

Mav Beauty Brands Reports Third Quarter 2018 Financial Results

- *Strong North American sales performance drives total Q3 revenue to \$26.2 million*
- *Net loss of \$5.8 million and Pro Forma Net Income of \$3.0 million*
- *Adjusted EBITDA and Pro Forma Adjusted EBITDA increases to \$7.3 million*
- *Company increases full-year Pro Forma revenue guidance to \$95-\$100 million and reaffirms Pro Forma Adjusted EBITDA guidance of \$29 million (see "2018 Outlook")*

CONCORD, ON, Nov. 9, 2018 /CNW/ - MAV Beauty Brands Inc. ("MAV Beauty Brands" or the "Company"), a high-growth global personal care company, today announced its financial results for the three and nine months ended September 30, 2018. Unless otherwise indicated, all amounts are expressed in U.S. dollars. Certain metrics, including those expressed on an adjusted or pro forma basis, are non-IFRS measures (see "Non-IFRS Measures" below).

Selected IFRS and Pro Forma Financial Information

In Q1 2018, the Company completed the acquisitions of Cake Beauty Inc. on January 23, 2018 (the "Cake Acquisition") and Renpure, LLC on March 8, 2018 (the "Rempure Acquisition" and together with the Cake Acquisition, the "Acquisitions"). The unaudited consolidated financial statements for the 2018 fiscal year to date include the results of Cake Beauty and Renpure as of their respective acquisition dates. The Company's reported results for the comparable periods in 2017 do not include these acquired companies.

To assist readers in assessing year-over-year performance, the Company has included selected unaudited pro forma consolidated financial information for the three months ended September 30, 2018 and September 30, 2017 which gives effect (as if they occurred on January 1, 2017) to: (i) the Renpure Acquisition; (ii) the entry into the

New Credit Facility and the re-payment of the Company's prior indebtedness; and (iii) the completion of the Company's initial public offering ("IPO") and concurrent changes to the share capital.

<i>(in thousands of US dollars) (unaudited)</i>	Reported Q3 2018	Reported Q3 2017	Pro forma Q3 2018	Pro forma Q3 2017
Revenue	26,175	10,471	26,175	18,416
Gross profit	11,598	6,271	11,896	10,327
Net (loss) income and comprehensive (loss) income for the period	(5,811)	331	2,959	2,467
EBITDA	945	3,231	6,407	5,565
Adjusted EBITDA	7,271	3,498	7,271	6,081
Adjusted Net (Loss) Income	(1,098)	516	3,603	2,851

"We delivered very strong top-line results in the third quarter with a 42% increase in pro forma revenue, which reflects the robust underlying growth in demand for all our brands," said Marc Anthony Venere, Founder, President and Chief Executive Officer of MAV Beauty Brands. "Our third-quarter sales performance included, among many highlights, the continued growth of the Marc Anthony True Professional Brand across our North American retail partners and higher-than-expected sales from our acquisitions. While the significant volume from our acquisitions contributed to gains in our third-quarter gross profit and Adjusted EBITDA, the sales mix resulted in lower consolidated gross margin for the period."

Mr. Venere continued: "Our initial expansion of the Cake brand underscores the power of our global distribution platform. We secured our first new U.S. retail partner for Cake in Q3, and the product was launched earlier this month nationwide. We recently won a second U.S drug account, which, along with the new international distribution of the brand, positions Cake for significant growth beginning in 2019. As evidenced by Marc Anthony's position as the fastest-growing brand in the U.S. drug channel year to date, consumers continue to gravitate toward independently founded brands – a trend that provides us with favorable tailwinds. With three on-trend, fast-growing brands, we have great potential to further expand shelf space with our existing retail partners and introduce new brands and innovations. We are pleased with our progress on these growth strategies and how the business is positioned for Q4 and 2019. Based on the strength of our year-to-date results, we have raised our full-year 2018 revenue estimates and remain on track to achieve our 2018 Adjusted EBITDA guidance."

