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BEAUTY BRANDS

## Q3 2019 Financial Results & The Mane Choice Acquisition

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November 13, 2019

# Forward-looking statements

Certain information in this presentation, including statements relating to not meeting Fiscal 2019 revenue and Adjusted EBITDA financial targets; anticipated free cash flow and continued deleveraging in Q4 2019, anticipated decreased distribution for certain new, more premium-priced Renpure SKUs in the U.S. Mass channel, lower than expected growth in International revenue, anticipated scaling and achievement of supply chain efficiencies with The Mane Choice and the expansion of our reach both domestically and internationally, the expected accretion to earnings per share and free cash flow per share following the acquisition of The Mane Choice 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 Q4 2019 revenue, excluding revenue from The Mane Choice acquisition, will be modestly below the prior year period and Adjusted EBITDA will be in line with the prior year period are certain current assumptions, including, among others, overall sales velocity of our products remaining in line with historical sales velocity for our products; continued achievement of cross-selling opportunities; anticipated total distribution gains despite certain deletions primarily related to certain Renpure SKUs related to retail planogram resets for Fiscal 2020; retail partners maintaining consistent levels of inventory and replenishment orders; fulfillment of confirmed orders in Q4 2020; gross margin achievement consistent with recent trends; stable conditions in economies in major international markets; consistent selling & administrative expenses; anticipated low levels of capital investments in Q4 2020. 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.

Although the Company believes that the forward-looking statements in this presentation are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from management’s expectations and plans as set forth in such forward-looking statements, including, without limitation, the following factors, many of which are beyond the Company’s control and the effects of which can be difficult to predict: (a) the risk that Fiscal 2020 retail planogram resets are not finalized as anticipated; (b) the risk that retail partners reduce inventory levels or replenishment orders; (c) the possibility that the anticipated benefits from the proposed The Mane Choice acquisition cannot be realized in a timely manner or otherwise; (d) risks and uncertainties around the growth of the natural, textured haircare market and the personal care market generally; (e) risks and uncertainties relating to integration of The Mane Choice, including with respect to sales, marketing, supply chain and distribution; (f) risks relating to the retention of key personnel at, and retail partners of, The Mane Choice; (g) others risks relating to the business of The Mane Choice which are similar to risks generally relating to the business of the Company; and (h) other risks inherent to the Company’s and The Mane Choice’s businesses and/or factors beyond its control which could have a material adverse effect on the Company.

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 presentation, 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 Annual Information Form dated March 28, 2019 for the year ended December 31, 2018 and the Company’s other periodic filings available at [www.sedar.com](http://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 presentation are made as of the date of this presentation, 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.

## Non-IFRS Measures

This presentation 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”, “Adjusted Net Income”, “Free Cash Flow”, “Net Debt” and “Net Debt to Adjusted EBITDA”. 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 the Company’s MD&A dated November 12, 2019 and in Appendix “A” to this presentation.

Financial information regarding The Mane Choice set forth in this presentation has not been audited, and the related pro forma information should not be considered to be what the actual financial position or other results of operations of the Company would have necessarily been had The Mane Choice acquisition been completed, as, at, or for the periods stated.

## Certain Other Matters

Unless otherwise stated herein, financial information in this presentation is presented in United States dollars.

# Q3 2019 Summary

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## Solid Q3 2019 financial results

- Improvements in revenue, gross margins, Adjusted EBITDA, Free Cash Flow<sup>(1)</sup>
- Reduced leverage to 3.7 times
- Portfolio continues to show double-digit POS growth (category average <1%)<sup>(2)</sup>

## Headwinds expected to impact Q4 2019 and Fiscal 2020

- Will not meet Fiscal 2019 revenue and Adjusted EBITDA outlook
- Withdrawing Fiscal 2020 financial targets

