

MiniLuxe Holding Corp.

Consolidated Financial Statements for 13 weeks ended March 30, 2025 and March 31, 2024

(Amounts expressed in United States Dollars)

Notice of No Auditor Review of Interim Consolidated Financial Statements

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

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

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

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MiniLuxe Holding Corp.
Consolidated Statements of Financial Position
At March 30, 2025 and March 31, 2024
Unaudited, Amounts expressed in United States Dollars

	Notes	March 30, 2025	December 29, 2024
Assets			
Current assets:			
Cash and cash equivalents		\$ 7,101,685	\$ 3,880,241
Restricted cash		115,000	115,000
Inventories, net	7	963,860	869,730
Prepaid expenses and other current assets		479,447	600,883
Total current assets		8,659,992	5,465,854
Non-current assets:			
Property and equipment, net	8	3,443,508	3,826,369
Intangible assets, net	8	1,647	41,154
Tradename	8	66,949	66,949
Deposits		222,624	222,624
Long-term investment	10	50,000	50,000
Right-of-use assets, net	14	5,213,932	5,361,956
Total non-current assets		8,998,660	9,569,052
Total assets		\$ 17,658,652	\$ 15,034,906
Equity and Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	10	\$ 2,453,435	\$ 2,280,857
Current portion of deferred revenue		2,685,425	2,894,290
Current portion of lease liabilities	14	1,359,339	1,270,636
Derivative liabilities	10, 18	438,553	121,339
Current portion of contingent consideration		85,741	85,741
Total current liabilities		7,022,493	6,652,863
Non-current liabilities:			
Lease liabilities	14	5,484,536	5,738,669
Loan payable	10	6,131,437	4,583,474
Contingent consideration	10, 18	613	613
Convertible notes	10, 18	-	3,721,706
Deferred revenue		43,333	44,583
Total non-current liabilities		11,659,919	14,089,045
Total liabilities		18,682,412	20,741,908
Shareholders' equity:			
Share capital	11	128,143,829	120,662,785
Warrants	10	22,585	22,585
Contributed surplus		1,879,823	1,671,522
Non-controlling interest		160,387	148,353
Accumulated other comprehensive income	10	86,400	131,000
Accumulated comprehensive loss		(13,131,784)	(128,343,247)
Total equity		(1,023,760)	(5,707,002)
Total equity and liabilities		\$ 17,658,652	\$ 15,034,906
Commitments and contingencies	16		
See notes to consolidated financial statements			

Approved, on behalf of the Board of Directors, by:

Tony Tjan, Chairman and Chief Executive Officer

Vernon Lobo, Director

MiniLuxe Holding Corp.
Consolidated Statements of Net Loss and Comprehensive Loss
13 weeks ended March 30, 2025 and March 31, 2024
Unaudited, Amounts expressed in United States Dollars

	Notes	March 30, 2025	March 31, 2024
Revenue	5	\$ 6,138,301	\$ 5,638,301
Cost of sales	12	3,605,651	3,380,908
Gross profit		<u>2,532,650</u>	<u>2,257,393</u>
General and administrative expense	12	3,695,185	3,158,747
Depreciation and amortization expense	8, 14	826,914	916,743
Operating loss		<u>(1,989,449)</u>	<u>(1,818,097)</u>
Finance costs	10, 14	(464,525)	(350,626)
Other income		-	920
Unrealized gain/loss	10	(273,203)	19,721
Loss on debt extinguishment	10	(234,326)	-
Loss before tax		<u>(2,961,503)</u>	<u>(2,148,082)</u>
Income tax expense		-	-
Net loss for the period		<u>\$ (2,961,503)</u>	<u>\$ (2,148,082)</u>
Net profit/loss for the period attributable to:			
Owners of the parent		(2,973,537)	(2,148,082)
Non-controlling interest		12,034	-
		<u>(2,961,503)</u>	<u>(2,148,082)</u>
Other comprehensive income			
Adjustments that are not reclassified to profit or loss			
Change in fair value of convertible notes associated with credit risk	10	(44,600)	97,200
Comprehensive loss		<u>\$ (3,006,103)</u>	<u>\$ (2,050,882)</u>
Total comprehensive income/loss for the period attributable to:			
Owners of the parent		(3,018,137)	(2,050,882)
Non-controlling interest		12,034	-
		<u>(3,006,103)</u>	<u>(2,050,882)</u>
Basic loss per share	15		
Subordinate voting shares		\$ (0.02)	\$ (0.01)
Proportionate voting shares		\$ (18.79)	\$ (14.59)
Basic weighted-average shares outstanding			
Subordinate voting shares		67,207,689	56,161,013
Proportionate voting shares		91,064	91,064
Diluted loss per share			
Subordinate voting shares		\$ (0.02)	\$ (0.01)
Proportionate voting shares		\$ (18.79)	\$ (14.59)
Diluted weighted-average shares outstanding			
Subordinate voting shares		67,207,689	56,161,013
Proportionate voting shares		91,064	91,064

