

MAV Beauty Brands Reports Fourth Quarter & Full-Year 2018 Financial Results

- **Company exceeds full-year 2018 revenue guidance and meets Adjusted EBITDA target**
- **Q4 Pro Forma Revenue increases 42% to \$29.0 million (reported: \$29.0 million), on strong North American performance**
- **MAV Beauty Brands rises into the top 10 of all US FDM hair care companies and is the fastest-growing among top 10**
- **Announces appointments of Judy Adam as Chief Financial Officer and Chris Doyle as Chief Strategy Officer**

CONCORD, ON, March 28, 2019 /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 12 months ended December 31, 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 Financial Information⁽¹⁾

<i>(in thousands of US dollars) (unaudited)</i>	Pro forma FY 2018	Pro forma FY 2017	Pro forma Q4 2018	Pro forma Q4 2017	Reported FY 2018	Reported FY 2017	Reported Q4 2018	Reported Q4 2017
Revenue	102,629	75,678	29,032	20,458	94,039	42,368	29,032	12,164
Gross profit	49,162	38,789	13,451	11,487	42,817	25,435	13,451	7,405
Net (loss) income and comprehensive (loss) income for the period	9,022	8,898	2,059	3,951	(10,402)	2,016	1,109	1,481
EBITDA	21,782	20,948	5,235	7,567	8,227	14,114	5,235	4,973
Adjusted EBITDA	28,622	26,312	7,365	8,578	26,200	16,047	7,365	5,773
Adjusted Net Income	14,119	12,894	3,646	4,703	2,989	3,357	2,696	2,036

⁽¹⁾ Includes unaudited pro forma consolidated financial information for the three and 12 months ended December 31, 2018 and December 31, 2017. See "Non-IFRS Measures".

"It was a transformative year for MAV Beauty Brands, we acquired and integrated two on-trend, high-growth brands and we completed an initial public offering on our path to building a global personal care company," said Marc Anthony Venere, Founder, President and Chief Executive Officer of MAV Beauty Brands. "Strong fourth-quarter sales, with 42% pro forma growth, helped us exceed our annual revenue target and underscores the robust consumer and retailer demand for our brands."

Fiscal 2018 and Q4 2018 Financial Review

	Fiscal 2018 Results	Financial Guidance
Pro Forma Revenue ⁽¹⁾	\$102.6 million	Between \$95 million and \$100 million
Pro Forma Adjusted EBITDA ⁽²⁾	\$28.6 million	Approximately \$29 million

Notes:

- (1) IFRS reported results only incorporate Renpure, LLC's results starting March 8, 2018. Reported Fiscal 2018 revenue was \$94.0 million versus the financial guidance of between \$86.4 million and \$91.4 million.
- (2) IFRS reported results only incorporate Renpure, LLC's results starting March 8, 2018. Reported Fiscal 2018 Adjusted EBITDA was \$26.2 million versus the financial guidance of approximately \$26.6 million.

For Fiscal 2018, MAV Beauty Brands delivered pro forma revenue of \$102.6 million (reported: \$94.0 million), up 36% from the prior year, exceeding its 2018 financial guidance. The year-over-year growth was driven by strong performance of all three of the Company's core brands, which are

growing significantly above the industry average (U.S. growth rate of 2.4% in 2018¹). This organic growth led to MAV Beauty Brands entering the top ten hair care manufacturers in the U.S. FDM market and becoming the fastest-growing among the top ten brands.²

Pro forma Adjusted EBITDA for Fiscal 2018 was \$28.6 million in 2018 (reported: \$26.2 million), in line with the Company's guidance and compared to \$26.3 million (reported: \$16.0 million) in Fiscal 2017. Pro forma Net Income for Fiscal 2018 was \$9 million (reported: Net Loss of \$10.4 million).

