



MAV BEAUTY BRANDS INC.

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2018

March 28, 2019

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MAV BEAUTY BRANDS INC.
ANNUAL INFORMATION FORM

MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise indicates, the “Company”, “MAV Beauty Brands”, “us”, “we” or “our” refer to MAV Beauty Brands Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by it or them.

Unless otherwise specified or the context otherwise requires, all information provided in this Annual Information Form (the “Annual Information Form”) is given as at December 31, 2018. All references to “\$”, “US\$” or “dollars” are to United States dollars and references to “C\$” are to Canadian dollars. Amounts are stated in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this Annual Information Form may not reconcile due to rounding.

This Annual Information Form contains certain trademarks, such as “Marc Anthony”, “True Professional”, “Renpure”, “Cake Beauty” and “Delectable” which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this Annual Information Form may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

NON-IFRS MEASURES

In addition to using financial measures prescribed under International Financial Reporting Standards (“**IFRS**”), this Annual Information Form makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and 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 “EBITDA”, “Adjusted EBITDA” and “Adjusted EBITDA margin”. 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 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 forecasts and to determine components of management compensation. For definitions and reconciliations of these non-IFRS measures to the relevant reported measures, please see “How We Assess the Performance of Our Business” and “Selected Consolidated Financial Information” sections of the Company’s Management’s Discussion and Analysis (“**MD&A**”) dated March 28, 2019 for the fiscal year ended December 31, 2018. A copy of the MD&A can be accessed under the Company’s profile on the system for electronic document analysis and retrieval (“**SEDAR**”) at www.sedar.com.

Non-IFRS Measures

“**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.

“**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; 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 EBITDA margin” represents, for the applicable period, Adjusted EBITDA divided by revenue.

FORWARD-LOOKING INFORMATION

This Annual Information Form contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “is expected”, “budget”, “estimates”, “forecasts”, “projection”, “prospects”, “strategy”, “anticipates”, “believes, or the negative of these terms or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “occur” or “achieved. In addition, any statements that refer to expectations, intentions, 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 or circumstances.

Discussions containing forward-looking information may be found, among other places, under “Our Business”, “Our Industry”, “Dividend Policy”, “Directors and Officers”, and “Risk Factors”.

This forward-looking information includes, among other things, statements relating to:

- expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies and growth opportunities;
- our business plans and strategies;
- our competitive position in our industry;
- changes in accounting standards; and
- the market price for the common shares in the capital of MAV Beauty Brands (the “**Common Shares**”).

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of growth rates for retail sales in the global personal care industry and hair care category; introduction of new products and product extensions; overall shelf space growth; overall sales velocity; retail partners sales growth and foot traffic; retailer and international distribution partners; new international markets; interest and inflation rates; selling & administrative expenses; business model; currency exchange and interest rates; the impact of competition; our ability to build our market share; our ability to retain key personnel; our ability to obtain and maintain existing financing on acceptable terms; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management’s expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, 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 following risk factors described in greater detail under the heading entitled “Risk Factors”: risks relating to the highly competitive industry in which we operate; inability to successfully enhance products and develop new products; unsuccessful new product introductions; risks relating to the quality, performance, safety and

claims of our ingredients, our products and our packaging; inability to anticipate and respond to market trends and changing consumer preferences; adverse changes in the size or growth rate of the hair care or body care product segment of the personal care industry; our dependence on a limited number of retail and distribution partners; damage to our reputation or brand; negative publicity relating to our Marc Anthony True Professional brand; loss of key personnel or an inability to attract new personnel; unsuccessful execution of our marketing and advertising strategies; failure to obtain prime placement on the planograms of our retail partners; claims made against us, which may result in litigation; failure to protect our intellectual property rights; violation of third-parties' intellectual property rights; fluctuations in demand due to our retail and distribution partners' buying patterns; a disruption in operations; actions taken by our suppliers, manufacturers, distributors and other vendors that are outside of our control; inability to effectively manage our inventory; changes in general economic conditions and consumer spending; inability to successfully implement our growth strategy; inability to manage our operations or to manage any future growth effectively; our historical growth may not be indicative of our future growth; difficulties associated with operating or selling products in foreign jurisdictions; insurance-related risks; our use of social media; changes in legal, regulatory and industry standards or requirements; audit, inspection, or regulation of our facilities or third-party manufacturers; failure to comply with government regulations; risks relating to data protection and privacy laws; involvement in legal or regulatory disputes; involvement in product recalls or product liability claims; inability to generate sufficient cash from operations or raise capital on acceptable terms to meet future needs; financing restrictions on current and future operations; risks related to acquisitions; exchange rate fluctuations; claims for indemnification by our directors and officers; changes in tax and trade law; failure to comply with anti-corruption and anti-bribery laws in foreign jurisdictions; material disruption, attacks or security breaches affecting our information technology systems; failure to maintain and upgrade our information technology systems; failure to adopt or adapt to new technologies; insolvency risks with parties with which we do business; loss of foreign private issuer status and the associated costs; dependence on operating subsidiaries; material impacts on our gross profit and Adjusted EBITDA margins; natural disasters, unusual weather and geo-political events; adoption of new accounting standards or interpretations; failure to maintain adequate financial and management processes and controls; changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters; internal control over financial reporting; failure to remediate material weaknesses identified in our internal controls over financial reporting and maintain proper and effective internal controls; risks related to forward-looking information contained in this Annual Information Form; volatility of Common Share price; conversion and future sales of the Proportionate Voting Shares and the Common Shares (collectively, the **"Shares"**) adversely affecting their market price; our trading price and volume could decline if analysts do not publish research or publish inaccurate or unfavorable research about us or our business; shareholders' limited control over the Company's operations; and significant influence of the TA Shareholder and the Anthony Shareholder and their respective Permitted Holders (collectively, the **"Principal Shareholders"**).

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "Risk Factors" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this Annual Information Form represents our expectations as of March 28, 2019 (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this Annual Information Form is expressly qualified by the foregoing cautionary statements.