See notes to consolidated financial statements

MiniLuxe Holding Corp.
Consolidated Statements of Changes in Shareholders' (Deficit) Equity
13 weeks ended March 30, 2025 and March 31, 2024
Unaudited, Amounts expressed in United States Dollars

		<u>Number of Shares</u>										
		Proportionate Voting Shares	Subordinate Voting Shares	Amount	Contributed Surplus	Warrants	Non-Controlling Interest	Accumulated Other Comprehensive Loss	Accumulated Comprehensive Loss	Total Shareholders' (Deficit) Equity		
Balance at December 31, 2023		91,064	56,042,837	\$ 117,713,247	\$ 1,113,691	\$ 3,356	\$ -	\$ -	\$ (119,436,189)	\$ (605,895)		
Share-based payments	13	-	-	-	109,026	-	-	-	-	109,026		
Shares issued for settlement of debt	11	-	-	221,959	-	-	-	-	-	221,959		
Warrants issued with convertible notes	10	-	-	-	-	9,364	-	-	-	9,364		
Change in fair value of convertible notes due to credit risk	10	-	-	-	-	-	-	97,200	-	97,200		
Net income (loss)		-	-	-	-	-	-	-	(2,148,082)	(2,148,082)		
Balance at March 31, 2024		91,064	56,042,837	\$ 117,935,206	\$ 1,222,717	\$ 12,720	\$ -	\$ 97,200	\$ (121,584,271)	\$ (2,316,428)		
Balance at December 29, 2024		91,064	62,071,921	120,662,785	1,671,522	22,585	148,353	131,000	(128,343,247)	(5,707,002)		
Share-based payments	13	-	-	-	238,301	-	-	-	-	238,301		
Shares repurchased through normal course issuer bid	11	-	(56,000)	(24,715)	-	-	-	-	-	(24,715)		
Shares issued for settlement of debt	11	-	60,000	30,000	(30,000)	-	-	-	-	-		
Shares issued upon conversion of convertible notes	10	-	7,693,743	4,039,509	-	-	-	-	-	4,039,509		
Shares issued in private placement	11	-	6,247,717	3,436,250	-	-	-	-	-	3,436,250		
Change in fair value of convertible notes due to credit risk	10	-	-	-	-	-	-	(44,600)	-	(44,600)		
Net income (loss)		-	-	-	-	-	12,034	-	(2,973,537)	(2,961,503)		
Balance at March 30, 2025		91,064	76,017,381	\$ 128,143,829	\$ 1,879,823	\$ 22,585	\$ 160,387	\$ 86,400	\$ (131,316,784)	\$ (1,023,760)		

See notes to consolidated financial statements

MiniLuxe Holding Corp.
Consolidated Statements of Changes in Cash Flows
13 weeks ended March 30, 2025 and March 31, 2024
Unaudited, Amounts expressed in United States Dollars

	Notes	March 30, 2025	March 31, 2024
Cash flows from operating activities:			
Net loss		(2,961,503)	(2,148,082)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	8, 14	826,914	916,743
Share-based payments	13	238,301	109,026
Loss on extinguishment of debt	10	234,326	-
Change in fair value of convertible notes	10	273,203	(16,385)
Change in fair value of contingent consideration	10, 18	-	(3,336)
Interest expense, debt	10	186,859	96,929
Interest expense, leases	14	277,666	253,697
Loss on settlement of indemnity holdback from Paintbox business combination		-	36,692
<i>Changes in operating assets and liabilities</i>			
Inventories, net	7	(94,130)	38,998
Prepaid expenses and other current assets		121,436	(450,205)
Accounts payable and accrued expenses	10	172,581	(338,263)
Deferred revenue		(210,115)	(136,578)
Operating activities subtotal		(934,462)	(1,640,764)
Interest paid		(277,666)	(253,697)
Cash flows used in operating activities		(1,212,128)	(1,894,461)
Cash flows from investing activities:			
Acquisition of equipment	8	(54,746)	(40,851)
Cash flows used in investing activities		(54,746)	(40,851)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes and warrants	10	-	1,225,000
Proceeds from loan payable, net of fees	10	1,556,491	-
Repayment of loan payable	10	(112,500)	(93,750)
Repayment of principal portion of lease liabilities	14	(367,208)	(393,507)
Shares issued in private placement	11	3,436,250	-
Shares repurchased through normal course issuer bid	11	(24,715)	-
Net cash provided by financing activities		4,488,318	737,743
Increase in cash and cash equivalents		3,221,444	(1,197,569)
Cash, cash equivalents and restricted cash, beginning of period		3,995,241	3,411,183
Cash, cash equivalents and restricted cash, ending of period		7,216,685	2,213,614

