



BEAUTY BRANDS

MAV BEAUTY BRANDS REPORTS FOURTH QUARTER & FULL-YEAR 2022 FINANCIAL RESULTS

- Total revenue of \$22.1 million versus \$26.7 million in Q4 2021
- Adjusted EBITDA⁽¹⁾ of \$2.8 million versus \$3.2 million in Q4 2021
- Net loss of \$61.9 million, including non-cash impairment of goodwill and intangible assets of \$55.6 million in Q4 2022
- Adjusted Net Loss⁽¹⁾ of \$5.5 million versus Adjusted Net Income of \$nil in Q4 2021
- Initiates Strategic Review Process
- Amends and extends its credit facilities

VAUGHAN, ON, March 31, 2023 — MAV Beauty Brands Inc. (“MAV Beauty Brands” or the “Company”), a global personal care company, today announced its financial results for the three and 12 months ended December 31, 2022. Unless otherwise indicated, all amounts are expressed in U.S. dollars. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures (see “Non-IFRS Measures” below).

“Our sales results for the fourth quarter and full year reflect the continuing impact of distribution losses and broader macroeconomic challenges,” said Serge Jureidini, President & CEO of MAV Beauty Brands. “The solid performance of our largest brand and e-commerce growth were not enough to offset meaningful declines in two of our other brands during 2022. We are disappointed with further distribution losses in 2023 and will continue to progress our ongoing cost saving initiatives to stabilize our results. We are executing on detailed plans for each of the brands, though these efforts will take time.”

Selected Financial Highlights⁽¹⁾⁽²⁾

(in thousands of US dollars except per share amounts) (unaudited)

	Q4 2022	Q4 2021	FY 2022	FY 2021
Revenue	22,134	26,703	90,692	107,156
Gross profit	8,680	10,393	38,491	43,977
Net (loss) for the period	(61,931)	(142)	(155,839)	(97,636)
Loss per Share (basic)	(1.68)	0.00	(4.24)	(2.66)
Adjusted EBITDA	2,766	3,160	12,433	16,506
Cash flow from operating activities	2,215	233	8,090	6,406
Free Cash Flow and Adjusted Free Cash Flow	2,158	177	7,903	5,838
Adjusted Net Income (Loss)	(5,467)	28	(5,030)	3,645

(1) EBITDA (used below), Adjusted EBITDA, Free Cash Flow, Adjusted Free Cash Flow, Adjusted Net Income (Loss), Adjusted Net Income (Loss) per Share (diluted), and Net Debt (used below) are each non-IFRS measures and are not earning measures recognized by IFRS. Further information about non-IFRS measures and definitions of the non-IFRS measures used in this press release can be found under the heading “Non-IFRS Measures” in this press release. Reconciliations of non-IFRS measures to the relevant reported measures prepared in accordance with IFRS can be found in this press release under the headings “Q4 2022 Compared to Q4 2021”. See also the heading “How We Assess the Performance of Our Business” on page 8, and the heading “Non-IFRS Measures” on page 10 of our Management’s Discussion and Analysis for the three- and 12-month periods ended December 31, 2022.

(2) Earnings per share (basic) calculation does not include the impact of 2,463,963 common shares of the Company issuable upon the exchange of the units issued as part of The Mane Choice acquisition.

Q4 2022 Business and Financial Review

Q4 2022 total revenue was \$22.1 million, compared to \$26.7 million in Q4 2021. For the Canada/US region, revenue decreased by 15.7% to \$20.6 million in Q4 2022, compared to \$24.4 million in Q4 2021. For the International region, revenue was \$1.6 million, compared to \$2.3 million in Q4 2021. Overall, revenue decreases principally reflect the impact of the previously disclosed loss of distribution, slower retailer velocity as well as retailer inventory adjustments.

Gross profit was \$8.7 million in Q4 2022 (39.2% margin), compared to \$10.4 million (38.9% margin) reported in Q4 2021. The gross profit margin improvement reflects reduced trade spend and inventory adjustments partially offset by the negative impact of increased supply chain input costs and impact of sales mix in the quarter. For the full year 2022, gross profit margin improved to 42.4% from 41.0% in 2021.

Adjusted EBITDA⁽¹⁾ decreased to \$2.8 million in Q4 2022, from \$3.2 million in Q4 2021 mainly due to lower revenue, partially offset by improved gross margins.

In Q4 2022, the Company reported a net loss of \$61.9 million, versus a net loss of \$0.1 million in Q4 2021. The Q4 2022 results include a \$55.6 million non-cash charge for impairment of intangible assets. The Company determined that an indication of impairment existed as of December 31, 2022 and assessed intangible assets for impairment. Additional details regarding the Company's methodology and assumptions are disclosed in Note 9 to the audited consolidated financial statements for 2022.

