

**MINILUXE MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A) IN CONNECTION
WITH THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13 WEEKS ENDED MARCH 30, 2025**

DATED: MAY 29, 2024

This Management's Discussion and Analysis ("MD&A") for the thirteen weeks ended March 30, 2025 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 ended March 30, 2025 and related notes (the "interim financial statements"), as well as the audited consolidated financial statements for the fifty-two week period ended December 29, 2024 and related notes (the "Audited Financial Statements"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the information contained herein is current to May 27, 2025, 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 28, 2025, is referred to as "fiscal 2025", "FY25" or similar wording while the fifty-two-week fiscal year, which ended on December 29, 2024, is referred to as "fiscal 2024", "FY24" or similar wording. The period of thirteen weeks ended March 30, 2025 is referred to as "Q1 2025", or similar while the thirteen week period ended March 31, 2024 is referred to as "Q1 2024", 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 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; structural or other post-impacts of COVID-19 or other COVID-like pandemics; failure to receive and/or renew requisite licenses and regulatory approvals; the impact of adverse macro-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 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. MiniLuxe offers high quality self care services (focused principally on nail care and personal waxing) and related better for you products. The Company holds a strong brand reputation and is an emerging employer-of-choice in the regions it operates for nail designers ("Talent") who are part of a larger industry group of 500,000+ nail care professionals. 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 (which we believe to be the biggest population of Asian hourly employees) through professional development and certification, economic mobility, and company ownership

opportunities inclusive of equity participation and franchise opportunities.

MiniLuxe has emerged as a trusted lifestyle brand and platform offering high-quality nail care and esthetic services alongside related proprietary products that have been developed and improved upon over many years with extensive testing and feedback across MiniLuxe studio services. For over a decade, MiniLuxe has been a leader in raising 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 fragmented and under-regulated self-care and nail care industry through its elevated nation-wide (in United States) brand, consistent standards and protocols (for its products and services), and a technology platform that enables better Talent and client experiences.

MiniLuxe is headquartered in Boston, Massachusetts and has performed over 4 million services since its inception with studio locations across Massachusetts, Rhode Island, Texas, California, Georgia, and Florida. 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, 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 ready-to-wear press-on nails. In addition, in Q3 2024 MiniLuxe acquired a majority stake in a joint venture in Sugarcoat, a leading regional modern nail care brand based in Atlanta, GA, to accelerate its expansion to the region.

MiniLuxe's Purpose and Impact Statement

MiniLuxe's brand and purpose statement includes the aspiration to have a broader impact that positively transforms and empowers the nail care industry and its workers. Empowerment for MiniLuxe team members comes from offering a safer and healthier environment with ultra-hygienic practices, continuous professional development, economic mobility with access to health and other benefits. Additionally, with an employee's growing tenure with the Company, there are more opportunities for career path advancement, equity ownership, and artistic self-expression.

Since its founding, the Company has upskilled thousands of diverse workers and estimates having paid out more than \$175M 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 ~50% of designer base) receive equity incentive ownership. The annual retention rate of MiniLuxe's hourly work force currently stands at 87% year over year. The brand also has a clear esthetic with a clean and modern design sensibility reflected throughout its work and client space. These design choices of clean industry practices, better-for-you product choices and cleaner air work environments represent a competitive advantage in terms of MiniLuxe's talent engagement, retention and overall loyalty.

Business Model: Services, Products and Franchising

MiniLuxe’s business model consists primarily of two revenue streams: Talent service revenue (primarily from the Company’s fleet of studios) and Product revenue (sold through various channels).

Talent revenue is derived from the provision of self-care services including nail care (i.e. manicures and pedicures), waxing, and other esthetic services. The Company principally delivers its services revenue across its own fleet of 23 owned-and-operated MiniLuxe / Paintbox / Sugarcoat studios (consisting of 21 MiniLuxe fleet studios, 1 Paintbox shop-in-shop co-location, and 1 Sugarcoat studio in Atlanta, Georgia being planned for brand conversion). Since its founding, MiniLuxe has committed to offering elevated services using only fully licensed MiniLuxe certified nail 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. Talent service revenue makes up the majority of the Company’s sales, though product revenue is expected to grow rapidly as the Company expands its franchise network and begins to distribute its offerings more broadly through third-party channels.