## Expanded and diversified portfolio with acquisition of The Mane Choice

1) See Non-IFRS Measures

2) Source: Nielsen AOC, BC SUPER CATEGORY: HAIR CARE – Total US – Q3 2019

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Q3 2019  
Financials

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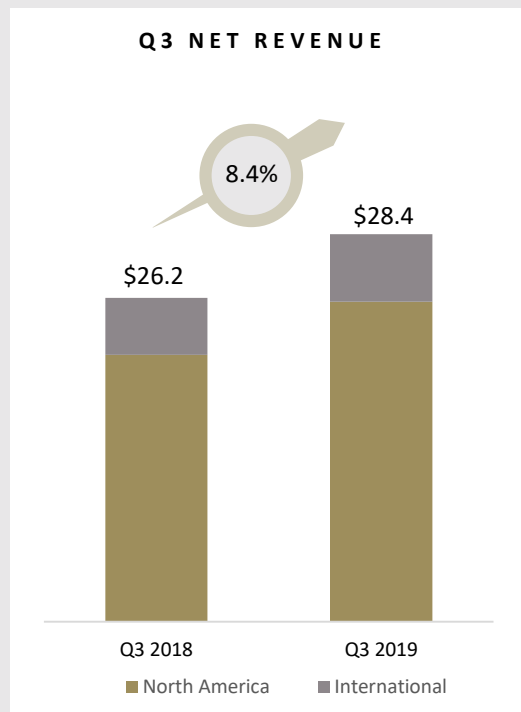
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## Q3 2019 Financials



# Q3 2019 Financial Results

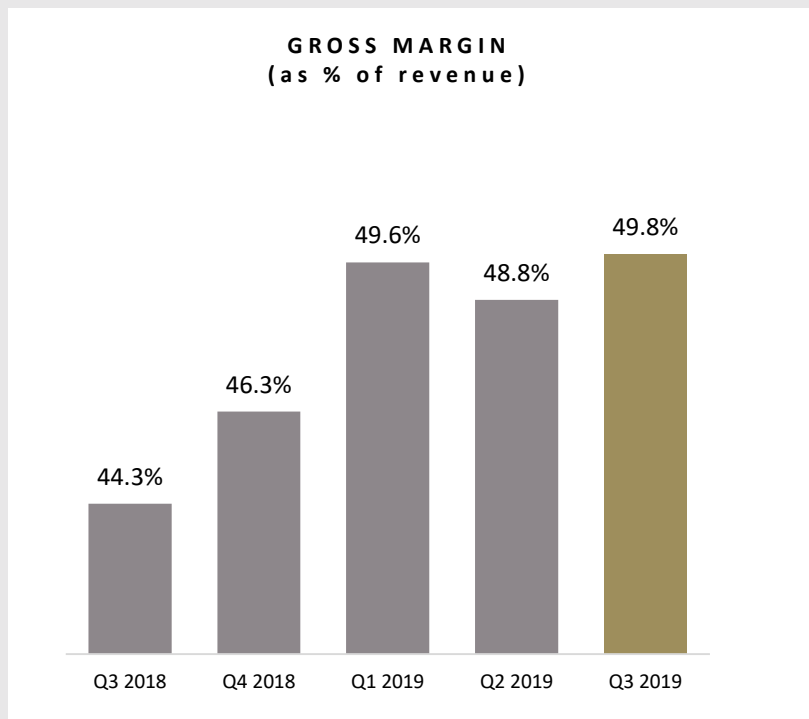
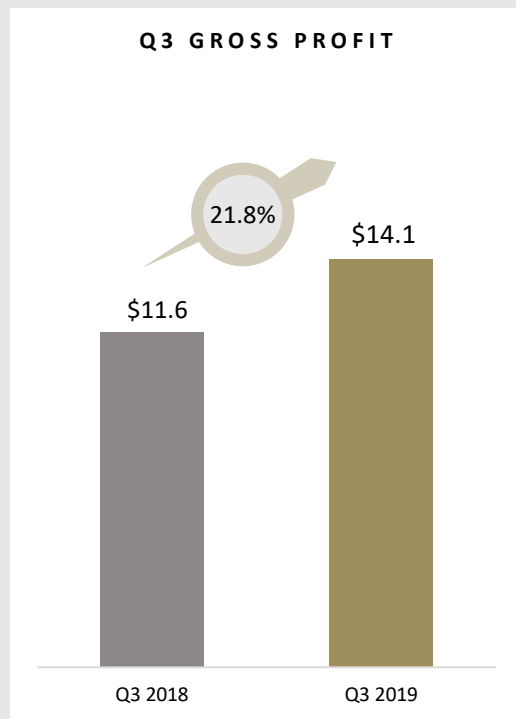