See notes to consolidated financial statements

MiniLuxe Holding Corp.
Consolidated Statements of Changes in Cash Flows
13 weeks ended March 30, 2025 and March 31, 2024
Unaudited, Amounts expressed in United States Dollars

	Notes	March 30, 2025	March 31, 2024
Supplemental disclosures of cash flow information:			
Shares issued for settlement of debt	11	\$ 30,000	\$ 221,959
Shares issued upon conversion of convertible notes	10	4,039,509	-
Total		<u>\$ 4,069,509</u>	<u>\$ 221,959</u>

See notes to consolidated financial statements

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 1. Nature of Business

MiniLuxe, Inc. ("MiniLuxe") was incorporated on April 26, 2008 in the state of Delaware, United States of America (USA). The Company's subordinate shares are listed on the Toronto Venture Exchange (the "TSXV") under the trading symbol "MNLX" and on the OTCQX under the trading symbol "MNLXF." The office of the Company is located at 1 Faneuil Hall Sq Fl 7 Boston, Massachusetts.

MiniLuxe is a lifestyle brand and talent empowerment platform servicing the beauty and self-care industry. The Company owns and operates nail and beauty salons that deliver high-quality nail care and esthetic services and sells a suite of trusted proprietary products that are also used in the Company's owned-and-operated studio services.

The Company's business model consists of one principal operating segment that includes Talent Revenue (revenue generated through the delivery of services) and Product Revenue (revenue generated on retail sales of proprietary and third-party products across an omni-channel platform).

Under an accounting convention common in the retail industry, the fiscal year of the Company is a 52-week reporting cycle ending on the Sunday closest to December 31, which periodically necessitates a fiscal year of 53 weeks. The first fiscal quarter of 2025 began on December 30, 2024 and ended on March 30, 2025.

The financial statements of MiniLuxe Holding Corp. for the 13 weeks ended March 30, 2025 and March 31, 2024 were authorized by the Company's board of directors on May 29, 2025.

The Company's services and products are marketed and sold to consumers in the states of Massachusetts, Rhode Island, California, Texas, Florida, New York, and Georgia.

Note 2. Basis of Presentation

These consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting on the Statement of Comprehensive Profit or Loss, Statement of Changes in Shareholders Equity (Deficit) and Statement of Cash Flows.

These consolidated financial statements follow the same accounting policies and methods of application as set forth in the consolidated financial statements for the years ended December 29, 2024 and December 31, 2023. These statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the consolidated financial statements for the years ended December 29, 2024 and December 31, 2023.

The consolidated financial statements are comprised of the financial results of the Company, its wholly owned subsidiaries MiniLuxe, Inc. and MiniLuxe Franchise LLC, and its majority-owned subsidiary MNLX SC LLC, which was formed in connection with the acquisition of Sugarcoat Forum in July 2024. All intercompany balances and transactions have been eliminated upon consolidation. The portion of MNLX SC, LLC not owned by the Company is reflected as a non-controlling interest, and its share of the Company's net loss is included in net profit/loss attributable to non-controlling interest.

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss or financial assets at fair value through other comprehensive profit or loss. The Company's financial assets and liabilities revalued at fair value through comprehensive profit or loss include contingent consideration, long term investments, derivative liabilities, and convertible debt.

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 3. Material Accounting Policy Information

For a summary of significant accounting policies, refer to “Note 3 – Material Accounting Policy Information” to the financial statements for the years ended December 29, 2024 and December 31, 2023. Additional policies are below:

These interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities under the Company’s control.

Note 4. Significant Accounting Judgments, Estimates and Uncertainties

For a summary of significant accounting judgments, estimates, and uncertainties, refer to “Note 4 - Significant Accounting Judgments, Estimates and Uncertainties” to the financial statements for the years ended December 29, 2024 and December 31, 2023.

Note 5. Segment Information

The Company has one operating segment, which consists of talent revenue and product revenue. The revenue recognition for the talent revenue and product revenue are recognized at a point in time.

The Company operates in only one geographical region which is the United States of America (USA).

	<i>13 weeks ended</i>	
	March 30, 2025	March 31, 2024
Talent revenue	\$ 6,084,745	\$ 5,519,191
Product revenue	53,556	119,110
	<u>\$ 6,138,301</u>	<u>\$ 5,638,301</u>

Note 6. Capital Management

No changes were made in the objectives, policies or processes for managing capital during the 13 weeks ended March 30, 2025 and March 31, 2024. Please refer to “Note 6 – Capital Management” to the financial statements for the years ended December 29, 2024 and December 31, 2023.