Product revenue is derived from the sale of the Company’s proprietary and branded lines of self-care products (nail products, cuticle oil, press-on nails, skincare). Channels of distribution for these products are direct-to-consumer (DTC) (Company’s own website and select third-parties) and through wholesale retail partners. Today, excluding such in-store retail sales noted above, the vast majority of MiniLuxe’s product sales come from its own DTC website; MiniLuxe expects further growth in this revenue channel from wholesale and franchising initiatives. 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.

In April of 2024 MiniLuxe formalized the launch of its franchising plans rooted in a belief that decentralized and hyper-localized entrepreneurship (and ownership) would help drive performance, innovation and scale. In Q4, 2024, the Company entered into a 10-year franchise agreement with Ms. Quynh Pham, a Massachusetts based franchisee, to open the first franchised studio in Boston, as well as additional plans to open new studios over the life of the agreement. Ms. Pham was granted the right to use the Company’s brand, systems, intellectual property, and operational model over the term of the agreement, which expires on August 31, 2036.

The Company also differentiates itself through the experience and data derived from the delivery of millions of 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. Other 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 and Sugarcoat 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 the predictability of matching 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 holds a significant base of recurring and loyal clients, and in any given month, other 80 percent of clients are repeat customers. The Company’s 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 more than 50% of associates having 5-year or longer tenure with the Company. In FY24, the Company realized an industry-leading retention rate of 87%. As the Company acquires a wider talent base, it is exploring other ways to create more flexible work options across both W-2 employees (historically and currently applies to the vast majority of team members today) and contract-based workers.

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). 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 delivered consistent studio year of year revenue CAGR of +16% from 2021 – 2024, gross profit CAGR of +10% and adjusted EBITDA CAGR +18% over the same period.

Strategic Trends and Competitive Environment

Consumer Trends

The self-care market has benefited from several positive trends and tailwinds: greater consumer consciousness around self-care, wellness and clean beauty (e.g. growing convergence of self-care, wellness, and beauty), demand for more transparent and ethical practices and Gen Z preferences for more inclusive brands. Other consumer trends include nails becoming more integrated into the cultural, beauty, and fashion, and sports industry narrative. Nails have historically served as a canvas for self-expression and identity and have become an important element of designer fashion runways and cultural narratives. These trends are directly aligned with MiniLuxe’s founding principles and recent product development efforts. In September of 2024, MiniLuxe and Paintbox again participated in New York Fashion Week. The Company also continues to see consumer traction in its Paintbox branded “ready-to-wear” high-end press-on nail which is a natural-looking “faux” nail set that can be applied with anil 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.

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 on the other. MiniLuxe has been a pioneer in creating an “accessible luxury” nail care studio offering that is more elevated, consistent and predictable compared to a traditional corner nail salon while being much more 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 quality of services. For nail designers and waxing specialists, there are differentiated learning and career path advancement opportunities that are far from the norm in the industry. 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.

A material subsequent change in the macro-environment for many businesses has been the volatile and changing tariff environment put in place in Spring of 2025. MiniLuxe is seeking alternative sources of supply for any products or materials that come from China. Overall, the products side of the business still remains very small relative to MiniLuxe’s overall service driven environment. Further, given that MiniLuxe has been domestically manufacturing its polishes, nail treatments and skin care products, management sees this as a near term competitive advantage.

Acquisitions

MiniLuxe may pursue acquisitions that represent a strategic fit and are 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 studios. MiniLuxe may also consider opportunities to engage in joint ventures or other business collaborations with third parties.

In line with MiniLuxe’s acquisition strategy, on May 3, 2024, MiniLuxe entered into a majority-controlled joint venture agreement with Atlanta-based Sugarcoat, a regional nail services brand with 5 locations in the Atlanta area. The joint venture, which closed on July 1, 2024, operates a single studio location in Atlanta with intentions to convert the existing Sugarcoat nail services salon location into a MiniLuxe branded studio. As discussed in the FY24 year-end financial statements, MNLX SC, LLC, the joint venture established to hold the investment in Sugarcoat, has been fully consolidated into MiniLuxe’s current year operations. Further disclosures on the terms of the transaction can be found in FY24 year-end financial statements.