- Net Revenue increased 8.4% year-over-year due to growth of brands
  - North America sales up 8% to \$26.0mm
  - International sales grow 19% to \$2.3mm
- North America sales in line with expectations, international sales ramp slower than expected

Solid revenue growth in Q3 2019

# Q3 2019 Financial Results

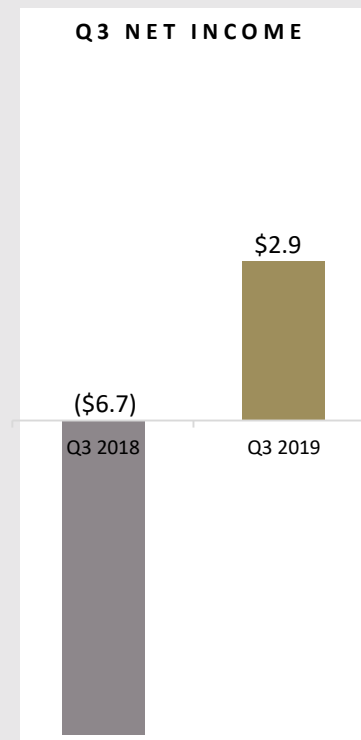
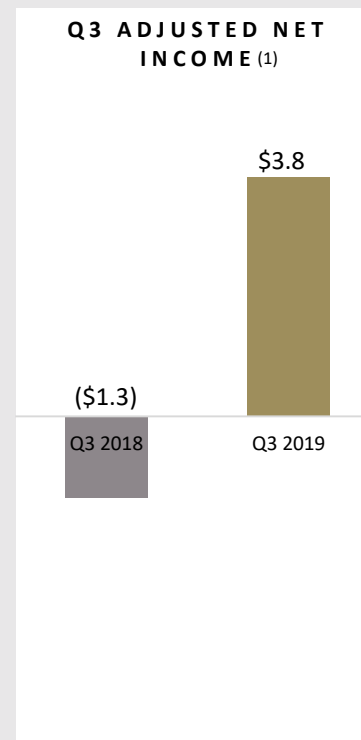
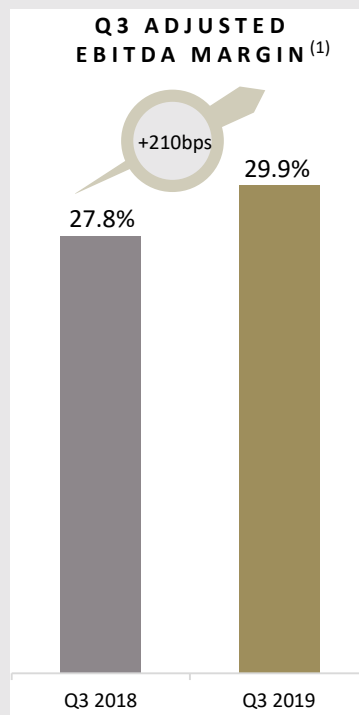
(US\$ Millions)



