony Tjan. Contractual severance related to Ms. Krislock has been fully recognized in Q3. Subsequent to this transition, additional personnel changes were implemented as part of a reconfiguration of the SG&A expenses and commitment to move the business on a more accelerated path to profitability. Key actions taken since the transition include:

Accelerating business contribution

- Studio level focus on key performance indicators including peak day staffing, high-margin premium service mix and control of indirect labor
- Narrower product focus and more targeted ROI-driven marketing efforts

Material cost reduction

- Internal review of all SG&A, leading to an approximate one-third reduction on a pro-forma basis
- Realignment of compensation for certain members of company leadership that is more profitability-weighted in terms of qualifying criteria (for bonuses) and more equity focused in terms of form of reward consideration

Financial and human capital

- Convertible bridge note in place with initial closing completed to ensure sufficient capital on hand to fund operations (discussed later)
- Kelley Morrell, currently at Wonder and formerly of Blackstone has been appointed as a new independent member of the Board of Directors. Ms. Morrell brings deep financial, operating and investment acumen. Sean Bock (discussed later) formerly of Dry Bar has also been added to help focus on capital-light franchising expansion opportunities for MiniLuxe.

Strength in the core studio business

MiniLuxe continued its consistent, multi-year trend of double-digit growth in Q3 2023 as total company revenue increased 15% over Q3 2022 to $6.4M (all figures in US dollars). The continued growth reflects well vs. pre-pandemic (2019) comparatives as revenue increased 24% on a same-studio basis for the Core Studios vs. Q3 2019. For YTD Q3 2023, the Core Studios also saw strong revenue growth of 12% over YTD Q3 2022. Q3 2023 gross profit increased 5% over Q3 2022 to $2.6M. The company also saw good progress in the translation of gross profit growth, which, in conjunction with SG&A realignment, should lead to growing aggregate profitability near term.

As in past periods, the majority of the Company's growth came organically from Core Studios. 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 Studios came from positive momentum on the demand side (new client and loyal client growth) and supply side (talent ecosystem growth to deliver on service demand). Consequently, the AUV (average unit volume by revenue) of studios continued to increase demonstrating the on-going brand resiliency and high demand for MiniLuxe in-studio service offerings.

- ***Continued growth in loyal client base:*** MiniLuxe's loyal client base continues to grow, with ~10,000 studio clients that average over 10 visits per year, a 7% increase year-over-year. The top 30% of these loyal clients visit MiniLuxe more than 20 times per year and have an average annual spend of ~$2,000.
- ***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 Q3 2023 11% higher than year-end and 18% higher than Q3 2022. The MiniLuxe studio fleet total staffed hours grew 17% vs. Q3 2022 with a focus of staffing on peak (high traffic) days, leading to similar growth rates in fleet appointment hours. While spikes in adding fleet hours can have a short-term downward impact on margins, strategically and historically it has paid dividends over the medium- and longer-run to strategically recruit in advance of key summer and holiday seasons.

Franchising as an expansion path

MiniLuxe has continued to receive interest from outside parties in exploring franchising opportunities with the Company. Given the ongoing brand resiliency and high demand for MiniLuxe in-studio service offerings as well as management's focus on capital light strategies for growth, the Company is investing in the design and development of a franchise program and have recently retained Sean Bock, a longstanding executive head of franchise development for service retail brands, including Dry Bar and Hey Day. Mr. Bock will serve as MiniLuxe's Franchise Development Officer and will partner with Company management and the Board to launch a franchising model in the first half of 2024. In addition, Mr. Bock will also support the Company's efforts on any acquisitive conversions (acquisitions of other nail care locations to be converted into MiniLuxe branded units).

Progress on product opportunities

Outside of the studio base of business, MiniLuxe generates product revenue through e-commerce and wholesale channels.

- ***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, Q3 2023 e-commerce revenue grew 35% from Q3 2022 even with a reduction in paid spend as the Company continued focus on Hero SKUs – those products that have the highest sales velocity – in the categories of self-care products for hand (especially MiniLuxe's cuticle oil) and foot-care and seasonal wet polish colors. In YTD Q3 2023, MiniLuxe had revenue of $0.8 million generated from product sales (inclusive of retail product sales made in studio, which are accounted for within the Talent revenue category). This is a 44% increase over YTD Q3 2022 total product sales.