CORPORATE STRUCTURE

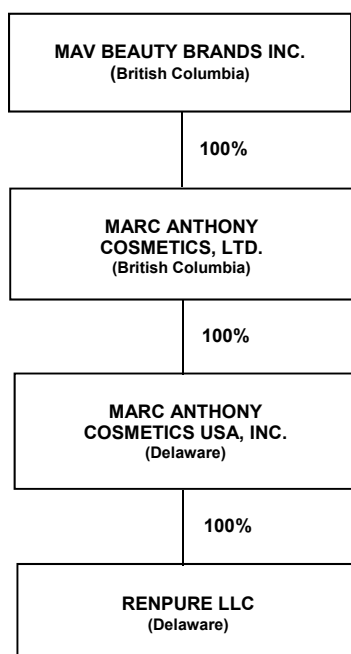
Incorporation and Head Office

Our business was founded as Marc Anthony Cosmetics Inc. by Marc Anthony Venere, our Founder and Chief Executive Officer, in 1995. Marc Anthony Cosmetics Inc. was incorporated under the *Business Corporations Act* (Ontario) on May 25, 1995. Marc Anthony Cosmetics Inc. completed amalgamations with Marc Anthony Cosmetics Canada Inc. on October 1, 2002, 1388663 Ontario Inc. on January 1, 2008, 2145999 Ontario Inc. on August 1, 2010 and both Marc Anthony Venture Corporation and Marcsan Hair Design II Inc. on September 28, 2016. On September 7, 2016, MAC Topco Holdings Inc. was incorporated under the BCBCA and through a wholly-owned subsidiary, Marc Anthony Cosmetics Ltd. (a company incorporated under the BCBCA), acquired all or substantially all of the assets of Marc Anthony Cosmetics Inc. on September 30, 2016. On January 23, 2018, Marc Anthony Cosmetics Ltd. acquired all of the issued and outstanding shares of Cake Beauty Inc., a company incorporated under the *Business Corporations Act* (Ontario). On March 8, 2018, Marc Anthony Cosmetics Ltd. acquired all the issued and outstanding membership interests of Renpure, LLC and its sister company, Onesta Hair Care, LLC (formerly Redmond, LLC) which was subsequently divested on May 4, 2018. Cake Beauty Inc. continued under the BCBCA on March 27, 2018 and completed an amalgamation with Marc Anthony Cosmetics Ltd. on April 1, 2018. MAC Topco Holdings Inc. changed its name to MAV Beauty Brands Inc. on May 14, 2018.

Our head office is located at 190 Pippin Road, Concord, Ontario, Canada, L4K 4X9 and our registered office is Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada, V6C 2X8. Our telephone number at our head office is (905) 530-2500 and our toll free telephone number is 1-888-295-8856.

Intercorporate Relationships

The following chart identifies our material subsidiaries (including jurisdiction of formation, incorporation, amalgamation or continuance of the various entities, and the percentage of their voting securities which are beneficially owned, controlled or directed, directly or indirectly by MAV Beauty Brands Inc.):



OUR BUSINESS

EVOLUTION OF OUR PLATFORM

We were founded over 20 years ago by award-winning hair stylist, Marc Anthony Venere, with the mission to deliver premium quality products that are both accessible to and convenient for consumers. Under the Marc Anthony True Professional brand, we sold our first product in Canada in 1995, and expanded to the U.S. in 2002 and internationally in 2008. With the vision of becoming a multi-brand, leading global personal care company, we made significant investments in our platform in 2017.

Since early 2017, we have added top talent to our executive team, continued to build out our broader employee base, implemented processes to continue to support strong and rapid innovation and further enhanced our financial control and forecasting capabilities. With this platform infrastructure in place, we made our first acquisition in January 2018: Cake Beauty, an experiential lifestyle brand led by Founder Heather Reier that provides a fun, vibrant and rich sensorial experience.

In March 2018, we completed our first U.S.-based acquisition when we acquired Renpure, a family operated, naturally-inspired personal care brand focused on providing plant-based or plant-derived products. Our combination of these brands formed the foundation of MAV Beauty Brands, a leading global personal care company. We have carefully laid the groundwork to position ourselves to take advantage of a tremendous whitespace opportunity as we grow our existing brands and add to our brand portfolio over time with strategic acquisitions.

COMPANY OVERVIEW

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 30 countries around the world, in over 100 major retailers and through over 60,000 doors. In North America, MAV Beauty Brands' products are primarily sold in the food, drug and mass ("FDM"), club, dollar, off-price, specialty and online channels. In addition, MAV Beauty Brands has achieved tremendous success in international markets by strategically partnering with leading distributors who have strong, established relationships with major retailers across the world.

Within hair care, our largest served category today, we utilize a highly strategic pricing strategy with prices for our Masstige products typically ranging from \$4.00 to \$12.00 per item that targets consumers looking for quality products with comparable performance to Salon & Salon Diverted products. This strategy provides products that appeal to a large number of consumers while generating more attractive shelf space economies for our retail partners than those achieved by Traditional Mass Market products sold in the FDM channel.

MAV Beauty Brands' unique collection of category-leading brands are winning market share in some of the largest, fastest growing, most attractive and recession-resistant categories of the personal care industry. Within hair care and body care, our brands complement each other by targeting different rapidly growing categories. Our brands target a wide range of consumers and trends, while the distinct appeal of each brand allows them to be stocked on the same shelf without directly competing with each other. Over time, we anticipate that we will also expand into other adjacent complementary categories of the personal care industry.

For the purposes of this section:

"Masstige products" refers to hair care products that often offer similar high-quality formulations as salon products but are purposefully developed to be widely sold in the FDM channel at price points that offer an attractive value because of the direct retailer relationship and lack of layers of distribution between manufacturer and retailer. These products also typically provide FDM retailers with higher dollar and percent margins than those of Traditional Mass Market products;

"Salon & Salon-Diverted products" refers to hair care products that are professional-grade hair products typically sold in salons that tend to be priced at a premium to brands offered in other channels, in part because of the layers of distribution. Salon-diverted products are salon products that are occasionally made available in the FDM channel by being "diverted" from authorized sources of distribution; and

"Traditional Mass Market products" refers to hair care products that are typically mass-produced by large, international CPG companies and target price-conscious consumers. These products have high unit sales velocity, but typically provide retailers with lower dollar and percent margins given their comparatively low price points. These products are often distributed through the FDM channel.