Seasonality

MiniLuxe’s business is subject to seasonal variation with peak quarterly revenue typically occurring in the fourth quarter. During FY24, 22% of Talent revenue occurred in Q1, 27% in Q2, 26% in Q3, and 25% in Q4. Within these quarters there is additional seasonal variation based on timings of holidays, school vacation weeks, and other factors; for example, historically certain months (e.g. September) have lighter customer traffic due to “back to school” focus and some vacation timing of designer Talent team members than other quarters in a given year.

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, revenue per staffed hour, premium nail and waxing services, indirect labor management, and highly 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 develop and 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 offerings and wholesale contracts.

The Company’s services revenue is delivered across its fleet of fully owned-and-operated MiniLuxe, Paint-box, and joint venture Sugarcoat studio 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 service 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.

Q1 2025 Business Highlights

FY25 goals are consistent with prior years' three key priorities:

- 1) Drive growth through operating partners and franchise partners;
- 2) Accelerate overall studio-level profitability growth;
- 3) Increase fixed cost leverage and SG&A efficiency

Drive Growth Through Operating Partners and Franchise Partners

Continued expansion of the Company's Talent revenue base, which grew by 10% year-over-year to \$6.1M, reflecting the success of MiniLuxe's operating model and growing appeal to partners. In the first quarter of operation, MiniLuxe's first franchise location grew 25% in the back half of Q1 when compared to the first half – demonstrating the power of the brand to attract and capture demand.

Accelerate Overall Studio-Level Profitability Growth

Fleet Adjusted EBITDA increased approximately 290% compared to Q1 2024, reaching \$700K, demonstrating the Company's continued success in improving store-level contribution.

Increase Fixed Cost Leverage and SG&A Efficiency

The company continued to see improvements in its SG&A efficiency, demonstrating the Company's ability to leverage its cost structure as revenues grow. Corporate SG&A continues to decline as a percentage of total revenue, driven by cost efficiencies in corporate functions but also benefiting from overall system wide top line growth.

Financial Results

MiniLuxe continued its consistent, organic, year-over-year growth as Q1 2025 revenue increased 9% over Q1 2024 at \$6.1M with gross profit of \$2.5M, a 12% increase from Q1 2024. The Company views gross profit dollar growth as a key indicator of MiniLuxe's positive trajectory towards long-term profitability and, in conjunction with the reduced cost base, moved materially to a narrowing loss rate. These initiatives have the impact of temporarily reducing topline revenue and gross margins, but are designed to accelerate adoption of MiniLuxe's premium service offerings. Management plans to continue to experiment with service offering enhancements and other tests in order to continue to provide the most relevant self-care experience on the market while remaining committed to our mission of clean and empowerment of the designer. The first quarter is traditionally the lowest relative revenue period and highest level of cash use due to the seasonality of the business. In Q1 2025, the Company's operating loss was (\$2M) slightly higher

than (\$1.8M) in Q1 2024, primarily driven by one-time spend increases in professional services, and stock-based compensation expenses.

As in past periods, the majority of the Company's growth came organically from the MiniLuxe Core Studios. The Core Studio base continued its consistent, multi-year trend of growth in Q1 2025 as revenue increased \$0.3M to \$6.1M, or 10% over Q1 2024.

MiniLuxe continues its focus on generating both new demand and new supply of its business as follows: (a) positive momentum on the demand side (new client and loyal client growth) by further enhancing the first-time customer experience and further refining the customer journey from initial visit to MiniLuxe regular client, and (b) further investments and innovations in attracting, developing and retaining supply side talent (Talent ecosystem growth). Some of the other key areas that demonstrate the strengthening brand resiliency and loyal demand for MiniLuxe in-studio service offerings include:

- **Impact of loyal client base:** MiniLuxe's loyal client base continues to grow, with over 10,000 studio clients that average 10+ visits per year. Those visiting 20+ times per year, also known as Superfans, are the most loyal customer subsegment and have an average annual spend of more than \$2,000. Additionally, overall client retention remains strong.
- **Attracting, developing and retaining talent:** On the supply side, MiniLuxe's current and future success comes from the continued growth, development and scaling of the MiniLuxe Talent Ecosystem (i.e. its team of nail designers and waxing specialists in the field). MiniLuxe's differentiation in attracting, developing and retaining talent comes from providing a safe and empowering workplace environment that offers strong training and workforce development, and highly competitive earnings and earnings potential. Over 50% of MiniLuxe's field team members have been with the company for more than 5 years, and those team members participate in the company's equity ownership program. MiniLuxe's annual retention of its hourly work base has continued its trend of holding over 87% in year over year retention.
- **Growing studio economics on a revenue and gross profit base:** The combination of a growing, loyal client base and the dedication to continuously improving the quality and staffing of the designer base has contributed to the consistent, same-store year-over-year growth and consistent trailing-twelve month (TTM) quarterly growth.