In Q4 2018, organic growth across the Company's brand portfolio led to a 42% increase in pro forma revenue to \$29.0 million (reported: \$29.0 million), compared with pro forma revenue of \$20.5 million in Q4 2017 (reported: \$12.2 million). The year-over-year increase reflects significant organic growth in total distribution points for the Company's three core brands within existing North American retailer partners. The Marc Anthony True Professional and Rempure brands had 56% and 20% point of sale growth, respectively, in Q4 2018. Among the top 20 U.S. hair care brands, Marc Anthony True Professional was the fastest-growing brand in the U.S. drug channel in Fiscal 2018.³

In addition to organic growth, MAV Beauty Brands continued to deliver on one of its core strategies of cross-selling the portfolio to existing retailers. This strategy is pivotal to maximizing the value of the portfolio and capitalizing on the Company's global operating platform. Cake Beauty launched nationally in a second U.S. retail partner in Q4 2018 following the launch with its first U.S. retail partner in Q3 2018. In addition, Rempure expanded across Canadian retail locations, including the country's leading drug store retailer.

MAV Beauty Brands made strong progress expanding across the globe in 2018, entering 10 new markets and bringing the total international reach to 29 countries outside of North America. Another key international accomplishment in the fourth quarter was the acceleration of our new cross-border e-commerce business in China. This success positions the Company for significantly increased international sales growth in 2019.

In Q4 2018, the Company continued to build on its early success in category expansion with Rempure and Cake Beauty, as both brands expanded their body wash and lotion offerings. Expansion into these body categories highlights the opportunity to extend existing brands into other high-growth adjacent beauty categories. These newly developed categories will continue to be a strategic focus and are expected to provide an additional lever for growth.

Q4 2018 pro forma gross profit increased by 17% to \$13.5 million (reported: \$13.5 million), compared with pro forma gross profit of \$11.5 million (reported: \$7.4 million) in Q4 2017. Pro forma gross profit margin decreased to 46.3% in Q4 2018 (reported: 46.3%), from 56.1% in Q4 2017 (reported: 60.9%). The year-over-year change in gross margin reflects several factors, including the effect from the consolidation of different margin profiles generated by the two acquired brands. In addition, Q4 2018 gross margin was affected by higher retailer trade expenses, the majority of which related to a one-time markdown expense from a holiday promotional program. Excluding trade markdowns of \$1.1 million, gross profit margin would have been 48.3% for Q4 2018. Management is executing on a plan to increase consolidated gross margins and expects sequential improvements throughout 2019 based on additional efficiencies and economies of scale in its manufacturing and supply chain and the impact of new innovations, product collections and formulations.

Pro forma Adjusted net income was \$3.6 million in Q4 2018 (reported: \$1.1 million), compared with pro forma Adjusted net income of \$4.7 million in Q4 2017 (reported: \$1.5 million). Pro forma Adjusted earnings per share, on a fully diluted basis, was \$0.09 in Q4 2018 (reported: \$0.03), compared with \$0.12 in Q4 2017 (reported: \$0.06).

Pro forma Adjusted EBITDA was \$7.4 million in Q4 2018 (reported: \$7.4 million), compared with pro forma Adjusted EBITDA of \$8.6 million in Q4 2017 (reported: \$5.8 million). The year-over-year change is primarily due to the costs required to support the Company's public listing and growth

plans, as well as one-time trade markdowns in Q4 2018.

(1) Nielsen AOD, Total US x AOC, Hair Care, 2018

(2) Nielsen AOD, BC SUPER CATEGORY: HAIR CARE – Total US – 2018

(3) Nielsen AOD, BC SUPER CATEGORY: HAIR CARE – Total US – QND 18 (W/E 12/29/2018)

2019 Outlook

MAV Beauty Brands expects continued strong organic sales growth and increasing Adjusted EBITDA in Fiscal 2019, well in excess of the category average for consumer personal care companies. The Company established its outlook for Fiscal 2019 and anticipates:

- Revenue in the range of \$115 million to \$120 million; and
- Adjusted EBITDA in the range of \$34 million to \$37 million.