OUR BRANDS

MAV Beauty Brands has a diverse collection of authentic and rapidly growing brands that offer consumers a wide range of high quality and innovative products. Our portfolio, including Marc Anthony True Professional, Renpure and Cake Beauty, was assembled to ensure that each of our brands targets a distinct consumer segment with limited competitive overlap. We believe our brands position MAV Beauty Brands to be one of the most relevant and innovative independent personal care companies in the world. Maintaining, enhancing and growing our brand appeal in North America and internationally is critical to our continued success. Failure to maintain and enhance our brands in any of the targeted markets may materially and adversely affect our business, results of operations or financial condition.

Marc Anthony True Professional

Marc Anthony True Professional has been providing salon quality hair care and body care products to consumers for over 20 years. Marc Anthony True Professional is a pioneering brand in the Massstige category with a compelling value proposition that our consumers and retail partners continue to embrace. The brand offers a comprehensive line of products across multiple collections that cater to a diverse set of hair types, that consumers trust to solve their unique hair concerns, and that is constantly expanding to meet the latest needs and trends of our growing consumer base. Our award-winning products provide consumers with great value and retailers with higher dollar and percent margins than Traditional Mass Market product offerings. Marc Anthony True Professional is Canada's #1 independent hair care brand and has proven to sell well with U.S. consumers, a market that is approximately 10 times the size of the Canadian hair care market. Within the U.S. drug channel, Marc Anthony True Professional is ranked as a top 5 independent brand for the combined sales of shampoo, conditioner, hair spray and hair styling products. The brand also has an established and rapidly growing international presence. We see significant opportunity to further grow our presence in existing markets and in new geographies.

Renpure

Renpure, founded by the Redmond family in 2008, is a rapidly growing personal care brand focused on offering plant-based or plant-derived, naturally-inspired products, without sacrificing performance or affordability. The Redmond family's vision since Renpure's inception was to bring premium quality, naturally-inspired personal care products to a wider audience. The brand offers consumers a wide range of high-quality hair care and body care products across a variety of collections. Renpure is the #1 ranked independent brand in the U.S. mass channel for the combined sales of shampoo, conditioner, hair spray and hair styling products. While Renpure products are primarily sold in the U.S. today, the portability of the brand provides exceptional growth potential through MAV Beauty Brands' existing distribution channels in Canada and internationally and expansion into complementary adjacent product categories.

After the acquisition of Renpure, MAV Beauty Brands began a redesign of the brand to more fully deliver on the natural positioning of Renpure. Under the refined positioning of "Plant Based Beauty" the newly designed Renpure began shipping in the fourth quarter of Fiscal 2018 and has re-launched across North America with a media campaign that maximizes public relations, influencer marketing and social media. The retailer and consumer reaction to the brand re-launch is showing early signs for success and will continue to be supported throughout 2019.

Cake Beauty

Cake Beauty and its sister brand Delectable are personal care brands focused on providing award-winning bath, body care and hair care products that contain natural, cruelty-free and vegan ingredients. Proving you can "have your cake and eat it too", this experiential lifestyle brand incorporates performance-based natural or naturally-derived ingredients and provides a fun, vibrant and rich sensorial experience. Founded in 2003, Cake Beauty has a loyal and engaged customer base and a proven ability to resonate deeply with the high-growth millennial market that has resulted in category-leading sales velocities at retail. Cake Beauty has won "best in beauty" accolades and continues to be coveted by editors, influencers and customers alike. Cake Beauty's products were primarily sold in Canada and through e-commerce prior to its acquisition. Now MAV Beauty Brands has expanded to major drug retailers in the U.S. and multiple regions around the world. We believe our Cake Beauty and Delectable brands are positioned to achieve exceptional growth by continuing to expand across MAV Beauty Brands' existing North American and international distribution channels.

OUR FUTURE GROWTH

We believe there is tremendous whitespace available in our current product categories, channels and geographies. We intend to continue to outperform the broader high-growth markets we have strategically targeted by driving market share for each brand within existing retail and distribution partners, cross-selling our complementary brand portfolios, expanding our distribution to new retail partners and extending our reach into new international markets. For example, a significant opportunity exists to offer Renpure and Cake Beauty products to retailers and distributors that currently only stock Marc Anthony True Professional products, and vice versa. Furthermore, we see multiple levers for additional upside through expanding our brands into new or adjacent high-growth product categories, strategically acquiring complementary businesses, and expanding our distribution to new retail partners.

We intend to continue our growth through: (i) our strategic positioning in fast-growing personal care categories; (ii) driving market share for each of our brands within existing retail and distribution partners; (iii) cross-selling our complementary brand portfolio; and (iv) extending our reach into new international markets. See “Forward-Looking Information” and “Risk Factors” in this document.

Strategically Positioned in Fast-Growing Personal Care Categories

MAV Beauty Brands is strategically positioned within some of the fastest growing and most desirable categories of the \$465 billion global personal care industry. We believe we are well positioned, with our strategy and our brand platform, to significantly outperform the 3.8% growth of the global hair care market from 2003 to 2018 due to our strategic exposure to a number of robust growth trends, including increasing consumer demand for innovative, independent brands, natural personal care products and the rising purchasing power of millennials.

Driving Market Share for each Brand within Existing Partners

We continue to win market share by deepening our relationships with existing retail and distribution partners who rely on our broad portfolio of high-quality products and nimble innovation capabilities to engage customers and drive in-store traffic. By increasing our penetration within existing retailers, both by increasing the number of our products sold in their stores and by selling our products in more of their stores, we intend to continue to take market share from Traditional Mass Market brands, as well as independent brands that have been acquired by large consumer packaged goods (“CPG”) companies. Our brands also have an opportunity to grow by increasing their distribution breadth within existing retailers. We plan to continue to increase our penetration within existing retailers, by both expanding the number of products that we sell in each of their stores, as well as by selling our products in more of their stores.

Cross-Selling our Complementary Brand Portfolio

Significant opportunity exists to drive growth by cross-selling our brands with the recent additions of Renpure and Cake Beauty. Our portfolio of highly complementary brands targets distinct categories and consumers and can be sold alongside each other with little overlap. Most of our retail and distribution partners currently sell only one of our brands and none sell all three of our brands. We have strong working relationships with the buyers responsible for our categories at all of our major retail partners, and intend to leverage these relationships to expand our brand assortment in stores and win incremental shelf space, displacing competing brands.