Q3 2018 Pro forma Financial & Operating Highlights

- Pro forma revenue increased by 42% to \$26.2 million (reported: \$26.2 million), compared with pro forma revenue in Q3 2017 of \$18.4 million (reported: \$10.5 million) due to strong growth in SKUs and points of distribution across the Company's North American retailer partners, led by better-than-expected sales from the acquisitions and continued strong growth of the Marc Anthony True Professional Brand. The Company also secured and shipped a significant holiday promotional program to a U.S. mass retail partner (approximately \$2.8 million in sales), with revenue to be recognized in Q4 2018.
- Pro forma gross profit increased by 15% to \$11.9 million (reported: \$11.6 million), compared with pro forma gross profit of \$10.3 million (reported: \$6.3 million) in Q3 2017.
- Pro forma net income increased by 20% to \$3.0 million (reported: net loss of \$5.8 million), compared with pro forma net income of \$2.5 million (reported: net income of \$0.3 million) in Q3 2017.
- Pro forma Adjusted diluted earnings per share of \$0.09 (reported: net loss of \$0.16 per share) compared with \$0.07 in Q3 2017 (reported: net earnings of \$0.01 per share).
- Pro forma Adjusted EBITDA increased by 20% to \$7.3 million, compared with pro forma Adjusted EBITDA of \$6.1 million in Q3 2017.
- Secured first new U.S. drug retailer for Cake; brand launched nationwide and began shipping in Q4.
- Continued success introducing new brands to existing retail partners, including a second major U.S. drug retailer for Cake Beauty (launching in Q1 2019).
- Entered new international markets, including Germany and Columbia. MAV Beauty Brands has entered nine new markets in 2018.
- The Company closed its IPO and its common shares commenced trading on the Toronto Stock Exchange under the symbol "MAV";

- Entered into a new \$107.5 million non-revolving term loan credit facility together with a \$20 million revolving facility (collectively, the "New Credit Facility") and reduced total debt by \$85.1 million, compared with \$192.6 million of total debt as at June 30, 2018.

Q3 2018 Financial Review (Based on IFRS Reported Results)

Revenue increased by 150.0% to \$26.2 million in Q3 2018, compared with \$10.5 million in Q3 2017. The year-over-year increase includes \$14.1 million in revenue from the Acquisitions, as well as organic growth of \$1.6 million, or 15.6%, driven by higher SKUs and points of distribution within numerous retailers and distributors. In addition, the Company shipped \$2.8 million of product for holiday promotions to a large mass retailer in September, which will be recognized as sales in Q4 2018.

The Company's North American business grew by 23.7% organically to \$10.3 million driven by increases in SKUs, shelf space and door count of the Marc Anthony True Professional brand within a variety of retailers and channels. Sales from the Acquisitions were better than expected in Q3 2018 due to the increased distribution and sales velocity of the new Renpure SKU introductions in 2018, including the added body wash SKUs and nine SKUs added during a mid-year shelf expansion at two mass retailers.

The international business decreased by 16.5% year-over-year to \$1.8 million. While the Company has entered multiple key new markets in recent quarters, including Germany and Turkey, which are important to its long-term international growth plans, Q3 2018 sales were lower than expected largely because customer orders of approximately \$0.6 million of sales shifted into Q4 2018 from Q3 2018. International distributors tend not to order with the same consistency as North American retailers and this can result in shifts in the timing of orders and shipments to distributors (and the associated revenue recognition).

Gross profit increased by 84.9% to \$11.6 million in Q3 2018, compared with \$6.3 million in Q3 2017, primarily due to increased

points of distribution resulting from the Company's organic sales growth and the Acquisitions, partially offset by \$0.3 million in purchase accounting adjustments related to the Acquisitions and non-recurring charges, which are reflected in cost of sales for the period.

Gross profit margin was 44.3% in Q3 2018, or 45.4% excluding the adjustments, compared with 59.9% in the prior year. The year-over-year change in margin principally reflects the effect from the consolidation of the Acquisitions, which currently have different gross margin profiles than the Marc Anthony True Professional business. In addition, the change in margin reflects increased distribution and higher-than-expected sales velocity on Renpure products, which contributed to strong revenue performance and gross profit growth, but at a lower gross margin profile. As these products continue to scale, management expects to improve the cost of goods sold and margins. Overall, as the Company further benefits from efficiencies and economies of scale in manufacturing and supply chain resulting from the Acquisitions, cost of sales as a percentage of revenue is expected to decrease and gross profit margin percentage is expected to increase.

Adjusted EBITDA increased by 107.9% to \$7.3 million in Q3 2018, compared with \$3.5 million in Q3 2017, reflecting higher sales and gross profit in the period as discussed above.

Net loss for Q3 2018 was \$5.8 million compared with net income of \$0.3 million in Q3 2017. Adjusted net loss was \$1.1 million, or \$(0.03) per diluted share, compared with adjusted net income of \$0.5 million, or \$0.02 per diluted share, in Q3 2017, for the reasons described above.