The Company's foregoing financial outlook for Fiscal 2019 assumes, among other things: (i) no changes to the Company's strategic positioning in fast-growing personal care categories, or its ability to drive market share for each of its brands within existing retail and distribution partners, cross-sell its complementary brand portfolio, extend its reach into new international markets, continue to introduce new products and product extensions that appeal to consumers; and (ii) increasing gross margins. See "Forward-Looking Information" below.

MAV Beauty Brands remains on track to meet the Fiscal 2020 performance targets that were included in its final prospectus dated June 28, 2018 in respect of its IPO.

Executive Appointments

MAV Beauty Brands also announced that Judy Adam, a highly experienced finance professional, will be joining the Company as Chief Financial Officer effective April 5, 2019. Judy brings 25 years of public company experience to MAV Beauty Brands, most recently serving as Senior Vice President Finance, Corus Entertainment Inc., a leading media and content company. Judy was an integral member of the management team during the company's growth, with significant experience in planning and financial analysis, financial reporting and risk management, M&A, capital markets, and investor relations. Judy is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from the University of British Columbia

Chris Doyle, Chief Financial Officer, will assume the newly created executive position of Chief Strategy Officer, where he will lead business development along with other strategic initiatives. Building on the company's stated strategy, Chris's primary focus will be acquisition sourcing, due diligence, analysis and integration. This new role reinforces the Company's commitment to building out its operating platform, including the addition of new iconic brands to the portfolio.

"We are excited to add further strength and depth to our executive team to support the rapid expansion of our business and the continued development of our platform-based model," added Mr. Venere. "We welcome Judy to the executive team. Her extensive experience at a large public company will serve us well as we continue to build out the MAV Beauty Brands platform. Chris was instrumental in the successful completion and integration of the acquisitions and the IPO and with his extensive operational experience we look forward to his imprint and impact in this new role."

Normal Course Issuer Bid ("NCIB")

In a separate press release issued today, the Company announced its intention to proceed with a normal course issuer bid through the facilities of the TSX to repurchase up to \$5,000,000 of common shares. Subject to the approval of the TSX, the NCIB will commence on April 2, 2019 and end on April 1, 2020. The Board of Directors believes that a NCIB represents an appropriate and desirable use of available cash as we believe that our stock price is significantly undervalued. This is expected to increase shareholder value and not materially impact the Company's capital allocation

strategy, leverage and ability to complete strategic acquisitions.

Q4 2018 Financial Statements and Management's Discussion and Analysis

The Company's audited annual consolidated financial statements for the three-month and 12-month periods ended December 31, 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 Fiscal 2018 fourth quarter and full-year financial results at 8:30 a.m. EDT on March 28, 2019. 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 87634789. 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.

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, Rempure 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 30 countries around the world, in over 100 major retailers and through over 60,000 doors.

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 Q4 2018 Compared to Pro forma Q4 2017 and Pro forma 2018 Compared to Pro forma 2017" and "Q4 2018 Compared to Q4 2017 and 2018 Compared to 2017".

To assist readers in assessing year-over-year performance, the Company has included selected unaudited pro forma consolidated financial information for the three and 12 months ended December 31, 2018 and December 31, 2017 which gives effect (as if they occurred on January 1, 2017) to: (i) the Rempure Acquisition; (ii) the entry into the New Credit Facility and the repayment of the Company's prior indebtedness; and (iii) the completion of the IPO and concurrent changes to the

share capital.

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 repayment 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 nonrecurring and not indicative of our ongoing operating performance, including: (i) transaction-related costs; (ii) shareholder fees and related costs; (iii) nonrecurring 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 nonrecurring and not indicative of our ongoing operating performance, including: (i) transaction-related costs; (ii) shareholder fees and related costs; (iii) nonrecurring 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.

Forward-Looking Information

Certain information in this press release, including statements relating to expected changes to the Company's margin profile, achieving economies of scale and supply chain efficiencies, decreasing our gross margin percentage, our financial performance goals for Fiscal 2019 and our intention to commence a NCIB, 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 2019 Revenue to be in the range of \$115 million to \$120 million and for Adjusted EBITDA to be in the range of \$34 million to \$37 million for Fiscal 2019, 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 historical growth rates for these brands; overall sales velocity of our products remaining in line with historical sales velocity for our products; 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 21%; 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 1:1.32; (ii) taxation rates consistent with current and currently anticipated levels.