Extending our Reach into New International Markets

We believe significant opportunity exists for us to extend our reach into a number of additional international geographies. There are 39 countries in which our products are not currently sold that have annual hair care retail sales of over \$100 million. We have a proven track record of building a global brand and intend to leverage our expertise and relationships to enter new markets. Since 2017, we have successfully entered over 10 new international markets. In addition, increased consolidation of

independent brands has accelerated our growth as distributors actively seek to partner with MAV Beauty Brands to fill a void in their brand portfolios.

Incremental Growth Opportunities

In addition to the growth strategies described above, we believe the following opportunities have the potential to drive incremental growth in our business.

- *Entering New or Adjacent High-Growth Categories:* We believe there is significant opportunity to broaden our portfolio by introducing new products and expanding into new and adjacent categories under our existing brands. Looking forward, there are several adjacent categories that are natural extensions of our current product portfolio, including men's grooming, cosmetics, deodorant, baby and child products and other segments of body care, including skin care.
- *Strategically Acquiring Complementary Businesses:* The personal care industry is highly fragmented, presenting an opportunity for us to expand via acquisitions. We believe that the entrepreneurial and innovation-driven culture of MAV Beauty Brands is highly attractive to founders who wish to remain involved in the business post-acquisition. We selectively evaluate entering complementary adjacent high-growth personal care categories by leveraging the strength of our existing brands through product innovation and through the acquisition of independent growth-oriented brands. In 2018, we successfully acquired and began to integrate Renpure, LLC and Cake Beauty Inc. In pursuing potential acquisition candidates, we will assess several criteria, including: (i) entry or expansion into adjacent high growth categories; (ii) access to new consumer end-markets; (iii) demonstrated innovation capabilities; (iv) revenue and integration synergies; and (v) financial attractiveness.
- *Expanding our Distribution to New Retail Partners:* In North America, we have established longstanding relationships with many of the largest FDM, club, dollar, off-price, specialty and online retailers. We intend to build on this success and continue to showcase our extensive product portfolio and sales success to target new retail partners.

PRODUCT INNOVATION

We believe that our disciplined, entrepreneurial and agile innovation process is a critical competitive advantage to our demonstrated ability to win market share. Our nimble innovation cycle and consumer-centric approach provides us with the ability to consistently deliver both highly successful new products and enhancements to existing products to our consumers, retail partners and distributors with the benefit of feedback and market validation.

Our innovation strategy is underpinned by the following four key components that, when combined, allow us to consistently deliver successful new products to retailers and consumers:

- Unique Product Idea Generation: the inspiration for our new products comes from multiple sources, including beauty experts that are at the forefront of trends and gather real-time insight on evolving consumer preferences, collaboration with key buyers at our strongest retailers, bi-annual company-wide innovation summits and ultimate oversight by each respective founder. This unique combination of product inspirations allows us to generate a great number of viable product ideas to pass on to our product development team.
- Integrated Product Development: our in-house product development team, including research and development experts and creative designers, works closely with our brand founders and management, retailers and other constituents, to allow for a seamless process to bring a product from idea to retail shelves.
- Consumer and Retailer Feedback and Validation: our collaborative relationships with retail partners enable us to selectively trial new products and product-line extensions with strategic retailers prior to executing a more mainstream and comprehensive product launch. This early and

ongoing two-way dialogue allows us to process retailer feedback and achieve market validation prior to determining which new products to spend additional time and resources on.

- Flexible Supply Chain: finally, our asset-light business model, whereby we outsource production to a diverse set of suppliers with whom we have longstanding relationships, allows us to react quickly to retailer requests, access significant production volume capacity and efficiently manage operations.

This holistic and dynamic approach to product development enables us to quickly identify market trends, generate innovative new ideas to target these trends, and rapidly and efficiently take new and refreshed products to market.

RETAIL PARTNERS AND DISTRIBUTION CHANNELS

We build strong and longstanding relationships with our retail partners and international distributors by constantly building on our robust pipeline of new and exciting products and regularly evaluating potential enhancements to existing product formulations and packaging. This focus in turn has led to increased distribution, enhanced in-store placement and an increasing amount of shelf space with our retail partners.

We maintain dedicated sales teams that manage our retail partner accounts on an ongoing basis and an international sales team dedicated to working with our global distributors to increase our international platform. Our products are sold in over 30 countries around the world, in over 100 major retailers and through over 60,000 doors. Each of our brands targets a distinct consumer segment which enables retailers to stock our brands on the same shelf with limited competitive overlap. Our products are also available in the e-commerce channel through various websites operated by our retail partners, third-party operators such as Amazon, and our Cake Beauty website.

Retail Partners

We have strong relationships with many major retail partners across North America, with numerous retailer relationships spanning over a decade. We have direct and collaborative relationships with each of our North American retail partners, and in some cases are supported by a local broker to help us manage certain larger accounts. Our retail partners have consistently supported our brands by increasing the amount of shelf space allocated to our products and by increasing the number of locations that stock our products. In Fiscal 2018 (as defined below), our top five retail partners accounted 67.2% of our gross sales and our top 10 retail partners accounted for 83.2% of our gross sales, which we believe represents a low concentration relative to most other FDM-distributed consumer goods companies. Our diverse group of retail partners span a variety of channels including FDM, club, dollar, off-price, specialty and online.

Due to common merchandising and buying practices across major retailers, FDM-distributed consumer goods companies, including MAV Beauty Brands, generally have good visibility into expected sales for products that are already on-shelf. This dynamic exists because major retailers, especially FDM retailers, typically have a consistent cadence of conducting major merchandising or planogram resets of their stores once per year. During this annual planogram reset, buyers allocate additional shelf space to certain brands and products based primarily on a combination of sell-through velocities, innovation and uniqueness of products, and margins and dollar profit generated for the retailer. While the timing varies slightly by channel and retailer, most accounts communicate their planogram decisions within the fourth quarter of each year and then implement the new planogram in the first quarter of the following year. These planograms largely stay in place for the full year and, together with our understanding of expected product velocities, create a high degree of visibility into expected sales for the year.