2018 Outlook

MAV Beauty Brands increased its full-year Fiscal 2018 revenue guidance and reaffirmed its full-year Fiscal 2018 Adjusted EBITDA guidance that was included in its final prospectus dated June 28, 2018 in respect of its IPO. The Company is now expecting:

- Revenue in the range of \$86.4 million to \$91.4 million (\$95 million to \$100 million pro forma for ownership of Renpure as of January 1, 2018, up from \$75.7 million on a pro forma basis in fiscal 2017, representing year-over-year growth of 25.5% to 32.1%); and
- Adjusted EBITDA to be approximately \$26.6 million (\$29 million pro forma for ownership of Renpure as of January 1, 2018, up from \$26.3 million on a pro forma basis in fiscal 2017, representing year-over-year growth of 10.3%).

The Company foregoing financial performance goals for 2018 assumes: its strategic positioning in fast-growing personal care categories; driving market share for each of its brands within existing retail and distribution partners; cross-selling its complementary brand portfolio; and extending its reach into new international markets. See "Forward-Looking Information" below.

Q3 2018 Financial Statements and Management's Discussion and Analysis

The Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2018 and Management's Discussion and Analysis are available under the Company's profile on SEDAR at www.sedar.com and on MAV Beauty Brands' investor relations website at investors.mavbeautybrands.com.

Conference Call & Webcast

MAV Beauty Brands will host a conference call to discuss its Q3 2018 financial results at 8:30 a.m. EDT on November 9, 2018. The call will be hosted by Marc Anthony Venere, Founder, President & CEO, Tim Bunch, Chief Revenue Officer, and Chris Doyle, CFO. To participate in the call, dial (416) 764-8688 or (888) 390-0546 using the conference ID 08442447. The audio webcast can be accessed at investors.mavbeautybrands.com. Listeners should access the webcast or call 10-15 minutes before the start time to ensure they are connected.

Non-IFRS Measures

This press release 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 our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "Adjusted EBITDA" and "Adjusted Net Income". These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation.

Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be found in our MD&A. Such reconciliations can also be found in this press release under the headings " Pro forma Q3 2018 Compared to Pro forma Q3 2017 and Pro forma YTD 2018 Compared to Pro forma YTD 2017" and "Q3 2018 Compared to Q3 2017 and YTD 2018 Compared to YTD 2017".

The pro forma information set forth in this news release should not be considered to be what the actual financial position or other results of operations would have necessarily been had the (i) Renpure Acquisition, the (ii) entry into the New Credit Facility and the re-payment of the Company's existing indebtedness, and (iii) the IPO and concurrent changes to the share capital completed, as, at, or for the periods stated.

"Adjusted EBITDA" represents, for the applicable period, EBITDA as adjusted to add back or deduct, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are non-recurring and not indicative of our ongoing operating performance, including: (i) transaction-related costs; (ii) shareholder fees and related costs; (iii) non-recurring charges; (iv) purchase accounting adjustments; (v) share-based compensation; and (vi) unrealized foreign exchange (gain) loss.

"Adjusted Net Income" represents, for the applicable period, net income as adjusted to add back or deduct, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are non-recurring and not indicative of our ongoing operating performance, including: (i) transaction-related costs; (ii) shareholder fees and related costs; (iii) non-recurring charges; (iv) purchase accounting adjustments; (v) share-based compensation; (vi) unrealized foreign exchange (gain) loss; and (vii) tax impact of the aforementioned adjustments (based on annual effective tax rate).

"EBITDA" represents net income (loss) and comprehensive net income (loss) for the period before: (i) income tax (recovery) expense; (ii) interest; and (iii) amortization and depreciation.

"Pro Forma Adjusted EBITDA" represents, for the applicable period, Adjusted EBITDA, after giving effect to: (i) the Renpure Acquisition as if it occurred on January 1, 2017; (ii) the entry into the New Credit Facility and the re-payment of the Company's existing indebtedness; (iii) the completion of the IPO and concurrent changes to the share capital.

"Pro Forma Adjusted Net Income" represents, for the applicable period, Adjusted Net Income, after giving effect to: (i) the Renpure Acquisition as if it occurred on January 1, 2017; (ii) the entry into the New Credit Facility and the re-payment of the Company's existing indebtedness; and (iii) the completion of the IPO and concurrent changes to the share capital.