Management currently believes that the achievement of the Company's Fiscal 2019 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 Annual Information Form dated March 28, 2019 for the year ended December 31, 2018 (the "AIF").

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 AIF 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 Q4 2018 Compared to Pro forma Q4 2017 and Pro forma 2018 Compared to Pro forma 2017

(in thousands of US dollars) (unaudited)		Pro forma Q4 2018	Pro forma Q4 2017	Pro forma Fiscal 2018	Pro forma Fiscal 2017
Consolidated statements of operations and comprehensive income:					
Revenue		29,032	20,458	102,629	75,678
Cost of sales	(3)	15,581	8,971	53,467	36,889

Gross profit		13,451	11,487	49,162	38,789
Expenses					
Selling and administrative	(1), (4)	7,849	3,869	26,524	17,310
Foreign exchange loss (gain)		(423)	(33)	(554)	154
Amortization and depreciation	(2)	787	743	3,135	2,924
Finance and other charges	(1)	2,474	1,606	7,946	6,459
		10,687	6,185	37,051	26,847
(Loss) income before income taxes		2,764	5,302	12,111	11,942
Income tax expense					
Deferred	(5)	705	1,351	3,089	3,044
		705	1,351	3,089	3,044
Net income and comprehensive income for the period		2,059	3,951	9,022	8,898
EBITDA		5,235	7,567	21,782	20,948
Adjusted EBITDA		7,365	8,578	28,622	26,312
Adjusted Net Income		3,646	4,703	14,119	12,894

The unaudited pro forma net income and comprehensive income for Q4 2018, Fiscal 2018, Q4 2017, Fiscal 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 completion of the IPO and concurrent changes to the share capital.

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 have been consolidated with the unaudited financial results of the Company starting March 8, 2018.

- 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 resulted in the Company's cost of borrowing reducing to an effective interest rate of approximately 5.15%. The refinancing resulted in a reduction of interest expense of \$nil and \$742 for pro forma Q4 2018 and Q4 2017 respectively, after considering commitment fees on the unused revolving credit facility and the amortization of the financing costs on the refinanced debt. An additional \$nil for pro forma Q4 2018 and \$30 for pro forma Q4 2017 has been adjusted for related to transaction costs 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 \$170 for proforma Q4 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 \$1,285 and related party salaries and benefits of \$29 in Q4 2017 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.

(in thousands of US dollars) (unaudited)		Pro forma Q4 2018	Pro forma Q4 2017	Pro forma Fiscal 2018	Pro forma Fiscal 2017
Net income and comprehensive income for the period		2,059	3,951	9,022	8,898
Income tax expense		705	1,351	3,089	3,044
Interest		1,684	1,522	6,536	6,082
Amortization and depreciation		787	743	3,135	2,924
EBITDA		5,235	7,567	21,782	20,948
Transaction-related costs	(1)	758	424	1,868	740
Non-recurring charges	(2)	875	373	2,805	1,547
Purchase accounting adjustments	(3)	-	-	55	2,672
Share-based compensation	(4)	1,099	93	2,284	303
Foreign exchange (gain) loss		(602)	121	(172)	102
Adjusted EBITDA		7,365	8,578	28,622	26,312

Pro forma Pro forma Pro forma Pro forma

(in thousands of US dollars) (unaudited)	Q4 2018	Q4 2017	Fiscal 2018	Fiscal 2017
Net income and comprehensive income for the period	2,059	3,951	9,022	8,898
Transaction-related costs	758	424	1,868	740
Non-recurring charges	875	373	2,805	1,547
Purchase accounting adjustments	-	-	55	2,672
Share-based compensation	1,099	93	2,284	303
Foreign exchange (gain) loss	(602)	121	(172)	102
Tax impact of the above adjustments	(543)	(259)	(1,743)	(1,368)
Adjusted Net Income	3,646	4,703	14,119	12,894

