

MINILUXE REPORTS FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2024

Reported figures all in U.S. Dollars

Announces Continued Revenue Growth and Best Quarter for Fixed Cost Leverage with YTD Studio-Level Profitability +70% YoY

Boston, MA – November 18, 2024 – MiniLuxe Holding Corp. (TSXV: MNLX) today announced its financial results for the 13 and 39 weeks ended September 29, 2024 (“Q3 2024” and “YTD Q3 2024”, respectively). The fiscal year of MiniLuxe is a 52-week reporting cycle ending on the Sunday closest to December 31, which periodically necessitates a fiscal year of 53 weeks; fiscal years referred to in this release consist of 52-week periods. Unless otherwise specified, all amounts are reported in U.S. dollars.

The third quarter marked continued progress against key strategic priorities for the Company:

1. Accelerating overall studio contribution growth,
2. Increasing fixed cost leverage and SG&A efficiency
3. Focusing growth through operating and franchise partners and a narrower set of innovative products

“Overall, Q3 represented a quarter of choices. We made some tradeoff choices between growth in favor for more profitability, but most important we made strides on our choice to complement Company-owned Studios with selective partnerships, JVs and franchisees. Notably the Company began the integration and conversion process of Sugar Coat (majority-owned JV nail studio in Atlanta) which has already become accretive to the business,” said Tony Tjan, CEO and Co-Founder of MiniLuxe.

MiniLuxe’s third quarter demonstrated year-over-year (“YoY”) revenue growth of +6% which included intentional efforts to manage more controlled and slower growth of its product channel. This strategy traded higher growth for more profitable growth and as such the Company experienced its strongest quarter in recent history for fixed cost leverage in the business. Drivers of higher margin growth included:

- +5% YoY growth in MiniLuxe’s expanded waxing services which provide higher gross margin dollar flow-through per service and cross-selling opportunities
- Premium services overall increased +29% YoY across MiniLuxe’s Core Studios
- Total Company gross profit was up +12% YoY

Operating burn for YTD Q3 2024 saw ~\$3.8M improvement over prior year when adjusting out for ERC received in early 2023. From the cost side of the business, key highlights include:

- Total Company SG&A (inclusive of corporate, studio-related, and non-operating overhead) was down 28% YoY while non-operating SG&A (as internally measured) was reduced materially by ~35% versus the same period in 2023
- Significant efficiencies have also been gained at the unit economic level through more effective management of indirect labor and continued use of the Company’s technology platform
- In Q3 2024, ~98% of all service bookings were done through the Company’s app or online. Further functionality being used includes seamless / auto-check-in / check-out and testing has started for AI-enabled marketing to help dynamically price services in peak and trough periods

MiniLuxe’s positive trajectory on narrowing losses included 56% improvement in Company-wide profitability on an Adjusted EBITDA basis over YTD Q3 2023 along with \$1.7 million in Fleet Adjusted EBITDA generated during YTD Q3 2024, which is a \$0.7 million improvement on a YoY basis. In conjunction with a reduced cost base, this improvement has moved the Company to a further narrowing loss rate. Focus for the balance of the business of the year will be the holiday season which will include special MiniLuxe product bundles, multi-service package offerings, and selectively featured third-party products. Additionally, the Company is evaluating a variety of capital investment interests that would most likely come in the form of a new private placement. Pending the attractiveness of terms of such offers of capital and approval by the TSXv of such investment, the Company would consider taking in a modest level of primary capital this calendar year.

“While we have more work to do and find ways that we can do more faster and with less, overall, the Company has demonstrated a quarter of growing high-demand offerings while being more efficient with its cost base. At the same time, it has been building a pipeline of commercial business development activities on the services and product-side that we are looking forward to sharing on during a future update,” said Tjan.

Q3 2024 Results

Selected Financial Measures

	13 Weeks Ended		YoY Change		39 Weeks Ended		YoY Change	
	Sept 29, <u>2024</u>	Oct 1, <u>2023</u>	\$ Change	% Change	Sept 29, <u>2024</u>	Oct 1, <u>2023</u>	\$ Change	% Change
<i>In thousands of U.S. dollars</i>								
Talent	6,743	6,264	478	8%	19,126	17,598	1,528	9%
Product	68	150	(81)	-54%	253	419	(166)	-40%
Total Revenue	6,811	6,414	397	6%	19,379	18,017	1,362	8%
Gross Profit (\$)	2,928	2,621	307	12%	8,220	7,536	684	9%
Gross Margin (%)	43%	41%			42%	42%		
<i>Non-IFRS Metrics</i>								
	Sept 29, <u>2024</u>	Oct 1, <u>2023</u>	\$ Change	% Change	Sept 29, <u>2024</u>	Oct 1, <u>2023</u>	\$ Change	% Change
<i>In thousands of U.S. dollars</i>								
Adjusted EBITDA	(\$916)	(\$2,550)	1,634	64%	(\$3,254)	(\$7,389)	4,135	56%
Fleet Adjusted EBITDA	\$682	\$405	276	68%	\$1,694	\$991	703	71%

Results of Operations

The following table outlines the consolidated statements of loss and comprehensive loss for the 13 and 39 weeks ended September 29, 2024 and October 1, 2023:

<i>In thousands of U.S. dollars</i>	13 Weeks Ended		39 Weeks Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Revenue	\$ 6,811	\$ 6,414	\$ 19,379	\$ 18,017
Cost of sales	3,883	3,793	11,159	10,481
Gross profit	2,928	2,621	8,220	7,536
General and administrative expense	3,289	4,751	9,776	13,563
Depreciation and amortization expense	887	864	2,995	2,566
Operating loss	(1,248)	(2,994)	(4,551)	(8,593)
Finance costs	(446)	(325)	(1,216)	(1,002)
Other income	-	2	1	3,169
Unrealized gain (loss)	6	390	78	339
Debt extinguishment	-	-	(230)	-
Net income (loss)	\$ (1,688)	\$ (2,927)	\$ (5,918)	\$ (6,087)
Net income (loss) attributable to:				
Owners of the parent	(1,703)	(2,927)	(5,932)	(6,088)
Non-controlling interest	15	-	15	-
Net comprehensive income (loss)	\$ (1,729)	\$ (2,927)	\$ (5,709)	\$ (6,088)
Net comprehensive income (loss) attributable to:				
Owners of the parent	(1,744)	(2,927)	(5,724)	(6,088)
Non-controlling interest	15	-	15	-
Earnings per share (US\$/share):				
Common shares (basic)				
Common shares (diluted)				
Subordinate voting shares (basic)	(0.01)	(0.02)	(0.04)	(0.04)
Proportionate voting shares (basic)	(11.42)	(19.90)	(40.09)	(41.38)
Subordinate voting shares (diluted)	(0.01)	(0.02)	(0.04)	(0.04)
Proportionate voting shares (diluted)	(11.42)	(19.90)	(40.09)	(41.38)

Cash Flows

The following table presents cash and cash equivalents as at September 29, 2024 and October 1, 2023:

<i>In thousands of U.S. dollars</i>	39 Weeks Ended	
	Sept 29, 2024	Oct 1, 2023
Cash, cash equivalents and restricted cash, beginning of period	\$ 3,411	\$ 8,343
Net cash provided by (used in):		
Operating activities	(2,194)	(2,891)
Investing activities	(309)	(1,717)
Financing activities	1,996	(1,427)
Net increase (decrease) in cash and cash equivalents	(507)	(6,035)
Cash, cash equivalents and restricted cash, end of period	\$ 2,904	\$ 2,308

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This press release references certain non-IFRS measures used by management. These measures are not recognized under International Financial Reporting Standards (“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. The non-IFRS measures referred to in this press release are “Adjusted EBITDA” and “Fleet Adjusted EBITDA”.

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 expenses¹ 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 operating for 18+ months). 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*.

The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

<i>in thousands of U.S. dollars</i>	13 Weeks Ended		39 Weeks Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Operating Loss	(\$1,248)	(\$2,994)	(\$4,551)	(\$8,593)
Right-of-Use Asset Amortization Expense	361	335	1,101	1,024
Fixed Asset Depreciation Expense	526	456	1,894	1,469
Disposals/Impairment	4	240	4	330
Stock Compensation Expense	124	69	356	269
Straight Line Rent	(683)	(656)	(2,058)	(1,888)
Full Company Adjusted EBITDA	(\$916)	(\$2,550)	(\$3,254)	(\$7,389)

¹ Straight-line rent expense for a given payment period is calculated by dividing the sum of all payments over the life of the lease (the figure used in the present value calculation of the right-of-use asset) by the number of payment periods (typically months). This number is then annualized by adding the rent expenses calculated for the payment periods that comprise each fiscal year. For leases signed mid-year, the total straight-line rent expense calculation applies the new lease terms only to the payment periods after the signing of the new lease.

The following table reconciles Fleet Adjusted EBITDA to net loss for the periods indicated:

<i>in thousands of U.S. dollars</i>	13 Weeks Ended		39 Weeks Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Talent Revenue	\$6,743	\$6,264	\$19,126	\$17,598
Less: Non-Fleet Revenue	(743)	(348)	(1,646)	(874)
Talent Cost of Sales	(3,842)	(3,693)	(11,012)	(10,241)
Less: Non-Fleet Cost of Sales	458	270	1,047	678
Fleet SG&A	(1,361)	(1,543)	(4,138)	(4,504)
Fleet Straight Line Rent	(573)	(545)	(1,683)	(1,666)
Fleet Adjusted EBITDA	\$682	\$405	\$1,694	\$991

About MiniLuxe

[MiniLuxe](#), a Delaware corporation based in Boston, Massachusetts. MiniLuxe is a lifestyle brand and talent empowerment platform servicing 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 the Company's owned-and-operated studio 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. MiniLuxe's aims 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, the brand seeks 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). Since its inception, MiniLuxe has performed over 4 million services.

For further information

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") concerning the Company and its subsidiaries within the meaning of applicable securities laws. Forward-looking information may relate to the future financial outlook and anticipated events or results of the Company and may include information regarding the Company's financial position, business strategy, growth strategies, acquisition prospects and plans, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which the Company operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "budgets",

"scheduled", "estimates", "outlook", "forecasts", "projects", "prospects", "strategy", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" occur. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Many factors could cause the Company's actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking information, including, without limitation, those listed in the "Risk Factors" section of the Company's filing statement dated November 9, 2021. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this press release.

Forward-looking information, by its nature, is based on the Company's opinions, estimates and assumptions in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate and reasonable in the circumstances. Those factors should not be construed as exhaustive. Despite a careful process to prepare and review forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking information. Although the Company bases its forward-looking information on assumptions that it believes were reasonable when made, which include, but are not limited to, assumptions with respect to the Company's future growth potential, results of operations, future prospects and opportunities, execution of the Company's business strategy, there being no material variations in the current tax and regulatory environments, future levels of indebtedness and current economic conditions remaining unchanged, the Company cautions readers that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from the forward-looking statements contained in this press release. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking information contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made (or as of the date they are otherwise stated to be made). Any forward-looking statement that is made in this press release speaks only as of the date of such statement.