About MAV Beauty Brands

MAV Beauty Brands is a high-growth global personal care company dedicated to providing consumers with premium quality, authentic and differentiated products. Our innovation-focused, next generation platform consists of complementary and rapidly growing personal care brands: Marc Anthony True Professional, Renpure and Cake Beauty. Our products include a wide variety of hair care, body care and beauty products such as shampoo, conditioner, hair styling products, treatments, body wash, and body and hand lotion across multiple collections that each serve a different and personalized consumer need. Our products are sold in over 25 countries around the world, in over 100 major retailers and through over 60,000 doors.

Forward-Looking Information

Certain information in this press release, including statements relating to \$2.8 million of sales relating to product shipped for holiday promotions to a large mass retailer in September, winning shelf space with our existing retail partners and the introduction of new brands and innovations, international customer orders in Q4 2018, expected changes to the Company's margin profile, achieving economies of scale and supply chain efficiencies, decreasing our gross margin percentage and our financial performance goals for Fiscal 2018, constitutes forward-looking information. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, 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.

Implicit in forward-looking statements in respect of the Company's expectations for fiscal 2018 Revenue to be in the range of \$86.4 million to \$91.4 million (\$95 million to \$100 million pro forma for ownership of Renpure as of January 1, 2018) and for Adjusted EBITDA to be approximately \$26.6 million (\$29 million pro forma for ownership of Renpure as of January 1, 2018) for fiscal 2018, are certain current assumptions, including, among others, continued growth rates for retail sales in the global personal care industry and hair and body care categories in line with the past three years; continued introduction of new products and product extensions that appeal to consumers and our retail and distribution partners; overall shelf space growth of each of our brands continuing in line with the growth rates for these brands over the past three years; overall sales velocity of our products remaining in line with sales velocity for our products over the past three years; the Company's sales mix shifting to lower margin Renpure products, retail partners maintaining sales growth and foot traffic in line with their sales growth and foot traffic for the past three years; maintaining our existing retailer and international distribution partners and growing sales to these partners as a result of our cross-selling initiatives; interest and inflation rates consistent with historical levels; maintaining selling & administrative expenses as a percentage of revenue in the range of 19% and 23%; maintaining our asset-light business model with minimal annual capital expenditures as a percentage of annual revenue. Specifically, we have assumed that (i) the U.S. dollar to Canadian dollar exchange rate of 1:1.29; (ii) taxation rates consistent with current and currently anticipated levels, including the tax rates anticipated to be implemented in the United States as a result of the Tax Cuts and Job Act.

Management currently believes that the achievement of the Company's Fiscal 2018 financial guidance can be reasonably estimated and is based on underlying assumptions that management believes are reasonable in the circumstances, given the time period for such guidance. However, there can be no assurance that we will be able to increase our penetration with existing retailers, either by increasing the number of products that we sell in their stores or by selling our products in more of their stores, or that we will be able to

successfully cross-sell our products or extend our reach into new international markets at levels underlying our financial guidance. Furthermore, actual results or performance in the future may vary from our assumptions referred to above.

The foregoing description of our potential growth opportunities is based on management's current views and strategies, our assumptions and expectations concerning our growth opportunities, and our assessment of the opportunities for our business and the global personal care industry and hair care and body care categories, and has been calculated using accounting policies that are generally consistent with our current accounting policies. The purpose of disclosing our growth guidance is to provide investors with more information concerning the financial impact of our business initiatives and growth strategies described in the Company's final prospectus dated June 28, 2018.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by MAV Beauty Brands as of the date of this press release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in greater detail in the "Risk Factors" section of the final prospectus available at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect MAV Beauty Brands; however, these factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. The forward-looking statements contained in this press release are made as of the date of this press release, and MAV Beauty Brands expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

Pro forma Q3 2018 Compared to Pro forma Q3 2017 and Pro forma YTD 2018 Compared to Pro forma YTD 2017

(in thousands of US dollars) (unaudited)	Pro forma Q3 2018	Pro forma Q3 2017	Pro forma YTD Q3 2018	Pro forma YTD Q3 2017
Consolidated statements of operations and comprehensive (loss) income:				
Revenue	26,175	18,416	73,597	55,220
Cost of sales	(3) 14,279	8,089	37,886	27,918
Gross profit	11,896	10,327	35,711	27,302
Expenses				
Selling and administrative	(1), 5,393	4,439	17,811	13,441
Foreign exchange loss (gain)	(4) 4	241	- 131	187
Amortization and depreciation	(2) 783	732	2,348	2,181
Finance and other charges	(1) 1,744	1,604	5,472	4,853
	7,924	7,016	25,500	20,662
(Loss) income before income taxes	3,972	3,311	10,211	6,640
Income (recovery) tax expense				
Deferred	(5) 1,013	844	2,604	1,693
	1,013	844	2,604	1,693
Net (loss) income and comprehensive (loss) income for the period	2,959	2,467	7,607	4,947
EBITDA	6,407	5,565	17,411	13,382
Adjusted EBITDA	7,271	6,081	21,258	17,734
Adjusted Net Income	3,603	2,851	10,473	8,189