Note 7. Inventories

Inventory consisted of the following as of March 30, 2025 and December 29, 2024:

	March 30, 2025	December 29, 2024
Merchandise and retail products	\$ 213,452	\$ 177,638
Inventory supplies	\$ 303,591	259,148
Polish	\$ 236,262	223,510
Raw materials	\$ 210,555	209,434
Total inventories	<u>\$ 963,860</u>	<u>\$ 869,730</u>
Inventory write-downs	<u>\$ -</u>	<u>\$ 273,613</u>

There have been no reversals of inventory write-downs the 13 weeks ended March 30, 2025 and March 31, 2024.

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 7. Inventories (continued)

Inventory recognized as an expense in cost of sales is \$293,396 and \$354,122 for the weeks ending March 30, 2025 and March 31, 2024, respectively.

Note 8. Property and Equipment, net and Intangible Assets, net

Property and equipment, net consists of the following at March 30, 2025 and December 29, 2024:

	Furniture, Fixtures & Equipment	Leasehold Improvements	Total
Cost			
At December 29, 2024	\$ 2,626,670	\$ 16,341,037	\$ 18,967,707
Additions	23,745	31,000	54,745
At March 30, 2025	<u>\$ 2,650,415</u>	<u>\$ 16,372,037</u>	<u>\$ 19,022,452</u>
Depreciation			
At December 29, 2024	\$ 2,302,251	\$ 12,839,087	\$ 15,141,338
Depreciation charge for the year	61,971	375,635	437,606
At March 30, 2025	<u>\$ 2,364,222</u>	<u>\$ 13,214,722</u>	<u>\$ 15,578,944</u>
Net book value			
At December 29, 2024	\$ 324,419	\$ 3,501,950	\$ 3,826,369
At March 30, 2025	<u>\$ 286,193</u>	<u>\$ 3,157,315</u>	<u>\$ 3,443,508</u>

Intangible assets consist of the following at March 30, 2025 and December 29, 2024:

	Website	Tradename	Total
Cost			
At December 29, 2024	\$ 888,072	\$ 66,949	\$ 955,021
At March 30, 2025	<u>\$ 888,072</u>	<u>\$ 66,949</u>	<u>\$ 955,021</u>
Amortization			
At December 29, 2024	\$ 846,918	\$ -	\$ 846,918
Depreciation charge for the year	39,507	-	39,507
At March 30, 2025	<u>\$ 886,425</u>	<u>\$ -</u>	<u>\$ 886,425</u>
Net book value			
At December 29, 2024	\$ 41,154	\$ 66,949	\$ 108,103
At March 30, 2025	<u>\$ 1,647</u>	<u>\$ 66,949</u>	<u>\$ 68,596</u>

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 10. Financial Instruments

The Company's financial assets are comprised of cash and cash equivalents and a long-term investment.

On December 15, 2021, the Company invested in BeautyByMe, a volumetric device brand focused on the creation of small-batch, on-demand cosmetic products for \$50,000. The investment is classified as FVTPL with all changes in value being recorded through the statement of net loss and comprehensive loss. The investment is presented as a long-term asset.

The Company's financial liabilities are comprised of the following:

	Interest Rate	Maturity	March 30, 2025	December 29, 2024
Current interest-bearing loans and borrowings				
Lease liabilities	15%	2025-2026	\$ 1,359,339	\$ 1,270,636
Total current interest-bearing loans and borrowings			1,359,339	1,270,636
Non-current interest-bearing loans and borrowings				
Lease liabilities	15%	2026-2035	5,484,536	5,738,669
Loan payable	15%	2028	6,131,437	4,583,474
Convertible notes	12%	2027	-	3,721,706
Total non-current interest-bearing loans and borrowings			11,615,973	14,043,849
Total interest-bearing loans and borrowings			12,975,312	15,314,485
Financial liabilities, other than interest-bearing loans and borrowings				
Accounts payable and accrued expenses			2,453,435	2,280,857
Derivative liabilities			438,553	121,339
Contingent consideration			86,354	86,354
Total other financial liabilities			\$ 2,978,342	\$ 2,488,550
Total current			\$ 4,337,068	\$ 3,758,573
Total non-current			\$ 11,616,586	\$ 14,044,462

Convertible promissory notes

On November 30, 2023, January 22, 2024 and April 25, 2024, the Company issued \$2,585,000, \$1,225,000 and \$475,000, respectively, in subordinated convertible debentures ("convertible notes"), resulting in the issuance of 2,585, 1,225 and 475 units at a price of \$1,000 per unit. Each unit consists of a right to the payment of principal and interest at the stated rate of 11.5%, a conversion feature and an attached warrant. The maturity date of the convertible notes was 42 months from the date of issuance. At maturity, the Company had the option to repay either a portion or the entire principal plus accrued and unpaid interest either in cash or through the issuance of shares.