International Distributors

We have achieved success in international markets by selectively partnering with leading, beauty-focused distributors that benefit from longstanding relationships with major retailers in international markets including Mexico, South Africa, and Australia. Our distribution partners act as our local sales force and work with major retailers in international markets to drive growth in our brands. Our distribution partners value our commitment to stay independent, as many of the large CPG companies do not need to work with distributors because of their existing internal international sales infrastructure. We intend to continue growing our presence in existing international markets and to develop new international markets by establishing additional distribution partnerships or expanding the coverage of our existing distribution partners to new markets. We have started to introduce the Renpure and Cake Beauty brands to our international distributors and are excited about the international growth opportunities through Marc Anthony True Professional's established and long-term distributor relationships. Approximately 12.8% of our Fiscal 2018 gross revenue was derived from sales to international distributors.

E-COMMERCE

Our products are sold directly to consumers online through various websites operated by our retail partners and other select third-party e-commerce sites, including Amazon and Well.ca. Our Cake Beauty brand also sells products directly to consumers online through the brand's own website. While consumers can purchase our products through a range of online alternatives, products in our categories are typically purchased in-store, where consumers can browse, touch and smell products before making a purchasing decision. E-commerce is less influential in the hair care market than in other beauty categories due to high relative shipping costs. As most of the major retailers that stock our brands operate e-commerce distribution platforms, we believe we would be well-positioned if online sales of our product categories increased.

GEOGRAPHIC FOOTPRINT

In the aggregate, we sell products to a total of 73 retail partners in North America, after taking into account overlapping retail partner relationships. We sell our products internationally in over 30 countries through third-party distributors, excluding countries where Travel Retail carries our products in international airports. Our third-party distributors purchase our products from us on an as-needed basis (targeting certain inventory levels) and in turn sell the products to retailers in their specific geographies, reaching over 5,000 doors. The chart below shows the international geographies where our products are sold as of December 31, 2018. We have identified 39 countries with hair care sales of more than \$100 million per annum where our products are not currently sold and are engaged in active discussions with international distributors in over 5 new markets that have near term potential.

International Regions	Number of Countries
Asia Pacific	7
Central and Latin America	11
Europe, Middle East and Africa	11
International Total.....	29

The chart below provides a breakdown of our revenue by geographic location for each of the 52-week period ended December 31, 2017 (“**Fiscal 2017**”) and the 52-week period ended December 31, 2018 (“**Fiscal 2018**”), respectively, for the principal markets in which we operate:

(\$000)	Fiscal ¹ 2018	Fiscal 2017
North America.....	85,494	34,444
International.....	8,395	7,924
Total	93,889	42,368

SUPPLY CHAIN AND OPERATIONS

We have a highly flexible, demand-driven supply chain designed to maximize efficiency, safeguard quality assurance and ensure products are produced in accordance with the required standards.

Raw Materials

We contract and maintain direct relationships with a diversified network of independent third-party suppliers and manufacturers in North America for our brands, which provide us with the flexibility to source high quality materials and products, while keeping our flexible, capital light and cost-effective structure. We also work closely with our third-party suppliers and manufacturers as we formulate, test and produce our new products. Our product development team, which includes an in-house chemist, coordinates with our suppliers to develop formulas and to produce products to our specifications. Currently, ingredients for Marc Anthony True Professional and Cake Beauty products are sourced by our third-party manufacturers, whereas Renpure’s ingredients are sourced by our product development team directly from the raw material suppliers. Our team members also generate component packaging specifications for each of our products and source the production of the tubes, labels, caps and other components directly from the manufacturers. Going forward, we plan to source both ingredients and packaging components across all our brands directly from the raw material and component packaging suppliers.

We review our supplier base periodically with the specific objectives of improving quality, increasing innovation, accelerating speed-to-market and reducing costs. Potential suppliers are subject to a rigorous evaluation process by our quality control department. In particular, natural or naturally-derived ingredients are subject to testing in order to verify the identity of the declared source of the ingredient. We purchase our ingredients from high quality raw material ingredient and packaging suppliers worldwide.

While our top ten suppliers accounted for 84% of our purchases in Fiscal 2018, we have multiple suppliers for most of our inputs and we believe that we have the ability to shift suppliers without significant disruption to operations should any changes become necessary. In the past, we have been able to obtain an adequate supply of essential raw materials and currently believe we have adequate sources of supply for virtually all components of our products.

¹ Includes the revenues of Cake Beauty Inc. and Renpure, LLC as of their respective acquisition dates.

Manufacturing Process

Our manufacturing process centers on close collaboration with a network of leading third-party manufacturers in North America who meet our quality standards. We have worked with our manufacturers and supply network to create high quality products, while keeping our flexible, capital light and cost effective structure. We continue to identify sourcing opportunities to improve innovation, increase efficiencies, minimize our impact on the environment and reduce costs. We have aligned ourselves with third-party manufacturers that have ample capacity as well as back-up capability in the event that one or more manufacturers cannot meet our needs. Our broad manufacturer base gives us the ability to fulfill our product requirements and remain cost competitive.

Fulfillment and Distribution

All of our finished products are shipped from our third-party manufacturers to our third-party distribution centers that are responsible for the warehousing of our products prior to sale and the management of outbound freight of our products to fulfill orders placed by our retail and distribution partners. For orders in North America, Rempure products are generally picked up directly from our distribution centers by our retail partners, whereas Marc Anthony True Professional and Cake Beauty products are delivered by third-party carriers arranged by us. For international orders, our products are delivered to North American ports for shipment to our distributors, except for orders to Mexico, which are delivered by transport truck.

Quality Control

We have personnel dedicated to compliance, regulatory and quality to help ensure all ingredients are traceable and all products contain the composition labeled on the final product. We have a comprehensive quality assurance program that gives us visibility into the quality of our products during the sourcing and production cycle. Our third-party manufacturers inspect and monitor all raw materials, packaging components and finished product, along with conducting compatibility and stability testing for each batch of finished products. Our product development team also completes in-house testing of finished products periodically through the product development stages. We collaborate with and monitor our suppliers and manufacturers compliance with the applicable requirements under the U.S. *Federal Food, Drug and Cosmetic Act* (the “**FDCA**”), *Food and Drugs Act* (Canada), Good Manufacturing Practices and policies and guidelines of the applicable regulatory authority, including Health Canada guidelines. We are committed to investing in product quality and performance improvements and have ongoing dialogue with our manufacturers and suppliers on quality assurance enhancements.