The unaudited pro forma net income and comprehensive income for Q3 2018, YTD Q3 2018, Q3 2017, YTD Q3 2017, reflect the following transactions:

- The acquisition by the Company of 100% of the outstanding units of Renpure, LLC on March 8, 2018.
- The refinancing of credit facilities concurrent with the closing of the IPO as described.

The pro forma numbers presented by management to give effect to the above transactions as if they have been consummated on January 1, 2017. Renpure was acquired by the Company on March 8, 2018 and therefore the financial results of Renpure starting March 8, 2018 have been consolidated with the unaudited financial results of the Company starting March 8, 2018.

(in thousands of US dollars) (unaudited)	Pro forma Q3 2018	Pro forma Q3 2017	Pro forma YTD Q3 2018	Pro forma YTD Q3 2017
Net (loss) income and comprehensive (loss) income for the period	2,959	2,467	7,607	4,947
Income (recovery) tax expense	1,013	844	2,604	1,693
Interest	1,652	1,522	4,852	4,561
Amortization and deprecation	783	732	2,348	2,181

EBITDA		6,407	5,565	17,411	13,382
Transaction-related costs	(1)	91	88	1,110	316
Non-recurring charges	(2)	392	369	1,929	1,173
Purchase accounting adjustments	(3)	-	-	56	2,672
Share-based compensation	(4)	110	88	322	210
Foreign exchange (gain) loss		271	(29)	430	(19)
Adjusted EBITDA		7,271	6,081	21,258	17,734
(in thousands of US dollars) (unaudited)		Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017
Net (loss) income and comprehensive (loss) income for the period		2,959	2,467	7,607	4,947
Transaction-related costs		91	88	1,110	316
Non-recurring charges		392	369	1,929	1,173
Purchase accounting adjustments		-	-	56	2,672
Share-based compensation		110	88	322	210
Foreign exchange (gain) loss		271	(29)	430	(19)
Tax impact of the above adjustments		(220)	(132)	(981)	(1,110)
Adjusted Net Income		3,603	2,851	10,473	8,189

- 1) Concurrent with the closing of the IPO, the Company entered into a new \$107,500 term loan credit facility and a \$20,000 revolving credit facility available. This refinancing will result in the Company's cost of borrowing reducing to an effective interest rate of approximately 5.15%. The refinancing will result in a reduction of interest expense of \$6,083 and \$742 for pro forma Q3 2018 and Q3 2017 respectively, after considering commitment fees on the unused revolving credit facility and the amortization of the financing costs on the refinanced debt. Financing costs of \$1,765 are expected to be incurred as part of the issuance of the New Credit Facility. An additional \$5,165 for proforma Q3 2018 and \$11 for proforma Q3 2017 has been adjusted for related to transaction costs for the IPO and Renpure Acquisition incurred by MAV which are non-recurring in nature and would not reflect the expenses of the combined entity on an ongoing basis.
- 2) Adjusted for incremental amortization of \$169 for proforma Q3 2017 as a result of the fair value adjustment to customer lists in connection with IFRS 3 accounting.
- 3) In conjunction with the acquisition of Cake Beauty Inc. January 23, 2018 and Renpure, LLC on March 8, 2018, the fair value adjustment of inventory as part of the initial purchase price allocation was amortized.
- 4) Adjusted for related party commissions of \$1,092 and related party salaries and benefits of \$29 as a result of these expenses being non-recurring in nature and would not reflect expenses of the combined entity on an ongoing basis.
- 5) Income tax have been reflected at 25.5% of the net adjustments.