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 10. Financial Instruments (continued)

The Company elected the fair value option to account for the principal and interest payable under the convertible note, inclusive of all embedded features. The attached warrants are classified as equity instruments. No subsequent remeasurement is required on these equity-classified warrants.

In accordance with IFRS 9.5.7.7, the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income (OCI) and the remaining amount of the change in the fair value shall be recognized in profit and loss.

On February 7, 2025 the Company settled \$945,000 in convertible notes and \$110,576 accrued interest thereon in exchange for 2,294,731 Class A subordinate voting shares. The notes were valued at the time of conversion using a price of \$0.46 per share and the resulting amount was recorded directly to share capital.

On March 24, 2025 the Company settled the remaining \$2,365,000 in convertible notes and \$345,562 accrued interest thereon in exchange for 5,399,012 Class A subordinate voting shares. The notes were valued at the time of conversion using a price of \$0.50 per share and the resulting amount was recorded directly to share capital.

As at March 30, 2025, the convertible notes had been fully converted to share capital and an unrealized loss of \$273,203 and unrealized loss attributable to changes in the credit risk of \$44,600 were recognized in the Consolidated Statements of Net Loss and Comprehensive Loss.

Senior debt and associated warrants

The Company issued \$2,500,000 of senior debt recorded at \$2,460,000 (net of approximately \$40,000 in transaction costs) during the quarter ended June 27, 2021 repayable no later than April 27, 2025.

On April 5, 2024, the Company completed a re-financing of its senior debt, extending maturity for 24 months for the original \$2,500,000 principal and adding an additional \$2,000,000 of new capital, for a total of \$4,500,000, a new maturity date of May 2027 (the "existing senior debt"). The existing senior debt shall pay 15.0% cash-pay interest along with 2.0% simple, paid-in-kind interest that accrues until maturity. In connection with the re-financing, the Company issued warrants to purchase 1,692,308 Subordinate Voting Shares of the Company at a strike price of \$0.52 USD (~\$.71 CDN) per share for a period of three years from the date of issuance. The transaction was accounted for as an extinguishment under IFRS 9 due to substantially different terms, resulting in the derecognition of the original debt and recognition of a new liability at fair value. The warrants were classified as a derivative liability at fair value. Full details are included in the Company's consolidated financial statements for the years ended December 29, 2024 and December 31, 2023.

On March 7, 2025, the Company completed an additional re-financing of its existing senior debt, which extended the maturity of such existing debt of \$4,500,000 to April 30, 2028 and concurrently added an additional \$1,675,000 of new debt financing ("new senior debt") which will also mature on April 30, 2028, together ("total senior debt"). The existing senior debt will continue to pay 15.0% cash-pay interest along with 2.0% simple, paid-in-kind interest that accrues until May 2027, and then shall pay 14.0% cash-pay interest along with 0.5% simple, paid-in-kind interest that accrues until the extended maturity date of April 30, 2028. The additional \$1,675,000 will pay 14.0% cash-pay interest along with 0.5% simple, paid-in-kind interest that accrues through maturity. In connection with the re-financing, the Company issued warrants to purchase Subordinate Voting Shares of the Company, with 1,069,545 warrants exercisable at a strike price per share of \$0.55 USD. Further, the Company amended the terms of the 1,692,308 warrants issued in connection with the re-financing completed in April 2024 and the warrants issued in April 2021 to extend the maturity date to March 2030, if conditions were met.

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 10. Financial Instruments (continued)

This did not change the classification of the warrants. All new and existing warrants associated with the existing senior debt and new senior debt financing will have an expiry date of 3 years from the closing of the financing. The warrants are subject to a hold period of four months and one day from the issuance date in accordance with applicable securities laws. The refinancing of the existing senior debt and financing of the new senior debt was approved by the TSX Venture Exchange.

Under IFRS 9, it was determined that the terms of this re-financing were substantially different than the terms of the original debt based on the "10% test." Therefore, the re-financing was accounted for as an extinguishment of the original debt. This existing senior debt was derecognized with a loss on extinguishment of debt of \$234,326 recognized in the Consolidated Statements of Net Loss and Comprehensive Loss. Just prior to the extinguishment, the existing senior debt had a carrying amount of \$4,591,835. The total senior debt was recognized at fair value, which was determined to be to be \$6,137,448 at the date of modification.