Q4 2018 Compared to Q4 2017 and 2018 Compared to 2017

(in thousands of US dollars) (unaudited)	Reported Q4 2018	Reported Q4 2017	Reported Fiscal 2018	Reported Fiscal 2017
Consolidated statements of operations and comprehensive (loss) income:				
Revenue	29,032	12,164	94,039	42,368
Cost of sales	15,581	4,759	51,222	16,933
Gross profit	13,451	7,405	42,817	25,435
Expenses				
Selling and administrative	7,849	2,405	26,701	10,878
Foreign exchange loss (gain)	(423)	(57)	(570)	67
Amortization and depreciation	787	573	3,007	2,238
Finance and other charges	2,474	2,348	25,889	9,347
	10,687	5,269	55,027	22,530
(Loss) income before income taxes	2,764	2,136	(12,210)	2,905
Income (recovery) tax expense				
Deferred	1,655	655	(1,808)	889
	1,655	655	(1,808)	889
Net (loss) income and comprehensive (loss) income for the period	1,109	1,481	(10,402)	2,016
EBITDA	5,235	4,973	8,227	14,114
Adjusted EBITDA	7,365	5,773	26,200	16,047
Adjusted Net Income	2,696	2,036	2,989	3,357

(in thousands of US dollars) (unaudited)	Reported Q4 2018	Reported Q4 2017	Reported Fiscal 2018	Reported Fiscal 2017
Net (loss) income and comprehensive (loss) income for the period	1,109	1,481	(10,402)	2,016
Income (recovery) tax expense	1,655	655	(1,808)	889
Interest	1,684	2,264	17,430	8,971
Amortization and depreciation	787	573	3,007	2,238
EBITDA	5,235	4,973	8,227	14,114
Transaction-related costs	(1) 758	424	10,723	740
Non-recurring charges	(2) 875	185	2,427	874
Purchase accounting adjustments	(3) -	-	2,727	-
Share-based compensation	(4) 1,099	93	2,284	303
Foreign exchange (gain) loss	(602)	98	(188)	16
Adjusted EBITDA	7,365	5,773	26,200	16,047

(in thousands of US dollars) (unaudited)	Q4 2018	Q4 2017	Fiscal 2018	Fiscal 2017
Net (loss) income and comprehensive (loss) income for the period	1,109	1,481	(10,402)	2,016
Transaction-related costs	(1) 758	424	10,723	740
Non-recurring charges	(2) 875	185	2,427	874
Purchase accounting adjustments	(3) -	-	2,727	-
Share-based compensation	(4) 1,099	93	2,284	303
Foreign exchange (gain) loss	(602)	98	(188)	16
Tax impact of the above adjustments	(543)	(245)	(4,582)	(592)

Adjusted Net Income

2,696	2,036	2,989	3,357
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- 1) In July 10, 2018 we successfully completed the IPO and our Shares are listed on the Toronto Stock Exchange under the stock symbol "MAV". Comprised of \$738 for Q4 2018 related to the fair value remeasurement of the deferred consideration and \$20 for costs associated with the 2018 Acquisitions that have been accounted for as finance and other charges. Fiscal 2018, \$8,424 of transaction-related costs of the Company have been incurred in connection with the IPO and 2018 Acquisitions, which have been accounted for as finance and other charges and \$2,299 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.
- 2) Comprised of \$875 for Q4 2018 and \$2,112 for Fiscal 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. Fiscal 2018, \$315 of non-recurring costs have been incurred by the Company in cost of sales, of which \$112 relates to the salon stylist integration and \$203 relates to inventory expenses incurred in connection with the integration of the 2018 Acquisitions.
- 3) In conjunction with the 2018 Acquisitions, the fair value adjustment of inventory as part of the initial purchase price allocation was expensed to cost of sales as the inventories were sold.
- 4) Represents recognition of share-based payments, which have been accounted for as selling and administrative expenses.

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