Subsequent Events and Remaining 2025 Outlook

Q1 2025 has presented the Company with both early progress towards its strategic priorities and overall profitability but also headwinds in the form of the LA wildfires and the introduction of tariffs to US trade partners. The LA fires impacted foot traffic and demand for Beverly Hills and Brentwood Studios. The Company has taken measures to address this potential impact to studio economics with increased leadership support and connectivity with the local community such that demand has begun to return (but is not anticipated to fully recover until the second half of 2025).

The company has already made pivots to shift sourcing from China to US based vendors, and lower tariff markets like Vietnam and Taiwan to optimize and protect gross margins in MiniLuxe proprietary products and Paintbox custom press on products.

Capital Enhancing Transactions - Private Placement and Debt Conversion

Effective 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 \$3.43M or (~CDN \$4.76M) through the issuance of 6,247,717 Subordinate Voting Shares at a price of \$0.55 each (CDN \$0.79). Together, with the first private placement closing and this second and final closing of the offering raised total new primary capital for the Company in the amount of \$5.067M or (~CDN \$7.26M).

Alongside the private placement offering, the Company also finalized additional shares-for-debt agreements to satisfy an aggregate of \$1,055,577 (~CDN\$1.49 million) of outstanding debt related to the principal and accrued but unpaid interest on certain convertible debentures of the Company (the “**Debentures**”). As part of this debt conversion, an aggregate of 2,294,731 Subordinate Voting Shares were issued at a deemed price of \$0.46 per share, with an effective conversion date of February 7, 2025.

The Company offered existing Debenture holders participating in the offering the opportunity to elect to receive Subordinate Voting Shares at a discounted conversion price relative to the original terms of the Debentures. All Debenture holders electing to convert are deemed to be at arm’s length from the Company. The issuance of these shares remains subject to TSX Venture Exchange approval. Similarly, completion of all tranches of the private placement offering is subject to the satisfaction of customary closing conditions, including the approval of the TSX Venture Exchange. The securities issued pursuant to the initial closing of the offering are subject to a hold period of four months and one day from the issuance date in accordance with applicable securities laws.

On March 11, 2025, the Company announced the refinancing and extension of maturity of its existing senior debt to 2028 to be coincident with a new tranche of \$1.675M of senior debt from Flow Capital.

On March 21, 2025, the Company announced that it had reached agreements with the remainder of its Debenture holders for the conversion of all of its remaining balance of Debentures, including principal and accrued and unpaid interest thereon in the aggregate of \$2.7M, resulting in the issuance of 5,399,012 Class A subordinate voting shares at a deemed price per share of \$0.50.

Focus on studio expansion via M&A, JV and Franchise partners

Building on the momentum of its early success with operating partners (via M&A, JV and/or franchising) the management team is already in some advanced discussions with partners based in Boston, New York City, Dallas Fort Worth, and Atlanta for joint venture opportunities, additional franchise locations and existing studio conversions to MiniLuxe studios.

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 expenses.

A reconciliation of IFRS Operating Income (Loss) 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*.

Selected Consolidated Financial Information

The following tables set forth selected financial information derived from the Company's interim unaudited consolidated financial statements for the thirteen weeks ended March 30, 2025 and March 31, 2024. The selected financial information was prepared in accordance with IFRS in a manner consistent with the Company's Audited Financial Statements. The following information should be read in conjunction with these statements and the accompanying notes.