The warrants issued as part of the re-financing in March 2025 were determined to meet the definition of a derivative liability and were also recognized at fair value.

Interest expense on the senior debt for the 13 weeks ended March 30, 2025 and March 31, 2024 was \$186,859 and \$96,929, respectively.

Accounts payable and accrued expenses

	March 30, 2025	December 29, 2024
Accounts payable	\$ 1,196,544	\$ 889,330
Other payables and accrued expenses	1,134,624	1,304,769
Variable rent	122,267	86,758
	<u>\$ 2,453,435</u>	<u>\$ 2,280,857</u>

Terms and conditions of the above financial liabilities:

- Accounts payables and accrued expenses are non-interest bearing and are normally settled on 30-day terms.
- Variable Rent and other payables are non-interest bearing and have an average term of 30 days.

Finance Costs

Reconciliation of finance costs for the 13 weeks ended March 30, 2025 and March 31, 2024 are summarized in the following table:

	13 weeks ended	
	March 30, 2025	March 31, 2024
Lease adjustments	\$ 277,666	\$ 253,697
Senior debt Interest	186,859	96,929
	<u>\$ 464,525</u>	<u>\$ 350,626</u>

MiniLuxe Holding Corp.
Notes to the Consolidated Financial Statements
13 weeks ended March 30, 2025 and March 31, 2024

Note 10. Financial Instruments (continued)

Unrealized Gain/Loss

Reconciliation of unrealized gains and losses for the 13 weeks ended March 30, 2025 and March 31, 2024 are summarized in the following table:

	<i>13 weeks ended</i>	
	March 30, 2025	March 31, 2024
Convertible notes	\$ (273,203)	\$ 16,385
Contingent consideration	-	3,336
	<u>\$ (273,203)</u>	<u>\$ 19,721</u>

Note 11. Share Capital

As of March 30, 2025 and March 31, 2024, the Company has authorized an unlimited number of subordinate and proportionate voting shares. The holders of the subordinate and proportionate voting shares are entitled to vote on all matters. The holders of the subordinate voting shares are entitled to the number of votes equal to the number shares held. The holders of the proportionate voting shares are entitled to 1,000 votes for each share held. As of March 30, 2025, there were 76,017,381 subordinate voting shares and 91,064 proportionate issued and outstanding (December 29, 2024 – 62,071,921 subordinate voting shares and 91,064 proportionate voting shares issued and outstanding).

During the 13 weeks ended March 30, 2025, the Company acquired a total of 56,000 Class A subordinate voting shares for C\$35,559 under its Normal Course Issuer Bid ("NCIB"); reauthorized and announced on February 20, 2025. Under the NCIB, the Company may not acquire more than 2% of its issued and outstanding subordinate voting shares in any 30-day period.

On March 24, 2025, the Company issued shares to settle bonus payments pursuant to its acquisition of Paintbox in 2022. The Company issued 60,000 Class A subordinate voting shares at a price per share of CAD\$0.50.

On February 16, 2024, the Company issued shares to settle its earnout obligations related to the indemnity holdback valued at \$185,267 as of December 31, 2023 and bonus payments pursuant to its acquisition of Paintbox in 2022. The Company issued 597,446 Class A subordinate voting shares at a price per share of CAD\$0.52 in full satisfaction of the indemnity provision.

On February 7, 2025, the Company completed a non-brokered private placement of Class A subordinate voting shares of the Company and raised a total of USD \$ 3,436,250 or (~CDN \$4.94M) through the issuance of 6,247,717 Subordinate Voting Shares at a price of USD \$0.55 each (CDN \$0.79).

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Note 12. General and Administrative Expenses and Cost of Sales

General and administrative expenses are comprised of the following:

	<i>13 weeks ended</i>	
	March 30, 2025	March 31, 2024
Salaries, wages and employee benefits	\$ 1,779,941	\$ 1,578,549
Variable rent	297,527	253,114
Professional fees	280,221	182,874
Stock compensation	238,301	109,026
Bank and credit card fees	174,241	161,892
HR, payroll and recruiting fees	163,798	95,122
IT related costs	157,529	146,265
Insurance, permits and fines	116,624	131,793
Operating supplies	95,041	110,058
Travel, meals and entertainment	84,694	47,033
Marketing and selling expenses	83,626	100,775
Repairs and maintenance	79,243	72,464
Warehouse	52,922	95,309
Listing costs	41,809	23,572
Equipment	26,410	24,367
Other expenses	23,258	26,535
Total general and administrative expense	\$ 3,695,185	\$ 3,158,747

Cost of sales are comprised of the following:

	<i>13 weeks ended</i>	
	March 30, 2025	March 31, 2024
Direct labor	\$ 3,293,557	\$ 2,980,670
Service supplies	242,922	274,195
Retail supplies and commissions	60,427	91,092
Shipping and fulfillment	8,745	34,951
Total cost of sales	\$ 3,605,651	\$ 3,380,908

Note 13. Share-based payments

Under the 2021 Omnibus Equity Incentive Compensation Plan (the “Plan”), 14,603,586 shares and an aggregate of 13,228,771 between Restricted Share Units (“RSU”), Deferred Share Units (“DSU”) and Performance Share Units (“PSU”) are authorized for issuance at March 30, 2025 and December 29, 2024.