- ***Introduction of Paintbox Ready-to-Wear Nails:*** During New York Fashion Week in September, Paintbox introduced a premium press-on nail offering that focused on a proprietary, natural looking shape and a curated set of designs from the Paintbox library. Consistent with disrupting the industry with elevated offerings: several points of Paintbox's press on differentiation include natural curvature of the nail and half-sizing for a more natural fit, medium-length oval shape, large format brush for adhesive application (longer-term fit) and gel tabs (shorter-term fit that is non-damaging). The designs were launched with women-founded, international designer fashion brands including Tory Burch and 3.1 Philip Lim, as well as other up-and-coming avant-garde fashion brands, elevating nails and the Paintbox brand while landing a page cover story on Elle.com. These press-on nails are positioned as a ready-to-wear fashion accessory and have the flexibility of being quickly applied and worn for the short-term (e.g., for an event) with a sustainable non-damaging tab or longer-term with a premium brush on adhesive. Paintbox will be launching a total of three limited edition design drops between the end of Q4 2023– early Q1 2024. Press-on nails as a service are currently being tested in select MiniLuxe studios and represent a potential high margin service offering.

- ***M&A Update:*** 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. MiniLuxe is especially interested in studio businesses that allow it to extend its scale in existing regions or enter new geographies faster through conversions. The current macro-economic environment offers with it more reasonable multiples for targets for service or product revenue acquisition candidates.

Impact of reconfiguration and reduction of SG&A included in results

As previously communicated, MiniLuxe is in the process of reconfiguring its operations to accelerate the path to profitability. Q3 2023 operating results include the recognition of one-time expenses totaling $1.0 million, including $0.4 million associated with a refocusing and more limited scoping of MiniLuxe's Anywhere channel (pausing less profitable 1:1 demand and repositioning for events and partner channels) and impairment of the related technology related investment along with $0.6 million in costs associated with employee and legal related matters.

Outlook to Remainder of 2023 and 2024 Planning

With greater rationalization of its cost base and highly-focused initiatives to increase studio-level profitability, MiniLuxe anticipates positive growth in studio-level revenue and gross profit through the balance of 2023. As the studio business represents significant ongoing potential, efforts through 2024 will focus on acceleration of Fleet EBITDA (see "Non-IFRS Measures"). In addition, the Company will explore and take on the most optimal strategy to expand the overall fleet through either top landlord partners (most likely existing partners with a proven track-record with the MiniLuxe brand) and/or capital light strategies (e.g., franchising or studio partners). Key areas of focus that will continue in 2024 are:

- Realigning the cost base to achieve greater fixed cost leverage
- Continued compounding of studio economics, particularly Fleet EBITDA, across the Core Studios
- Identifying and executing on a more narrowly-focused set of growth investments that have breakout growth potential

Going Concern & Subsequent Events

With these matters stated, the Company has incurred total comprehensive losses of $6,088,130 and negative cash flows from operations of $2,891,362 for the 39 weeks ended October 1, 2023, and has an ending balance of cash and cash equivalents of $2,308,836 as at October 1, 2023. As a result, and per accounting guidelines, these losses create concern regarding the Company's ability to continue as a going concern. The Q3 2023 interim financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue, and expenses and the consolidated statement of financial position classification used if the Company was unable to continue operations in accordance with this assumption. Such adjustments could be material.

MiniLuxe continues to work through a reconfiguration of its SG&A as the Board and Executive Team assess and execute on further revenue and cost initiatives to both conserve cash and accelerate profitability. MiniLuxe's ability to continue as a going concern is dependent upon the Company's ability to successfully generate profit from operations, or to finance its cash requirements through equity financing, debt financing or rights offerings from existing shareholders.

Subsequent to the end of Q3, on November 8, 2023 MiniLuxe filed with the TSXV its application to raise capital via an offering of a convertible note at 11.5% simple paid-in-kind interest and with warrants (15% warrant coverage) for an amount up to $10 million. On November 30, 2023, the Company announced that it has completed an initial tranche of a non-brokered convertible debenture unit offering, with an immediate closing of gross proceeds of approximately $2.5 million (the "**Offering**"). Additionally, the Company has signed indications of interest commitments for an incremental ~ $1.0 million to be completed in one or more additional tranches of the Offering (for a total of approximately $3.5 million). If all warrants are exercised, the Company would receive additional proceeds of approximately $0.5 million.

Above and beyond the initial closing of the Offering, the Company will evaluate and potentially close, on a rolling basis, additional tranches of the Offering (above and beyond the amount that it has committed) as it deems strategic based on needs and fit with prospective investors for up to $10 million in gross proceeds. The Company intends to use the gross proceeds of the Offering to bridge to profitability, while focusing on a narrower set of growth investments in the areas of fleet expansion via M&A and franchising and recent product innovation of its Paintbox press-on nails.