Adjusted Net Loss⁽¹⁾ for Q4 2022 was \$5.5 million, compared with Adjusted Net Income of \$0.0 million in Q4 2021, due to the factors discussed above.

Cash flow from operating activities was \$2.2 million in Q4 2022, an increase from \$0.2 million in Q4 2021, and Adjusted Free Cash Flow⁽¹⁾ increased to \$2.2 million in Q4 2022, compared to \$0.2 million in Q4 2021. On a full-year basis, Adjusted Free Cash Flow of \$7.9 million increased from \$5.8 million in 2021. At year end, Cash was \$10.5 million and Net Debt⁽¹⁾ was \$115.0 million, a decrease from \$116.7 as at September 30, 2022 and \$121.5 million as at December 31, 2021.

Strategic Review Process

The Company also announced that its Board of Directors has initiated a strategic review process to identify, review and evaluate potential strategic alternatives that may be available to the Company, including without limitation, the sale of all or substantially all of the Company's securities and/or its assets, or the raising of additional debt or equity capital. The Board has engaged Piper Sandler & Co. as its financial advisor to assist with identifying and soliciting strategic alternatives. It is the Company's current intention not to disclose developments with respect to the strategic review process unless and until the Board has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. There can be no assurances or guarantees that the strategic review process will result in a transaction or, if a transaction is undertaken, the terms or timing of such a transaction. See "Forward-Looking Information".

Amendment and Extension to Credit Facilities

In light of recent performance trends and conditions in capital and credit markets more generally, the Company entered into a sixth amendment to its credit facilities as of March 30, 2023, which, among other things, (i) extend the maturity date to July 10, 2024, (ii) increase the interest rate for outstanding borrowings to SOFR plus 5.1% per annum, including 1.6% per annum of incremental interest payable-in-kind and added to the principal amount, (iii) limit drawdowns under the revolver to \$5.0 million (which has been fully drawn), (iv) provide for mandatory pre-payments with certain excess liquidity, (v) replace the net leverage covenant with new financial covenants described below, and (vi) provide for additional reporting requirements with respect to operating performance and cash flows. The terms of the credit

facility require the Company to satisfy various affirmative and negative covenants including minimum Adjusted EBITDA and minimum liquidity covenants. In addition, the Company has agreed to launch its strategic review process by May 31, 2023, in accordance with a plan approved by the lenders by April 15, 2023. The terms of the amended and extended credit facilities are available under the Company's profile on SEDAR at www.sedar.com, and are further described in our Management's Discussion and Analysis for the three- and 12-month periods ended December 31, 2022. See "Forward-Looking Information".

Board of Directors Change

The Company also announced that Tom Ennis has resigned from the Board, effective March 31, 2023 to focus on a recent full-time position.

"We thank Tom for his many contributions to the Company and wish him continued success going forward," said Chris Elshaw, Chair of the Board.

Financial Statements and Management's Discussion and Analysis

The Company's audited consolidated financial statements and Management's Discussion and Analysis for the three- and 12-month periods ended December 31, 2022 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 2022 fourth quarter financial results at 8:30 a.m. EDT on March 31, 2023. To participate in the call, dial 416-764-8650 or 888-664-6383 using the conference ID 33601540. 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 (TSX:MAV)

MAV Beauty Brands is a global personal care platform focused on managing great independent brands to scale and win market share through product innovation, marketing and expanded distribution. Today, MAV Beauty Brands markets a diversified portfolio of four complementary personal care brands – Marc Anthony True Professional, Renpure, Cake Beauty and The Mane Choice – offering premium quality hair care, face and body care beauty products. These products are sold in over 25 countries around the world and in many major retailers.

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 Net Income (Loss) Per Share (Diluted)", "Adjusted EBITDA", "Adjusted Free Cash Flow", "Adjusted Net Income (Loss)", "EBITDA", "Free Cash Flow" and "Net Debt". 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 prepared in accordance with IFRS can be found under the headings “Non-IFRS Measures” and “Q4 2022 Compared to Q4 2021” in this press release. See also our Management’s Discussion and Analysis under the headings “How We Assess the Performance of Our Business” on page 8, and “Non-IFRS Measures” on page 10.

“Adjusted Net Income (Loss) Per Share (Diluted)” is computed similarly to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed conversion of preference shares, proportionate voting shares, and exchangeable shares and exercise of stock options, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. We believe Adjusted Net Income (Loss) Per Share (Diluted) is a useful measure to assess the performance of our Company as it provides meaningful operating results per diluted share and facilitates period-to-period operating comparisons.