Options to purchase 1,677,524 and 282,978 subordinate voting shares were available for issuance under the Plan as of March 30, 2025 and December 29, 2024, respectively. No RSUs, DSUs or PSUs were issued and outstanding as of March 30, 2025 or December 29, 2024.

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Note 13. Share-based payments (continued)

Stock option activity under the Plan during the 13 weeks ended March 30, 2025 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (In Years)
Options Outstanding at December 29, 2024	15,030,614	\$0.23	8.5
Granted	-		
Forfeited	-		
Exercised	-		
Options Outstanding at March 30, 2025	15,030,614	\$0.23	8.5
Options Exercisable at March 30, 2025	8,423,840	\$0.19	7.6

There were no stock options granted in the 13 weeks ended March 30, 2025.

In the 13 weeks ended March 30, 2025, no stock options were exercised. In the year ended December 29, 2024, 156,186 stock options were exercised.

The Company recognized \$238,301 and \$109,206 in stock-based compensation expense for the 13 weeks ended March 30, 2025 and March 31, 2024, respectively. As of March 30, 2025, there was approximately \$690,173 of total unrecognized compensation expense related to unvested employee stock-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.69 years.

Note 14. Leases

The Company has lease contracts for real estate and other equipment used in its operations. Leases of real estate have lease terms generally between 3 and 10 years, and equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Furthermore, the Company has combined lease and non-lease components for its real estate leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Real Estate
As at December 29, 2024	\$ 5,361,956
Additions	-
Modifications	201,778
Depreciation expense	(349,802)
As at March 30, 2025	<u>\$ 5,213,932</u>

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Note 14. Leases (continued)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period and compared to the year ended December 29, 2024:

	March 30, 2025	December 29, 2024
Balance as of beginning of period	\$ 7,009,305	\$ 6,220,980
Additions	-	511,428
Modifications	201,778	2,119,871
Terminations	-	(178,180)
Accretion of interest	277,666	1,024,448
Payments	(644,874)	(2,689,242)
Balance as of end of period	\$ 6,843,875	\$ 7,009,305
Current	\$ 1,359,339	\$ 1,270,636
Non-Current	\$ 5,484,536	\$ 5,738,669

The following are the amounts recognized in profit or loss for the 13 weeks ended March 30, 2025 and March 31, 2024:

	13 weeks ended	
	March 30, 2025	March 31, 2024
Depreciation expense of right-of-use assets	\$ 349,802	\$ 371,374
Interest expense on lease liabilities	277,666	253,697
Expense relating to leases of low-value assets	5,987	7,545
Variable rent	297,527	253,114
Total amount recognized in comprehensive loss	\$ 930,982	\$ 885,730

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Note 15. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to common equity holders of the Company by the weighted average number of participating common stock outstanding during the year. The participating common stock includes the Company's subordinate and proportionate voting shares. Diluted EPS is calculated by dividing the profit attributable to common equity holders of the parent by the weighted average number of common stock outstanding during the year plus the weighted average number of common stock that would be issued on conversion of all the dilutive potential common stock into common stock.

Instruments at the Company that could potentially dilute basic earnings per share include convertible notes, stock options, and warrants. For the 13 weeks ended March 30, 2025 and March 31, 2024, the convertible notes, stock options and warrants are anti-dilutive in nature.

The calculation and presentation below is based on the number of shares outstanding at March 30, 2025, which is based on the legal amount of shares outstanding under each class without assuming conversion.