Steady improvement in gross margins

# Q3 2019 Financial Results

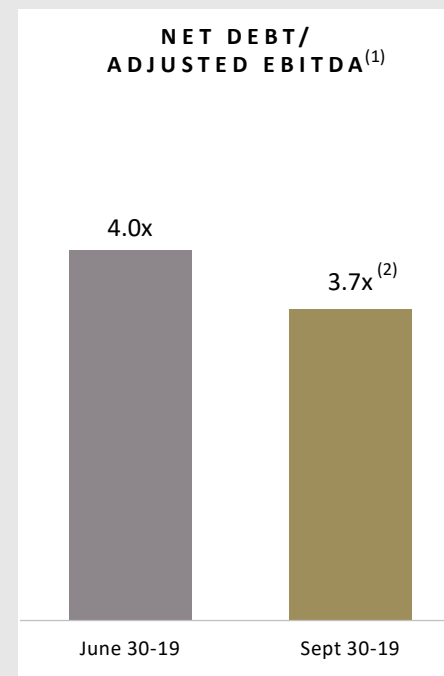
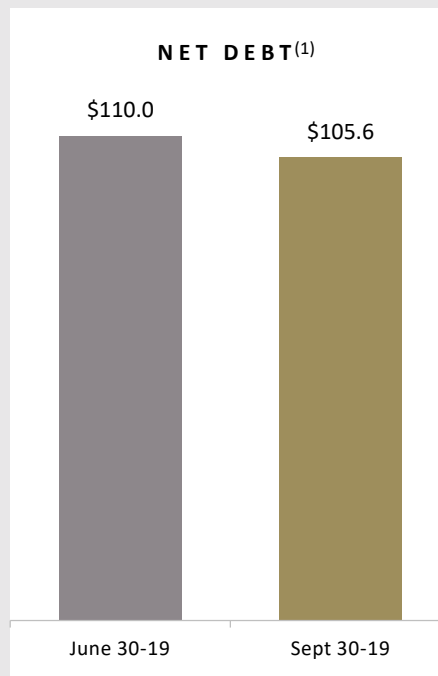
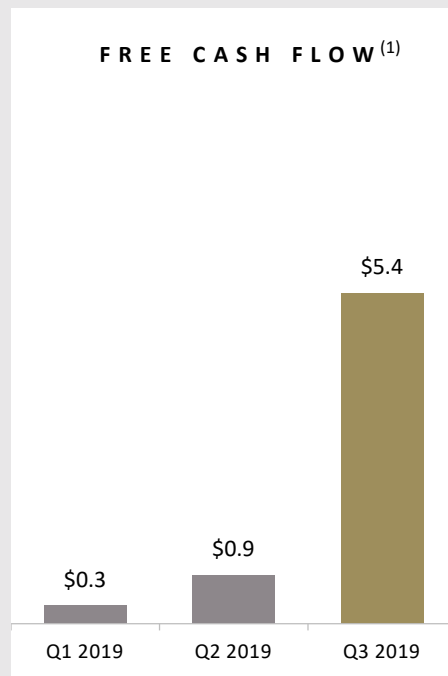
(US\$ Millions)



Adjusted EBITDA margin increased in Q3 2019

# Q3 2019 Financial Results

(US\$ Millions)



**Strong free cash flow drives reduced debt & leverage**

1) See Non-IFRS Measures  
2) Prior to acquisition of The Mane Choice

# Capital Allocation

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Net Debt-to-Adjusted EBITDA ratio reduced to 3.7x as at September 30, 2019

- Pro Forma The Mane Choice acquisition Net Debt-to-Adjusted EBITDA ratio is 4.0x

MAV Beauty Brands and The Mane Choice have similar, asset-light business models with strong free cash flow profiles

Anticipate strong Free Cash Flow and continued deleveraging in Q4 2019

Debt reduction is a primary use of Free Cash Flow

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# 02 Outlook



# Outlook

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## Q4 2019 results to be affected by three primary factors

- Decreased 2020 distribution for newer, premium-priced Renpure products in U.S. Mass
- Foregoing certain promotional programs to maintain margin discipline
- Lower-than-expected growth in International revenue

## Taking steps to address challenges: Product, Process, People

- Build upon Renpure's core product offering
- Strengthened team and processes, including new ERP system
- Seasoned executive Tom Nestor appointed to newly created Chief Sales Officer role

Preliminary 2020 distribution showing positive signs for other parts of portfolio

# Business fundamentals and brands remain strong



11%

Q3 2019 POS growth for  
MAV Beauty Brands portfolio<sup>(1)</sup>

#7

Hair care company in U.S.  
FDM Channel (including  
The Mane Choice)<sup>(2)</sup>

1) Source: Nielsen AOC, BC SUPER CATEGORY: HAIR CARE – Total US – Q3 2019  
2) Source: Nielsen AOC, BC SUPER CATEGORY: HAIR CARE – Total US – (latest 52wks)

# Leveraging global operating platform to build our brands

MARC ANTHONY®  
TRUE PROFESSIONAL

9% 3-year Gross  
Revenue CAGR

Renpure.  
plant based beauty

29% 3-year Gross  
Revenue CAGR

cake

~8x Gross Revenue  
increase since  
acquired

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# 03 The Mane Choice Acquisition



# The Mane Choice Overview

- **Founded in 2013** by CEO Courtney Adeleye
- Authentic and **disruptive brand** in the textured hair care market, with a **uniquely loyal and passionate consumer base**
- **Rapidly growing sales** with robust profit margins and an **asset-light model**
- Strong brand with **100+ SKUs**, **16 collections** and **810,000+ social media followers**
- **Broad distribution** in leading U.S. drug, mass and specialty beauty retailers
- **Strong growth profile**: LTM net sales of US\$24.4mm and Adjusted EBITDA<sup>(1)</sup> of US\$6.4mm at Sept 30, 2019