MARKETING & ADVERTISING

MAV Beauty Brands utilizes a performance-based and cost-efficient marketing strategy. The majority of our marketing budget is spent in-store in partnership with specific retailers to drive consumers to shelf and increase sales. Examples of tools we use include endcaps, displays to bonus packs, educating consumers on shelf strips, launching new items with free-standing inserts, and retailer beauty sampling boxes. In-store marketing gives us a cost-efficient manner in which to increase sales growth and the opportunity to measure our return on investment and track performance real-time. Our data analytics team measures the most effective in-store marketing tactics for our major North American retail accounts, enabling us to maximize our returns on future spending. We also use a wide variety of marketing and media channels to develop authentic consumer connections, generate brand awareness and drive consumer and retailer demand for our products. Most of our creative marketing work is done by our in-house marketing team which designs and produces the sales materials, social media strategies, advertisements and packaging for each of our brands.

We have dedicated resources to implement creative, coordinated, brand-enhancing strategies across all digital and social media activities, which create a two-way dialogue with our consumers and further drive traffic both online and in stores. Our consumers have been our best advocates, growing the brands virally. Many are very active in social media, write reviews of our products online and generate content online through social media outlets. By also partnering with top-performing micro-influencers that endorse our brands to their followers, we increase our consumer engagement, reach, retention and loyalty.

SEASONALITY

The personal care industry is generally not subject to seasonal demand fluctuations, as consumers tend to purchase hair care and body care products consistently year-round. As our retail partners reset their inventories in the first quarter we tend to see an increase in our inventory as we prepare for such adjustments.

COMPETITION

There is significant competition within each market where our products are sold. Our direct competition consists of large CPG companies and independently-founded brands that market and sell their products under multiple brand names or leading independent companies. Innovation, brand recognition, quality of products, accessibility, price point and in-store presence and visibility are some of the factors that impact consumers' choices among competing products and brands. Marketing, merchandising and new product demonstrations also have an impact on consumer's purchasing decisions. In North America, we operate in a highly competitive market, but we believe there are many factors that differentiate us from other hair care and beauty brands and that we are well-positioned to compete on the basis of our strengths, including our well-known brands, diverse portfolio of innovative products and strong relationship with our retail partners. Internationally, our competition varies by market and we have a strategic approach to entering international markets, which includes evaluating factors in each market, such as competitiveness, pricing dynamics, growth potential, regulatory environment and the propensity of local consumers to be attracted to foreign brands.

TRADEMARKS

We have registered the "Marc Anthony" and "True Professional" trademarks in Canada with the Canadian Intellectual Property Office and in the U.S. with the U.S. Patent and Trademark Office, and have registered the "Marc Anthony" trademark in various other jurisdictions where we operate. In addition, MAV Beauty Brands holds a number of registered and unregistered trademarks including "Renpure", "Cake Beauty" and "Delectable" as a result of our historical acquisitions. We also have numerous other trademark registrations for product names and tag lines. In total, we hold approximately 51 trademark registrations and 22 trademark applications in various jurisdictions around the world.

We believe that our trademarks are important to our success and our competitive position, and, therefore, we devote resources to the protection of such trademarks. In particular, our registered trademarks are valuable assets that distinguish our brand and reinforce our consumers' positive perception of our products. In addition, our website domain names (www.marcanthony.com, www.renpure.com and www.cakebeauty.com), social media accounts such as with Twitter, Facebook, Instagram and YouTube and the related online content are valuable assets.

REGULATORY MATTERS

Our operations and products are subject to various federal, provincial, state, local and foreign laws affecting our business, including without limitation the ingredients, labelling, advertising, packaging, marketing, manufacturing, safety, shipment and disposal of our products.

Product and Labelling Regulations — United States

In the United States, cosmetics products are regulated by the United States Food and Drug Administration ("FDA"), Federal Trade Commission ("FTC"), and other regulatory authorities. Under the Food Drug and Cosmetic Act ("FDCA"), cosmetics are defined as articles or components of articles that are applied to the human body and intended to cleanse, beautify, promote attractiveness or alter its appearance, with the exception of soap. The manufacturing, packaging, labeling and marketing of cosmetic products are also subject to the requirements of the FDCA, the *Fair Packaging and Labeling Act*, the *Poison Prevention Packaging Act* and other federal and state laws and regulations, including those relating to consumer protection and consumer disclosures. Cosmetics are not subject to pre-market approval by the FDA, however certain ingredients, such as color additives, must be pre-authorized.

Product claims must be adequately substantiated. If the safety or effectiveness of the products or ingredients has not been adequately substantiated, regulators or consumer lawyers can bring an action for damages and can request an amendment of the claims, including preventing us from making certain claims about the products or ingredients, or adding a specific warning label or disclaimer about the products or ingredients. Other warnings or disclaimers may also be mandated pursuant to federal or state laws and regulations.

We are subject to regulation by the United States Consumer Product Safety Commission (the “**CPSC**”) under the *Consumer Product Safety Act*, as amended by the *Consumer Product Safety Improvement Act of 2008*. These statutes and the related regulations ban from the market consumer products that fail to comply with applicable product safety laws, regulations and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. CPSC regulations also require manufacturers of consumer products to report to the CPSC certain types of information regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Product and Labelling Regulations — Canada

Cosmetic products in Canada are subject to regulation by Health Canada under the *Food and Drugs Act* (Canada) and its associated *Cosmetic Regulations*, as well as packaging and labelling requirements under the *Consumer Packaging and Labelling Act* (Canada) and its associated regulations. Depending on the chemicals found in the cosmetic products, the products may also be subject to the *Canadian Environmental Protection Act*. Cosmetics sold in Canada must not pose any risk of injury to the health of the user. To assist companies in ensuring the safety of their cosmetic products, Health Canada publishes a Cosmetic Ingredient Hotlist (the “**Hotlist**”), which provides a list of prohibited and restricted ingredients in cosmetics (the list can be obtained on-line at: www.canada.ca/en/health-canada/services/consumer-product-safety/cosmetics/cosmetic-ingredient-hotlist-prohibited-restricted-ingredients/hotlist.html). The Hotlist is an administrative tool to assist cosmetic manufacturers and distributors in identifying harmful ingredients, however, as a non-exhaustive list, the general prohibition against selling cosmetics posing a risk to health continues to apply, regardless of whether a cosmetic is free from ingredients included on the Hotlist. Where a cosmetic or any of its ingredients are known to cause injury to health, regardless of its inclusion on the Hotlist, companies must cease all sales of the product and measures to recall any products on the market should be taken.