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Note 15. Earnings per share (EPS) (continued)

If the 91,064 proportionate voting shares outstanding were converted into subordinate voting shares, the numbers of subordinate voting shares issued would be 91,064,000.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	<i>13 weeks ended</i>			
	March 30, 2025		March 31, 2024	
	<i>Subordinate Voting Shares</i>	<i>Proportionate Voting Shares</i>	<i>Subordinate Voting Shares</i>	<i>Proportionate Voting Shares</i>
Loss attributable to common equity holders of the Company (Basic)	\$ (1,262,671)	\$ (1,710,866)	\$ (819,418)	\$ (1,328,664)
Weighted average number of common stock for basic EPS	67,207,689	91,064	56,161,013	91,064
Basic earnings per share	\$ (0.02)	\$ (18.79)	\$ (0.01)	\$ (14.59)
Loss attributable to common equity holders of the Company (Diluted)	\$ (1,262,671)	\$ (1,710,866)	\$ (819,418)	\$ (1,328,664)
Weighted average number of common stock for diluted EPS	67,207,689	91,064	56,161,013	91,064
Diluted earnings per share	\$ (0.02)	\$ (18.79)	\$ (0.01)	\$ (14.59)
Weighted average number of common stock for basic EPS				
Issued common stock at start of the period	62,071,921	91,064	56,042,837	91,064
Effect of Paintbox share issuance	60,000	-	118,176	-
Effect of share issuance	5,087,461	-	-	-
Effect of NCIB purchases	(11,692)	-	-	-
Weighted average number of common stock end of the period (basic)	67,207,689	91,064	56,161,013	91,064
Weighted average number of common stock end of the period (dilutive)	67,207,689	91,064	56,161,013	91,064

Note 16. Commitments and Contingencies

From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimates. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered remote are not disclosed.

The Company does not have any material commitments for future years, apart from leases (see Note 14).

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Note 17. Profit Sharing Plan

The Company sponsors a qualified 401(k) profit sharing plan (the Plan) covering all eligible employees, as defined. The Company's contributions to the Plan are discretionary and are determined annually by the Board of Directors. There were no Company contributions to the Plan for the 13 weeks ended March 30, 2025 or March 31, 2024.

Note 18. Fair Value Measurement

The Company measures its long-term investments, contingent consideration, derivative liabilities, and convertibles notes at fair value, which is at level 3. No other financial statement accounts are measured at fair value as their carrying amount approximates fair value. The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

		Fair Value Measurement Using							
		Date of Valuation	Total	Quoted priced in	Significant	Significant			
				Active Markets	Observable Inputs	Unobservable Inputs			
				(Level 1)	(Level 2)	(Level 3)			
Assets measured at fair value									
Long term investment	March 30, 2025	\$	50,000	\$	-	\$	-	\$	50,000
	December 29, 2024	\$	50,000	\$	-	\$	-	\$	50,000
Liabilities measured at fair value									
Contingent consideration - Paintbox	March 30, 2025	\$	86,354	\$	-	\$	-	\$	86,354
	December 29, 2024	\$	86,354	\$	-	\$	-	\$	86,354
Convertible notes	March 30, 2025	\$	-	\$	-	\$	-	\$	-
	December 29, 2024	\$	3,721,706	\$	-	\$	-	\$	3,721,706
Derivative liabilities	March 30, 2025	\$	438,553	\$	-	\$	-	\$	438,553
	December 29, 2024	\$	121,339	\$	-	\$	-	\$	121,339

There were no transfers between Level 1 and Level 2 during the 13 weeks ended March 30, 2025.

For calculation of the fair value of contingent consideration associated with the Paintbox acquisition, the Company used a Black-Scholes method for visualizing the consideration as a combination of embedded options. This model requires management to make assumptions which include cash flow forecasts, revenue growth rates, royalty rates, and discount rates.

For the calculation of the fair value of convertible notes, the Company used a sum-of-the-parts method, whereby the debt security and the equity options are valued separately. The debt security was valued based on the anticipated coupon payments and principal repayments discounted to present value using a market yield. The conversion option of the holder was valued using a Black-Scholes option pricing model whereas the accelerated conversion option of the Company was valued using an up-and-out barrier option pricing model. The warrants were valued using a Black-Scholes model. The primary assumptions that would significantly affect the fair values of the convertible notes are the volatility and market price of the underlying common stock of the Company.

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Note 19. Risk Management

The Company's principal financial liabilities comprise of accounts payables and accrued expenses, lease liabilities, loan payable, and convertible notes. The main purpose of these financial liabilities is to finance the Company's operations.

For a summary of other risks, refer to "Note 20 – Risk Management" to the financial statements for the years ended December 29, 2024 and December 31, 2023.

Note 20. Related Party Transactions

Management compensation and balances outstanding as of period end dates are as follows:

	<i>Transaction value for 13 weeks ended</i>	
	March 30, 2025	March 31, 2024
Key Management Personnel		
Short-term benefits	\$151,410	\$276,210
Share-based payments	207,710	72,341
Total	<u>\$359,120</u>	<u>\$348,551</u>

	<i>Balance Outstanding as at</i>	
	March 30, 2025	March 31, 2024
Key Management Personnel		
Share-based payments	\$475,624	\$289,874