Statement of Comprehensive Income (Loss)

	13 Weeks Ended	
	March 30,	March 31,
<i>in thousands of U.S. dollars</i>	<u>2025</u>	<u>2024</u>
Revenue	\$6,138	\$5,638
Cost of sales	3,606	3,381
Gross profit	2,533	2,257
General and administrative expense	3,695	3,159
Depreciation and amortization expense	827	917
Operating loss	(1,989)	(1,818)
Finance costs	(465)	(350)
Other income	-	1
Unrealized gain (loss)	(273)	20
Loss on debt extinguishment	(234)	
Income (loss) before taxes	(2,962)	(2,148)
Income tax expenses	-	-
Net income (loss)	(2,962)	(2,148)
Net comprehensive income (loss)	(3,006)	(2,051)
Full Company Adjusted EBITDA	(\$1,594)	(\$1,487)
<u>Earnings per share</u>		
Subordinate voting shares (basic)	(0.02)	(0.01)
Proportionate voting shares (basic)	(18.79)	(14.59)
Subordinate voting shares (diluted)	(0.02)	(0.01)
Proportionate voting shares (diluted)	(18.79)	(14.59)

Reconciliation of Full Company Adjusted EBITDA to Operating Loss

	13 Weeks Ended	
	March 30,	March 31,
<i>in thousands of U.S. dollars</i>	<u>2025</u>	<u>2024</u>
Operating Loss	(\$1,989)	(\$1,818)
Right-of-Use Asset Amortization Expense	350	358
Fixed Asset Depreciation Expense	477	545
Stock Compensation Expense	238	109
Straight Line Rent	(670)	(680)
Full Company Adjusted EBITDA	(\$1,594)	(\$1,487)

Reconciliation of Fleet Adjusted EBITDA to Talent Revenue

	13 Weeks Ended	
	March 30,	March 31,
<i>in thousands of U.S. dollars</i>	<u>2025</u>	<u>2024</u>
Talent Revenue	\$6,085	\$5,519
Less: Non-Fleet Revenue	(106)	(414)
Talent Cost of Sales	(3,394)	(3,309)
Less: Non-Fleet Cost of Sales	48	277
Fleet SG&A	(1,343)	(1,356)
Fleet Straight Line Rent	(587)	(538)
Fleet Adjusted EBITDA	\$703	\$179

Balance Sheet

	As of	
	March 30,	December 29,
<i>in thousands of U.S. dollars</i>	<u>2025</u>	<u>2024</u>
<u>Current assets</u>		
Cash, cash equivalents and restricted cash	\$7,217	\$3,995
Inventory	964	870
Prepaid expenses and other current assets	479	601
Total current assets	8,660	5,466
Total non-current assets	8,999	9,569
Total assets	\$17,659	\$15,035
<u>Current liabilities</u>		
Accounts payable and accrued liabilities	\$2,453	\$2,281
Deferred revenue	2,685	2,894
Current portion of lease liability	1,359	1,271
Derivative liabilities	439	121
Current portion of contingent consideration	86	86
Total current liabilities	7,022	6,653
Total non-current liabilities	11,660	14,089
Total liabilities	18,682	20,742
Total equity (deficit)	(1,024)	(5,707)
Total liabilities and shareholders' equity	\$17,659	\$15,035

Results of Operations

Revenue

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

<i>in thousands of U.S. dollars</i>	13 Weeks Ended	
	March 30, <u>2025</u>	March 31, <u>2024</u>
Talent	\$6,085	\$5,519
Product	54	119
Total Revenue	\$6,138	\$5,638

Revenues for Q1 2025 totaled \$6.1 million, up 9% from \$5.6 million recognized in Q1 2024. This year-over-year increase was primarily due to continued strength in the Talent revenue channel, growing 10% vs Q1 2024.

The Company's product sales remain in an early stage of development, and as various test-and-learn initiatives are being reviewed, the first set of pilot wholesale accounts with national distributors are underway. While modest as a percent of sales today, it is anticipated that the product segment will increase over time to a larger percent of revenue.

Gross Margin

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

<i>in thousands of U.S. dollars</i>	13 Weeks Ended	
	March 30, <u>2025</u>	March 31, <u>2024</u>
Revenue	\$6,138	\$5,638
Cost of Sales	3,606	3,381
Gross Profit (\$)	\$2,533	\$2,257
<i>Gross Margin (%)</i>	<i>41.3%</i>	<i>40.0%</i>

Gross Profit for Q1 2025 was \$2.5 million, up 12% from Q1 2024 driven by increased studio services and expansion in growth channels. Gross margin for Q1 2025 was 41.3%, a 1.3% increase from Q1 2024's level of 40.0%. The Company targets a long-term, mature studio gross margin of ~45%.