The *Food and Drugs Act* (Canada) and its associated *Cosmetic Regulations* require that all cosmetic products sold in Canada be manufactured, prepared, preserved, packed and stored under sanitary conditions. To comply with such obligations, Health Canada encourages cosmetic manufacturers to follow Good Manufacturing Practices (“**GMPs**”). In particular, Health Canada endorses the International Standards Organization’s standard for Cosmetics GMPs, ISO 22716. Though market approval is not required in advance of sale, within 10 days of first selling a cosmetic product in Canada, the manufacturer and importer must submit a Cosmetic Notification Form to Health Canada, notifying Health Canada of certain information in respect of the product, including a list of its ingredients, the cosmetic’s function, and contact information for any manufacturers, importers, formulators, and distributors.

Cosmetic labeling in Canada (outside of Quebec) is required to include the following information, in both English and French: (i) an ingredient list, in descending order of concentration by weight, using the ingredients’ International Nomenclature for Cosmetic Ingredients (“**INCI**”) names, or, if not applicable to an ingredient, its chemical name; (ii) the common or generic name of the product; (iii) a statement of net quantity in metric units of measurement; (iv) the name and address of the manufacturer; and (v) any directions, warnings or cautions considered necessary for safe use of the product, or where prescribed by Health Canada. Products distributed in Quebec must comply with all of the foregoing obligations, but must also comply with additional requirements, including that all writing on labels (both inner and outer), together with all accompanying materials, be in French. Another language (such as English) may also be on the label or accompanying materials, but the French words must be equally as prominent as the other language words).

The *Consumer Packaging and Labelling Act* (Canada) and its regulations, as well as the *Competition Act*, require that all labelling and advertising of a product not be false, misleading or misrepresentative. Furthermore, although not a legal requirement, the industry self-regulatory group Advertising Standards Canada publishes Guidelines for the Nonprescription and Cosmetic Industry Regarding Non-therapeutic Advertising and Labelling Claims, which are used by Advertising Standards Canada to provide cosmetic broadcast advertising copy preclearance to its industry members. Claims made on cosmetic product labels and advertising must be of a non-therapeutic nature. If a claim is considered therapeutic, the product will be regulated as a drug product, not a cosmetic, and would require market authorization from Health Canada prior to sale in Canada.

Product and Labelling Regulations — General

Regulatory authorities monitor cosmetic products' regulatory compliance through market surveillance and inspection of cosmetic manufacturers and distributors to ensure, among other things, that the products' labelling and advertising is not false nor misleading and is compliant with legal requirements, that the products do not contain harmful ingredients, that they are not manufactured under unsanitary conditions or otherwise in violation of law. Inspections also may arise from consumer or competitor complaints filed with or brought to the attention of regulatory authorities. In the event a regulatory authority or a court identifies false or misleading labeling, unsanitary conditions, harmful ingredients, or otherwise a failure to comply with legal requirements, we may be requested or required by a regulatory authority or required by a court, or we may independently decide, to conduct a recall or market withdrawal of our product or to make changes to our manufacturing processes or product formulations, labelling or marketing, which could result in an insufficient amount of our products in the market, impact our sales and/or harm our reputation. Fines or other payments may also be required by a regulator or a court.

Environmental Regulations

Our operations are subject to a variety of environmental laws and regulations, including such laws and regulations concerning waste disposal and pollution related to manufacturing, transporting and packaging our products. We maintain policies and procedures to monitor and control environmental risks, and to monitor compliance with applicable environmental requirements. We also work in partnership with our suppliers to improve the environmental profile of its products via the design of packaging, ingredients and formulas and their method of transportation.

We are not aware of any environmental laws that will materially affect our results of operations, or result in material expenditures relating to our operations. However, we cannot predict what environmental laws will be enacted in the future, how existing or future environmental laws will be administered, interpreted or enforced, or the amount of future expenditures that we may need to comply with, or to satisfy claims relating to, environmental laws.

Employment Regulations

In Canada, we are subject to provincial labor and employment laws that govern our relationship with our employees, such as minimum wage requirements, overtime and working conditions, including occupational health and safety rules and regulations and employment standards legislation. In the United States, we are subject to state and federal labor and employment laws that govern our relationship with our employees, including minimum wage requirements, overtime, working conditions and occupational health and safety regulations.

FACILITIES

Our principal executive offices are located in Concord, Ontario, north of Toronto, which we occupy under a lease. Our offices total an aggregate of approximately 29,527 square feet of space. We have entered into a lease for a **21,963** square foot space in the KPMG Tower in Vaughan, Ontario. We expect to move into the new offices in mid-2019. Our new space is being retrofitted to optimize workplace collaboration and scalability as we continue to grow.

EMPLOYEES

As of December 31, 2018, we employ 87 employees. None of our employees are currently covered by a collective bargaining agreement and we have experienced no work stoppages.

MANAGEMENT INFORMATION AND TECHNOLOGY SYSTEMS

We have implemented an enterprise resource planning (“ERP”) system and a number of other self-developed management information and technology systems that we use in conjunction with our ERP to manage our financial, operational and corporate operations. Our existing order management process is automated via electronic data interchange with the vast majority of our retail customers feeding orders directly into our ERP platform. We also have an integrated warehouse management system managed by our third-party logistics provider, which allows us to improve real-time tracking and management of inventory. While we currently do not generally use the same management information and technology systems across our brands, we are in the process of developing core management information systems that are scalable to manage our entire platform and support our future growth.

OUR INDUSTRY

We operate in the \$465 billion global personal care industry and primarily compete in its second largest category, the growing and recession-resistant \$75 billion hair care market. Hair care comprises a number of products, including shampoo, conditioner, styling products and colorant. We also have an emerging presence in the \$164 billion global body care market, which includes skin care, bath and shower products. Hair care and body care products are generally considered to be non-discretionary and play a role in consumers' everyday lives, helping to maintain personal hygiene and improve overall appearance. Consequently, both categories benefit from frequent, recurring consumer purchasing activity that promotes sector stability. There are sizeable segments that we target within the global personal care markets that are experiencing substantially faster growth.