“Adjusted EBITDA” represents, for the applicable period, EBITDA before certain expenses, costs, charges or benefits incurred in such period which in management’s view are not indicative of continuing operations, including: (i) integration, restructuring, and other costs; (ii) purchase accounting adjustments; (iii) share-based compensation; (iv) impairment of goodwill; and (v) unrealized foreign exchange (loss) gain. We believe Adjusted EBITDA is a useful measure to assess the performance of our Company as it provides meaningful operating results and facilitates period-to-period operating comparisons.

“Adjusted Free Cash Flow” is calculated as Free Cash Flow adjusted to add back acquisition related costs which are included in cash provided by operating activities. We believe Adjusted free cash flow is a useful measure to assess the Company’s ability to repay debt, finance strategic business acquisitions and investments, pay dividends and repurchase shares. It also facilitates period-to-period comparisons.

“Adjusted Net Income (Loss)” represents, for the applicable period, net income (loss) 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 not indicative of continuing operations, including: (i) integration, restructuring, and other costs; (ii) purchase accounting adjustments; (iii) share-based compensation; (iv) impairment of goodwill; (v) unrealized foreign exchange loss (gain); and (vi) tax impacts of the aforementioned adjustments (based on annual effective tax rate). We believe Adjusted Net Income (Loss) is a useful measure to assess the performance of our Company as it provides meaningful operating results and facilitates period-to-period operating comparisons.

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

“Free Cash Flow” represents, for the applicable period, cash provided by operating activities less cash used to purchase property and equipment. Free cash flow is a key metric used by the investing community that measures the Company’s ability to repay debt, finance strategic business acquisitions and investments, pay dividends and repurchase shares.

“Net Debt” is calculated as long-term debt before unamortized deferred financing costs less cash as reported in the consolidated statements of financial position. We believe Net Debt is a useful measure is an important measure as it reflects the principal amount of debt owing by the Company as at a particular date.

Forward-Looking Information

Certain information in this press release, including the Company’s expectation to stabilize performance of its brands, to achieve ongoing costs savings initiatives, to identify and solicit strategic alternatives as part of the strategic review process, relating to the realization of any strategic transaction and the timing and terms thereof, and challenging macroeconomic conditions generally 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.

The terms of the credit facilities require the Company to satisfy many affirmative and negative covenants and to meet certain financial tests, including minimum Adjusted EBITDA and minimum liquidity covenants, as more particularly described in the credit facilities. In addition, the Company has agreed to launch a strategic review process by May 31, 2023, in accordance with a plan (including key milestone dates) approved by the lenders by April 15, 2023. The Company has required several amendments and extensions from its lenders over the past six months, and there is no assurance that we will be able to meet the minimum Adjusted EBITDA and minimum liquidity targets that we are required to achieve, and/or to deliver or launch a strategic review plan that is satisfactory to the lenders, in each case, to remain in compliance with the foregoing covenants, among others. There can be no assurances or guarantees that the approved strategic review plan will result in a transaction or, if a transaction is undertaken, the terms or timing of such a transaction. A failure by us to comply with the covenants specified in the credit facilities could result in an event of default, which would give the lenders the right to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. If the debt under the credit facilities were to be accelerated, it is unlikely that the Company would be able to repay (or refinance) the accelerated indebtedness (including by way of selling sufficient assets) or fulfill its obligations under certain contracts, and its future financial condition, results of operations, prospects and/or cashflows would be materially adversely affected. In such a situation the Company would need to seek an additional amendment or waiver of such covenants. The lenders under the credit facilities may not consent to any amendment or waiver request that the Company may make, and, if they do consent, they may only do so on terms that are unfavorable or costly to the Company, and shareholders may consequently lose some or all of their investment.

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 Company's most recently filed Annual Information Form, the "Risk Factors" section of the Company's most recently filed MD&A, and the Company's other periodic filings made 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.