# Acquisition Highlights

- 01 The Mane Choice is one of the most exciting and leading brands in the fast-growing textured hair market segment
- 02 Adds a complementary founder-led brand with strong sales growth, margins, and free cash flow profile
- 03 Provides access to new, high growth end markets
- 04 Significantly increases the Company's scale, particularly in North America, and further diversifies its brand portfolio
- 05 Strong and ongoing alignment of founder Courtney Adeleye, who will join the MAV Beauty Brands team and continue to lead the growth of The Mane Choice
- 06 Expected to be immediately accretive to MAV Beauty Brands' earnings per share and Free Cash Flow per share<sup>(1)</sup>

1) See Forward-Looking Statements

2) See Non-IFRS Measures

# Acquisition is directly in line with MAV strategy

## Authentic Founder-Led Brand

### Exposure to New, High Growth End Markets

- The Mane Choice targets the textured hair market that MAV does not currently access

### Authentic Product Offerings with Proven Innovation

- Founded by social media influencer Courtney Adeleye who shared her personal hair journey with the world

### High Margin, Asset Light Business Models

- The Mane Choice has strong profit margins and free cash flow profile



## MAV Beauty Platform

### Entrepreneurial and Innovation Driven Culture

- Founder-led brand that has grown to US\$24.4 million in sales in 6 years

### Unlock Sales Potential Through Global Operating Platform and Retail Relationships

- Potential to cross-sell to existing MAV retailers

### Realize synergies from operational efficiencies and best practices

- Potential to leverage MAV supply chain and infrastructure

MARC ANTHONY®  
TRUE PROFESSIONAL

Renpure.  
plant based beauty

cake

THE  
Mane  
CHOICE®

# Transaction Summary

## Consideration and Transaction Structure

- US\$29.0 million in cash and equity consideration of US\$9.0 million in shares issued at a price of US\$3.65 (30-day VWAP)
  - Shares issued to the seller are subject to lock-up restrictions until June 30, 2022
- An aggregate of up to US\$52.5 in earnouts
  - US\$4.0 million earnout payable in the second quarter of 2020 based on the achievement of a 2019 Adjusted EBITDA target
  - Transaction multiple of 6.6x LTM EBITDA assuming the full payout of the first earnout payable in the second quarter of 2020
  - Two additional earnouts payable in 2021 and 2022 upon achievement of exceptional revenue growth targets over the 2020 and 2021 calendar years, respectively

## Compelling Financial Impact

- Transaction anticipated to be immediately accretive to both earnings per share and Free Cash Flow per share <sup>(1)</sup>
- Significant shareholder value creation expected from leveraging MAV's proven global operating platform

## Financing

- Upfront cash consideration financed by an increase to MAV's credit facility from existing lenders
- Pro forma for the acquisition, Net Debt / Adjusted EBITDA is 4.0x as at September 30, 2019

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# 04 Q&A



# Appendix



# Q3 2019 Compared to Q3 2018

(in thousands of US dollars) (unaudited)	Q3 2019	Q3 2018	\$ Change	% Change
<b>Consolidated statements of operations and comprehensive income (loss):</b>				
<b>Revenue</b>	<b>28,368</b>	<b>26,175</b>	<b>2,193</b>	<b>8.4%</b>
Cost of sales	14,243	14,577	(334)	-2.3%
Gross profit	14,125	11,598	2,527	21.8%
<b>Expenses</b>				
Selling and administrative	6,276	5,901	375	6.4%
Amortization and depreciation	884	783	101	12.9%
Interest and accretion	1,787	7,736	(5,949)	-76.9%
Foreign exchange (gain) loss	190	4	186	<i>nmf</i>
Integration, restructuring, and other	395	5,612	(5,217)	-93.0%
	9,532	20,036	(10,504)	-52.4%
Income (loss) before income taxes	4,593	(8,438)	13,031	<i>nmf</i>
<b>Income tax expense (recovery)</b>				
Current	627	—	627	<i>nmf</i>
Deferred	1,027	(1,763)	2,790	<i>nmf</i>
	1,654	(1,763)	3,417	<i>nmf</i>
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>2,939</b>	<b>(6,675)</b>	<b>9,614</b>	<b><i>nmf</i></b>
<b>EBITDA <sup>(1)</sup></b>	<b>7,264</b>	<b>81</b>	<b>7,183</b>	<b><i>nmf</i></b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>8,476</b>	<b>7,271</b>	<b>1,205</b>	<b>16.6%</b>
<b>Adjusted Net Income <sup>(1)</sup></b>	<b>3,842</b>	<b>(1,318)</b>	<b>5,160</b>	<b><i>nmf</i></b>