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 Studio business (19 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 studio 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 thirty-nine weeks ended October 1, 2023 and September 25, 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		Thirty-nine weeks ended	
	October 1,	September 25,	October 1,	September 25,
in thousands of U.S. dollars	2023	2022	2023	2022
Revenue	$ 6,414	$ 5,579	$ 18,017	$ 15,472
Cost of sales	3,793	3,092	10,481	8,586
Gross profit	2,621	2,487	7,536	6,886
General and administrative expense	4,750	4,925	13,526	12,945
Depreciation and amortization expense	865	759	2,566	2,250
Operating loss	$ (2,994)	$ (3,197)	$ (8,556)	$ (8,309)
Finance costs	(324)	(346)	(1,002)	(1,032)
Other income	2	4	3,169	171
Unrealized loss	390	-	339	-
Income (loss) before taxes	(2,926)	(3,539)	(6,050)	(9,170)
Income tax expenses	(1)	(9)	(37)	(51)
Net and comprehensive income (loss)	**$ (2,927)**	**$ (3,548)**	**$ (6,087)**	**$ (9,221)**
Full Company Adjusted EBITDA	**$ (2,550)**	**$ (2,951)**	**$ (7,352)**	**$ (7,683)**
Earnings per share				
Subordinate voting shares (basic)	(0.02)	(0.02)	(0.04)	(0.06)
Proportionate voting shares (basic)	(19.90)	(24.22)	(41.38)	(63.07)
Subordinate voting shares (diluted)	(0.02)	(0.02)	(0.04)	(0.06)
Proportionate voting shares (diluted)	(19.90)	(24.22)	(41.38)	(63.07)

Reconciliation of Full Company Adjusted EBITDA to Operating Loss

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 1,	September 25,	October 1,	September 25,
in thousands of U.S. dollars	2023	2022	2023	2022
Operating Loss	**$ (2,994)**	**$ (3,197)**	**$ (8,556)**	**$ (8,309)**
Right-of-Use Asset Amortization Expense	335	277	1,024	876
Fixed Asset Depreciation Expense	456	456	1,469	1,348
Disposals	240	-	330	-
Stock Compensation Expense	69	89	269	116
Straight Line Rent	(656)	(576)	(1,888)	(1,714)
Full Company Adjusted EBITDA	**$ (2,550)**	**$ (2,951)**	**$ (7,352)**	**$ (7,683)**

Reconciliation of Fleet Adjusted EBITDA to Talent Revenue

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 1,	September 25,	October 1,	September 25,
in thousands of U.S. dollars	2023	2022	2023	2022
Talent Revenue	**$ 6,264**	**$ 5,532**	**$ 17,598**	**$ 15,307**
Less: Non-Fleet Revenue	(348)	(138)	(874)	(218)
Talent Cost of Sales	(3,693)	(3,062)	(10,241)	(8,509)
Less: Non-Fleet Cost of Sales	270	113	678	217
Fleet SG&A	(1,543)	(1,404)	(4,504)	(4,043)
Fleet Straight Line Rent	(545)	(576)	(1,666)	(1,714)
Fleet Adjusted EBITDA	**$ 405**	**$ 465**	**$ 991**	**$ 1,040**

Balance Sheet

in thousands of U.S. dollars		October 1, **2023**		January 1, **2023**
Current assets				
Cash, cash equivalents and restricted cash	$	2,309	$	8,343
Inventory		1,595		1,703
Prepaid expenses and other current assets		621		673
Total current assets		4,525		10,719
Total non-current assets		12,207		13,034
Total assets	**$**	**16,732**	**$**	**23,753**
Current liabilities				
Accounts payable and accrued liabilities	$	2,788	$	2,638
Deferred revenue		2,185		2,407
Current portion of lease liability		1,515		1,513
Total current liabilities		6,488		6,558
Total non-current liabilities		7,293		8,418
Total liabilities		13,781		14,976
Total equity (deficit)		2,951		8,777
Total liabilities and shareholders' equity	**$**	**16,732**	**$**	**23,753**

Results of Operations

Revenue

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

	Thirteen weeks ended		*Thirty-nine weeks ended*	
in thousands of U.S. dollars	October 1, **2023**	September 25, **2022**	October 1, **2023**	September 25, **2022**
Talent	$6,264	$5,532	$17,598	$15,307
Product	150	47	419	165
Total Revenue	**$6,414**	**$5,579**	**$18,017**	**$15,472**

Q3 2023 Compared to Q3 2022

Revenues for Q3 2023 totaled $6.4 million, up 15% from $5.6 million recognized in Q3 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 $0.7 million (+13%) while product revenue saw 218% growth year-over-year as our e-commerce channel repositioned towards Hero SKU focus.