Q4 2022 Compared to Q4 2021 & FY 2022 Compared to FY 2021

(in thousands of US dollars) (unaudited)	Q4 2022	Q4 2021	\$ Change	% Change
Consolidated statements of operations:				
Revenue	22,134	26,703	(4,569)	(17.1%)
Cost of sales	13,454	16,310	(2,856)	(17.5%)
Gross profit	8,680	10,393	(1,713)	(16.5%)
Expenses				
Selling and administrative	6,640	7,295	(655)	(9.0%)
Amortization and depreciation	1,088	1,116	(28)	(2.5%)
Impairment of goodwill and intangible assets	55,575	—	55,575	nmf
Interest and accretion	2,275	1,600	675	42.2%
Foreign exchange gain	23	45	(22)	(48.9%)
Integration, restructuring, and other	444	121	323	266.9%
	66,045	10,177	55,868	nmf
Loss before income taxes	(57,365)	216	(57,581)	nmf
Income tax expense (recovery)				
Current	—	(54)	54	(100.0%)
Deferred	4,566	412	4,154	nmf
	4,566	358	4,208	nmf
Net loss for the period	(61,931)	(142)	(61,789)	nmf
EBITDA ⁽¹⁾	(54,002)	2,932	(56,934)	nmf
Adjusted EBITDA ⁽¹⁾	2,766	3,160	(394)	(12.5%)
Adjusted Net Income (Loss) ⁽¹⁾	(5,467)	28	(5,495)	nmf

(in thousands of US dollars)	Fiscal 2022	Fiscal 2021	\$ Change	% Change
Consolidated statements of operations:				
Revenue	90,692	107,156	(16,464)	(15.4%)
Cost of sales	52,201	63,179	(10,978)	(17.4%)
Gross profit	38,491	43,977	(5,486)	(12.5%)
Expenses				
Selling and administrative	27,758	28,112	(354)	(1.3%)
Amortization and depreciation	4,381	4,385	(4)	(0.1%)
Impairment of goodwill and intangible assets	145,479	129,033	16,446	12.7%
Interest and accretion	7,804	6,566	1,238	18.9%
Foreign exchange (gain) loss	(274)	167	(441)	nmf
Integration, restructuring, and other	1,270	(2,629)	3,899	nmf
	186,418	165,634	20,784	12.5%
Income (loss) before income taxes	(147,927)	(121,657)	(26,270)	21.6%
Income tax expense (recovery)				
Current	—	(41)	41	(100.0%)
Deferred	7,912	(23,980)	31,892	(133.0%)
	7,912	(24,021)	31,933	(132.9%)
Net loss for the period	(155,839)	(97,636)	(58,203)	59.6%
EBITDA ⁽¹⁾	(135,742)	(110,706)	(25,036)	22.6%
Adjusted EBITDA ⁽¹⁾	12,433	16,506	(4,073)	(24.7%)
Adjusted Net Income (Loss) ⁽¹⁾	(5,030)	3,645	(8,675)	nmf

(1) EBITDA, Adjusted EBITDA and Adjusted Net Income (Loss) are each non-IFRS measures and are not earning measures recognized by IFRS. Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be found under the headings "Non-IFRS Measures" and "Q4 2022 Compared to Q4 2021 & FY2022 Compared to FY2021" in this press release. See also our Management's Discussion and Analysis under the headings "How We Assess the Performance of Our Business" on page 8, and "Non-IFRS Measures" on page 10.

(in thousands of US dollars) (unaudited)	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Consolidated net income (loss):	(61,931)	(142)	(155,839)	(97,636)
Income tax expense	4,566	358	7,912	(24,021)
Interest and accretion	2,275	1,600	7,804	6,566
Amortization and depreciation	1,088	1,116	4,381	4,385
EBITDA	(54,002)	2,932	(135,742)	(110,706)
Integration, restructuring, and other (1)	444	121	1,270	(2,629)
Share-based compensation (2)	655	88	1,559	810
Impairment of goodwill and intangible assets (3)	55,575	—	145,479	129,033
Unrealized foreign exchange (gain) loss	94	19	(133)	(2)
Adjusted EBITDA	2,766	3,160	12,433	16,506

(in thousands of US dollars) (unaudited)	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Consolidated net income (loss):	(61,931)	(142)	(155,839)	(97,636)
Integration, restructuring, and other (1)	444	121	1,270	(2,629)
Share-based compensation (2)	655	88	1,559	810
Impairment of goodwill and intangible assets (3)	55,575	—	145,479	129,033
Unrealized foreign exchange (gain) loss	94	19	(133)	(2)
Tax impact of the above adjustments	(304)	(58)	2,634	(25,931)
Adjusted Net Income (Loss)	(5,467)	28	(5,030)	3,645

(1) Refer to Note 11 to the consolidated financial statements for further details.

(2) Represents recognition of share-based compensation, which have been accounted for as selling and administrative expenses.

(3) Refer to Note 9 to the consolidated financial statements for further details.

(in thousands of US dollars) (unaudited)	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Cash provided by operating activities	2,215	233	8,090	6,406
Less: purchase of property and equipment	(57)	(56)	(187)	(568)
Free Cash Flow and Adjusted Free Cash Flow	2,158	177	7,903	5,838

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Source: MAV Beauty Brands Inc.