(1) See "Non-IFRS Measures"

# YTD 2019 Compared to YTD 2018

(in thousands of US dollars) (unaudited)	YTD Q3 2019	YTD Q3 2018	\$ Change	% Change
<b>Consolidated statements of operations and comprehensive income (loss):</b>				
<b>Revenue</b>	<b>77,708</b>	<b>65,007</b>	<b>12,701</b>	<b>19.5%</b>
Cost of sales	39,268	35,641	3,627	10.2%
Gross profit	38,440	29,366	9,074	30.9%
<b>Expenses</b>				
Selling and administrative	20,294	15,317	4,977	32.5%
Amortization and depreciation	2,692	2,220	472	21.3%
Interest and accretion	5,482	15,746	(10,264)	-65.2%
Foreign exchange gain	96	(147)	243	-165.3%
Integration, restructuring, and other	2,186	11,204	(9,018)	-80.5%
	30,750	44,340	(13,590)	-30.6%
Income (loss) before income taxes	7,690	(14,974)	22,664	<i>nmf</i>
<b>Income tax expense (recovery)</b>				
Current	627	—	627	<i>nmf</i>
Deferred	1,802	(3,463)	5,265	<i>nmf</i>
	2,429	(3,463)	5,892	<i>nmf</i>
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>5,261</b>	<b>(11,511)</b>	<b>16,772</b>	<b><i>nmf</i></b>
<b>EBITDA <sup>(1)</sup></b>	<b>15,864</b>	<b>2,992</b>	<b>12,872</b>	<b>430.2%</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>20,986</b>	<b>18,835</b>	<b>2,151</b>	<b>11.4%</b>
<b>Adjusted Net Income <sup>(1)</sup></b>	<b>9,077</b>	<b>293</b>	<b>8,784</b>	<b>2998.0%</b>

(1) See “Non-IFRS Measures”

# Reconciliation of Non-IFRS Financial Measures

(in thousands of US dollars) (unaudited)		Q3 2019	Q3 2018	YTD Q3 2019	YTD Q3 2018
<b>Consolidated statements of operations and comprehensive income (loss):</b>		2,939	(6,675)	5,261	(11,511)
Income (recovery) tax expense		1,654	(1,763)	2,429	(3,463)
Interest and accretion		1,787	7,736	5,482	15,746
Amortization and deprecation		884	783	2,692	2,220
<b>EBITDA</b>		<b>7,264</b>	<b>81</b>	<b>15,864</b>	<b>2,992</b>
Integration, restructuring, and other	(1)	395	5,648	2,186	11,517
Purchase accounting adjustments	(2)	—	297	—	2,727
Share-based compensation	(3)	642	974	2,813	1,185
Unrealized foreign exchange (gain) loss		175	271	123	414
<b>Adjusted EBITDA</b>		<b>8,476</b>	<b>7,271</b>	<b>20,986</b>	<b>18,835</b>

(in thousands of US dollars) (unaudited)		Q3 2019	Q3 2018	YTD Q3 2019	YTD Q3 2018
<b>Consolidated statements of operations and comprehensive income (loss):</b>		2,939	(6,675)	5,261	(11,511)
Integration, restructuring, and other	(1)	395	5,648	2,186	11,517
Purchase accounting adjustments	(2)	—	297	—	2,727
Share-based compensation	(3)	642	974	2,813	1,185
Unrealized foreign exchange (gain) loss		175	271	123	414
Tax impact of the above adjustments		(309)	(1,833)	(1,306)	(4,039)
<b>Adjusted Net Income</b>		<b>3,842</b>	<b>(1,318)</b>	<b>9,077</b>	<b>293</b>

(1) Refer to Note 10 to the unaudited condensed consolidated interim financial statements for further details.

(2) 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.

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