The Company also saw improved same-store fleet revenue compared to the year prior to the pandemic, with a 24% increase in Q3 2023 vs. Q3 2019. Approximately 89% of revenue in Q3 2023 came from nail services, 9% came from waxing services, and 2% came from e-commerce and 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. During New York Fashion Week in September 2023, the Company launched its Paintbox premium ready-to-wear nail product.

YTD Q3 2023 Compared to YTD Q3 2022

Revenues for YTD Q3 2023 totaled $18.0 million, up 16% from $15.5 million in YTD Q3 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 $2.3 million (+15%) while product revenue saw 154% growth (on a very small base) year-over-year as our e-commerce channel repositioned towards Hero SKU focus. YTD Q3 2023 new clients increased 51% when compared to YTD Q3 2022.

Similar to Q3, the Company also saw improved same-store fleet revenue compared to the year prior to the pandemic, with a 27% increase in YTD Q3 2023 vs. YTD Q3 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		*Thirty-nine weeks ended*	
	October 1,	September 25,	October 1,	September 25,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Revenue	$6,414	$5,579	$18,017	$15,472
Cost of Sales	3,793	3,092	10,481	8,586
Gross Profit ($)	**$2,621**	**$2,487**	**$7,536**	**$6,886**
Gross Margin (%)	*40.9%*	*44.6%*	*41.8%*	*44.5%*

Q3 2023 Compared to Q3 2022

Gross Profit for Q3 2023 was $2.6 million, or +5% from Q3 2022 of $2.5 million, driven by increased studio services and expansion in growth channels. Gross margin for Q3 2023 was 40.9%, a 3.7% decrease from Q3 2022's level of 44.6%. 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%.

YTD Q3 2023 Compared to YTD Q3 2022

Gross Profit for YTD Q3 2023 was $7.5 million, or +9% from YTD Q3 2022 of $6.9 million, similarly driven by increased studio services and expansion in growth channels. Gross margin for YTD Q3 2023 was 41.8%, a 2.7% decrease from YTD Q3 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		*Thirty-nine weeks ended*	
	October 1,	September 25,	October 1,	September 25,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
General and administrative expense ($)	$4,750	$4,925	$13,526	$12,945
General and administrative expense (% of Revenue)	*74.1%*	*88.3%*	*75.1%*	*83.7%*

Q3 2023 Compared to Q3 2022

Total G&A expense decreased $180K from Q3 2022 to Q3 2023. Q3 2023 general and administrative expense as a percentage of revenue was 74%, 9.3% lower than Q3 2022. Included in the Q3 2023 general and administrative expense are one-time employee and legal related costs totaling $480K. Excluding such one-time items, adjusted general and administrative expense would total $4,265K, or 66% of Revenue.

YTD Q3 2023 Compared to YTD Q3 2022

While total G&A expenses increased $0.6M from YTD Q3 2022 to YTD Q3 2023, the expense trend is decreasing, as reflected in the Q3 2023 comparative results above with a lagging impact on the year-to-date basis. YTD Q3 2023 general and administrative expense as a percentage of revenue was 75.1%, 8.6% lower than YTD Q3 2022 due to higher revenue. As noted in the Q3 2023 narrative, included in the YTD Q3 2023 general and administrative expense are one-time employee and legal related costs totaling $480K. Excluding such one-time items, adjusted general and administrative expense would total approximately $13M, or 72% of revenue.

Operating Expenses:

	Thirteen weeks ended		*Thirty-nine weeks ended*	
	October 1,	September 25,	October 1,	September 25,
in thousands of U.S. dollars	**2023**	**2022**	**2023**	**2022**
Operating expense ($)	$5,615	$5,684	$16,092	$15,195

Q3 2023 Compared to Q3 2022

Total operating expenses in Q3 2023 were $5.6 million, a $70K decrease from $5.7 million in Q3 2022, driven primarily by the change in general and administrative expense previously discussed.

YTD Q3 2023 Compared to YTD Q3 2022

Total operating expenses in YTD Q3 2023 were $16.1 million, a $0.9 million increase from $15.2 million in YTD Q3 2022. Similar to above, the slight increase was driven by general and administrative expense, which has been trending downward over the prior two quarters.

Other Items

Finance costs

Finance costs were $0.3 million and $1.0 million, respectively, for Q3 2023 and YTD Q3 2023. These amounts are in line with Q3 2022 and YTD Q3 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 Q3 2023 and Q3 2022. Other income was $3.2 million in YTD Q3 2023, or $3.0 million higher than YTD Q3 2022, driven by receipt of the $3.2 million Employee Retention Credit.