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

<i>in thousands of U.S. dollars</i>	13 Weeks Ended	
	March 30, <u>2025</u>	March 31, <u>2024</u>
General and administrative expense (\$)	\$3,695	\$3,159
General and administrative expense (% of Revenue)	60.2%	56.0%

Total G&A expense increased \$0.5 million, or 17%, from Q1 2024 to Q1 2025 and represented general and administrative expense as a percentage of revenue of 60%. This increase is attributable to higher one-time expenses and professional fees to cover augmented staffing and resourcing for the FY24 audit. Management continues to review spending and investment to ensure the Company remains disciplined in its capital outlays.

Operating Expenses

<i>in thousands of U.S. dollars</i>	13 Weeks Ended	
	March 30, <u>2025</u>	March 31, <u>2024</u>
Operating expense (\$)	\$4,522	\$4,076

Total operating expenses in Q1 2025 were \$4.5 million, a \$0.4 million increase from \$4.1 million in Q1 2024, driven primarily by the higher one-time expenses and professional fees previously discussed.

Other Items

Finance costs

Finance costs were \$0.5 million in Q1 2025, a \$0.1 million increase from \$0.4 million in Q1 2024. These amounts represent 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 \$0.0 million in Q1 2025.

Adjusted EBITDA

Adjusted EBITDA was (\$1.6) million in Q1 2025 compared with (\$1.5) million in Q1 2024. The \$0.1 million decrease is primarily attributable to higher general and administrative expenses, previously discussed.

Fleet Adjusted EBITDA was \$703K in Q1 2025, a \$524K (+293%) increase from \$179K in Q1 2024 due to increased fleet revenue and continued fleet operations and cost efficiencies.

Cash and cash equivalents

As of March 30, 2025, the Company's cash and cash equivalents (incl. restricted cash) totaled \$7.2 million, an increase of \$3.2 million from December 29, 2024 balance of \$4.0 million. The increase in the Company's cash was driven by the final closing of private placement and expansion of Flow Capital by \$1.65 million net of fees.

Working capital

Working capital represents the Company's current assets less its current liabilities. The Company's working capital was \$1.6 million as of March 30, 2025, up from (\$1.2) million at December 29, 2024. This increase was largely driven by the \$3.2 million increase in cash and cash equivalents previously discussed.

<i>in thousands of U.S. dollars</i>	As of	
	March 30, <u>2025</u>	December 29, <u>2024</u>
Current assets	\$8,660	\$5,466
Current liabilities	7,022	6,653
Working capital	\$1,637	(\$1,187)

Cash flows by activity:

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

<i>in thousands of U.S. dollars</i>	13 Weeks Ended	
	March 30, <u>2025</u>	March 31, <u>2024</u>
Operating activities	(\$1,212)	(\$1,894)
Investing activities	(55)	(41)
Financing activities	4,488	738
Net (outflows)/inflows	\$3,221	(\$1,198)

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 Q1 2025, the net cash flow used in operating activities was (\$1.2) million compared to (\$1.9) million used in Q1 2024. This \$0.7 million favorable difference was driven by improvements in working capital.

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 Q1 2025 were \$0.1 million and are attributable to cash payments for fixed assets and real estate leases related to the Company's current studio base.

Cash Flows from Financing Activities

Net cash flows provided by financing activities for Q1 2025 was \$4.5 million, a \$3.8 million increase over Q1 2024. Driving this increase was \$3.4 million in proceeds from shares issued in Private Placement, partially offset by \$0.4 million in lease repayments and \$0.1 million in loan payments.

Liquidity, Capital and Cash Resource Requirements and Going Concern Disclosure

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

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 forecast 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.

The Q1 2025 interim financial statements also 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 the assumption. Such adjustments could be material.

Disclosure of Outstanding Share Data

As of the date of this MD&A, the Company's outstanding share data has not changed since the reporting date. Please see Note 11 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 Q1 2025 were \$0.36 million, compared to Q1 2024 payments of \$0.35 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 while the convertible notes payable are measured at fair value.

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 or 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 Financial Statements for the fiscal year ended December 29, 2024.