Q3 2018 Compared to Q3 2017 and YTD 2018 Compared to YTD 2017

	Reported Q3 2018	Reported Q3 2017	Reported YTD Q3 2018	Reported YTD Q3 2017
(in thousands of US dollars) (unaudited)				
Consolidated statements of operations and comprehensive (loss) income:				
Revenue	26,175	10,471	65,007	30,204
Cost of sales	14,577	4,200	35,641	12,174
Gross profit	11,598	6,271	29,366	18,030
Expenses				
Selling and administrative	6,312	2,710	17,988	8,473
Foreign exchange loss (gain)	4	248	(147)	124
Amortization and depreciation	783	560	2,220	1,665
Finance and other charges	12,073	2,346	23,415	6,999
	19,172	5,864	43,476	17,261
(Loss) income before income taxes	(7,574)	407	(14,110)	769
Income (recovery) tax expense				
Deferred	(1,763)	76	(3,463)	234
	(1,763)	76	(3,463)	234
Net (loss) income and comprehensive (loss) income for the period	(5,811)	331	(10,647)	535
EBITDA	945	3,231	3,856	9,141
Adjusted EBITDA	7,271	3,498	18,835	10,274
Adjusted Net (Loss) Income	(1,098)	516	512	1,321
	Reported	Reported	Reported	Reported
(in thousands of US dollars) (unaudited)	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017

Net (loss) income and comprehensive (loss) income for the period		(5,811)	331	(10,647)	535
Income (recovery) tax expense		(1,763)	76	(3,463)	234
Interest		7,736	2,264	15,746	6,707
Amortization and depreciation		783	560	2,220	1,665
EBITDA		945	3,231	3,856	9,141
Transaction-related costs	(1)	5,256	88	9,965	316
Non-recurring charges	(2)	392	113	1,551	689
Purchase accounting adjustments	(3)	297	-	2,727	-
Share-based compensation	(4)	110	88	322	210
Foreign exchange (gain) loss		271	(22)	414	(82)
Adjusted EBITDA		7,271	3,498	18,835	10,274
(in thousands of US dollars) (unaudited)		Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017
Net (loss) income and comprehensive (loss) income for the period		(5,811)	331	(10,647)	535
Transaction-related costs	(1)	5,256	88	9,965	316
Non-recurring charges	(2)	392	113	1,551	689
Purchase accounting adjustments	(3)	297	-	2,727	-
Share-based compensation	(4)	110	88	322	210
Foreign exchange (gain) loss		271	(22)	414	(82)
Tax impact of the above adjustments		(1,613)	(82)	(3,820)	(347)
Adjusted Net (loss) Income		(1,098)	516	512	1,321

- On July 10, 2018 we successfully completed the IPO and our Shares are listed on the Toronto Stock Exchange under the stock symbol "MAV". Costs associated with the IPO of \$749, extinguishment of debt associated with the proceeds of the IPO of \$3,418 and costs associated with the 2018 Acquisitions of \$170 have been recorded as Finance and Other Charges in our unaudited condensed consolidated statement of operations and comprehensive (loss) income for the Q3 2018. During Q3 2018, there were \$919 of transaction-related costs of the Company incurred in connection with the offering and the Acquisitions, which have been accounted for in selling and administrative. YTD 2018, \$7,669 of transaction-related costs of the Company have been incurred in connection with the offering and Acquisitions, which have been accounted for as finance and other charges and \$2,296 of transaction-related costs of the Company incurred in connection with the IPO and the 2018 Acquisitions, which have been accounted for as selling and administrative expenses.
- Comprised of \$356 for Q3 2018 and \$1,237 for YTD 2018 of non-recurring costs representing predominantly expenses incurred in respect of the following matters: (i) recruiting costs incurred as part of the Company's efforts to put in place additional senior management, (ii) consulting fees in respect of finance support and operations relating to transaction-related matters, (iii) severance costs incurred in respect of certain employees and payments related to the termination of certain consulting contracts on acquisition, (iv) salary and wages related to staff integration to operate one salon, and (v) non-recurring private company board expenses, which have been accounted for as Selling and Administrative expenses of the Company. Q3 2018, \$36 of non-recurring costs related to salary and wages related to stylist integration to operate one salon, which were accounted for as cost of sales. YTD 2018, \$314 of non-recurring costs have been incurred by the Company in cost of sales, which includes \$94 related to the stylist integration and \$220 of non-recurring costs related to disposal of raw materials.
- In conjunction with the acquisition of Cake Beauty Inc. January 23, 2018 and Renpure, LLC on March 8, 2018, the fair value adjustment of inventory as part of the initial purchase price allocation was amortized.
- Represents recognition of share-based payments in respect of the options granted to management, which have been accounted for as Selling and Administrative expenses of the Company

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