Adjusted EBITDA

Q3 2023 Compared to Q3 2022

Adjusted EBITDA was ($2.6) million in Q3 2023 compared with ($3.0) million in Q3 2022. The $0.4 million increase is primarily attributable to $0.2 million in lower operating expenses and $0.1 million in increased gross profit. Included in Q3 2023 Adjusted EBITDA are one-time employee and legal related costs totaling $480K. Excluding such one-time items, Adjusted EBITDA would total ($2.1) million, or $0.8 million (+28%) favorable to Q3 2022.

Fleet Adjusted EBITDA was $405K in Q3 2023, compared with $465K in Q3 2022.

YTD Q3 2023 Compared to YTD Q3 2022

Adjusted EBITDA was ($7.4) million in YTD Q3 2023 compared with ($7.7) million in YTD Q3 2022. The $0.3 million increase is primarily attributable to higher gross profit and lower general and administrative expenses. Included in YTD Q3 2023 Adjusted EBITDA are one-time employee and legal related costs totaling $480K. Excluding such one-time items, Adjusted EBITDA would total ($6.8) million, or $0.8 million (+11%) favorable to YTD Q3 2022.

Fleet Adjusted EBITDA was $1.0M in YTD Q3 2023, in line with YTD Q3 2022.

Summary of Quarterly Results

Since Covid, MiniLuxe has seen a comeback of its revenue levels with overall YTD Q3 Core Studios hitting 16% growth vs. 2022. Several other initiatives have been put underway to continue to further optimize the unit economics of the studios. While product revenue remains a small base, it has shown steady organic growth with limited marketing spend.

In thousands of US dollars

Description	Oct 1, 2023 US$	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$
Revenue	6,414	6,385	5,218	6,000	5,579	5,486	4,407	5,160
Gross Profit	2,621	2,705	2,209	2,582	2,487	2,489	1,909	2,385
Net loss for the period								
Total	(2,927)	(2,970)	(191)	(2,491)	(3,549)	(2,962)	(2,710)	(27,088)
Subordinate (basic)	(0.02)	(0.02)	(0.00)	(0.02)	(0.02)	(0.02)	(0.02)	(0.37)
Proportionate (basic)	(19.90)	(20.19)	(1.30)	(16.93)	(24.22)	(20.29)	(18.56)	(371.37)
Subordinate (diluted)	(0.02)	(0.02)	(0.00)	(0.02)	(0.02)	(0.02)	(0.02)	(0.37)
Proportionate (diluted)	(19.90)	(20.19)	(1.30)	(16.93)	(24.22)	(20.29)	(18.56)	(371.37)

Net losses in 2021 are 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 October 1, 2023, the Company's cash and cash equivalents totaled \$2.3 million, a decrease of \$6.0 million from January 1, 2023 balance of \$8.3 million. The net decrease in the Company's cash was a result of cash expenditures for fixed asset additions, capital investments for new studio builds, general and administrative expenses, and repayment of loan payable and lease liabilities totaling \$9.2 million for YTD Q3 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 turned to a deficit of ($2.0) million as of October 1, 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 YTD Q3 2023, partially offset by receipt of the Employee Retention Credit.

	As of	
	October 1,	January 1,
in thousands of U.S. dollars	**2023**	**2023**
Current assets	$4,525	$10,719
Current liabilities	6,488	6,558
Working capital	**($1,963)**	**$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:

	Thirty-nine weeks ended	
	October 1,	September 25,
in thousands of U.S. dollars	**2023**	**2022**
Operating activites	($2,891)	($6,775)
Investing activities	(1,717)	(620)
Financing activities	(1,427)	(1,228)
Net (outflows)/inflows	**($6,035)**	**($8,623)**

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 YTD Q3 2023, the net cash flow used in operating activities was ($2.9) million compared to ($6.8) million in YTD Q3 2022. This $3.9 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 used in investing activities for YTD Q3 2023 were $1.7 million and are attributable to cash payments for fixed assets and intangible additions, primarily related to costs of new studio construction. This was a $1.1 million increase in investing activities when compared to YTD Q3 2022.

Cash Flows from Financing Activities

Net cash flows used in financing activities for YTD Q3 2023 was ($1.4) million, ($0.2) million increase over YTD Q3 2022 due to additional leases related to new studio locations. Outflows are attributable to lease payments and repayments of loan payable balance in YTD Q3 2023 and YTD Q3 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 Q3 2023 were $0.35 million, compared to Q3 2022 payments of $0.3 million. Total payments made in YTD Q3 2023 were $1.1 million, compared to YTD Q3 2022 payments of $0.8 million.

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.