We target segments that are experiencing high growth due to a number of consumer and demographic trends. We believe that our disciplined, entrepreneurial and agile innovation process is a critical competitive advantage which underpins our demonstrated ability to win market share. We collaborate closely with our retail partners to develop innovative products that excite consumers and drive in-store traffic. Our leading market position in Canada and strong relationships with our retail partners enable us to test consumer adoption by conducting selective trials of new and innovative products prior to executing a full new product rollout. Our brand founder focus on enhancing and maintaining the authenticity of each brand, continuously driving innovation and identifying emerging new trends. Our new product formulas and packaging are meticulously designed by our in-house chemist and creative design team. This approach has allowed us to utilize effective new ingredients, optimize our formulation process, test, receive and process retailer feedback, and take new products to market more effectively than less nimble competitors.

DESCRIPTION OF SHARE CAPITAL

The following description of our share capital summarizes certain provisions contained in our articles (“Articles”). These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our Articles.

Authorized Share Capital

The Company's authorized share capital consists of: (i) an unlimited number of Common Shares; (ii) an unlimited number of proportionate voting shares in the capital of MAV Beauty Brands (the “**Proportionate Voting Shares**”); and (iii) an unlimited number of preferred shares, issuable in series. As of the date of this Annual Information Form there were 37,577,169 Common Shares issued and outstanding, 3,178 Proportionate Voting Shares issued and outstanding and no preferred shares issued and outstanding. In addition, as at such date we had 3,516,338 options issued and outstanding under our long-term incentive

plan and 2017 Stock Option Plan (the “**2017 Plan**”). No further awards are to be granted under the 2017 Plan. All options are exercisable to acquire Common Shares.

Shares

Except as described herein, the Common Shares and the Proportionate Voting Shares have the same rights, are equal in all respects and are treated by us as if they were shares of one class only.

Conversion Rights

Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 1,000 Common Shares for one Proportionate Voting Share. Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. Except as provided for below, no fractional Share will be issued on any conversion of another Share.

Liquidation Entitlement

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Shares are entitled to participate in the remaining property and assets of the Company available for distribution to the holders of Shares, subject to any preferential rights of the holders of any outstanding preferred shares, on the following basis, and otherwise without preference or distinction among or between such shares: each Proportionate Voting Share will be entitled to 1,000 times the amount distributed per Common Share.

Dividend Rights

Each Share is entitled to dividends if, as and when dividends are declared by our Board, subject to any preferential rights of the holders of any outstanding preferred shares, on the following basis, and otherwise without preference or distinction among or between such shares: each Proportionate Voting Share will be entitled to 1,000 times the amount paid or distributed per Common Share. See “Conversion Rights” above.

Voting Rights

The Common Shares carry one vote per share for all matters coming before shareholders and the Proportionate Voting Shares carry 1,000 votes per share for all matters coming before shareholders.

Unless a different majority is required by law or our Articles, resolutions to be approved by holders of Shares require approval by a simple majority of the total number of votes of all Shares cast at a meeting of shareholders at which a quorum is present with holders of Common Shares entitled to one vote per share and holders of Proportionate Voting Shares entitled to 1,000 votes per share.

The holders of Common Shares and Proportionate Voting Shares are entitled to receive notice of any meeting of shareholders of the Company, and to attend and vote at those meetings, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the BCBCA.

Variation of Rights

The rights, privileges, conditions and restrictions attaching to any Shares may be modified if the amendment is authorized by not less than $66\frac{2}{3}\%$ of the total number of votes cast at a meeting of holders of Shares duly held for that purpose. However, if the holders of Proportionate Voting Shares, as a class, or the holders of Common Shares, as a class, are to be affected in a manner materially different from such other class of Shares, the amendment must, in addition, be authorized by not less than $66\frac{2}{3}\%$ of the total number of votes cast at a meeting of the holders of the class of shares which is affected differently.

Subdivision or Consolidation

No subdivision or consolidation of the Common Shares or the Proportionate Voting Shares may be carried out unless, at the same time, the Common Shares or the Proportionate Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each class of Shares.

Sale of All or Substantially All of the Assets

Pursuant to the Articles, the Company may not sell, lease or otherwise dispose of all or substantially all of its undertaking, other than in the ordinary course of business, unless authorized by not less than 66²/₃% of the total number of votes cast at a meeting of the holders of Shares, voting as a single class.

Take-Over Bid Protection

In addition to the conversion rights described above, if an offer (the “**Offer**”) is being made for Proportionate Voting Shares where:

- a) by reason of applicable securities legislation or stock exchange requirements, the offer must be made to all holders of the class of Proportionate Voting Shares; and
- b) no equivalent offer is made for the Common Shares,

the holders of Common Shares have the right, at their option, to convert their Common Shares into Proportionate Voting Shares for the purpose of allowing the holders of Common Shares to tender to that offer.

In the event that holders of Common Shares are entitled to convert their Common Shares into Proportionate Voting Shares in connection with an Offer pursuant to (b) above, holders of an aggregate of Common Shares of less than 1,000 (an “**Odd Lot**”) will be entitled to convert all but not less than all of such Odd Lot of Common Shares into a fraction of one Proportionate Voting Share, at a conversion ratio equivalent to 1,000 to one, provided that such conversion into a fractional Proportionate Voting Share will be solely for the purpose of tendering the fractional Proportionate Voting Share to the offer in question and that any fraction of a Proportionate Voting Share that is tendered to the Offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Common Shares that existed prior to such conversion.

Meetings of Shareholders and Quorum

Holders of Shares will be entitled to receive notice of any meeting of our shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of shareholders is present if shareholders who, together, hold not less than 25% of the votes attaching to our outstanding Shares entitled to vote at the meeting are present in person or represented by proxy.

Pre-Emptive and Retraction Rights

Holders of Shares have no pre-emptive or retraction rights.

Redemption Rights

The Company has no redemption rights in respect of the Shares.

Preferred Shares

The preferred shares may at any time and from time to time be issued in one or more series. Subject to the provisions of the BCBCA and our Articles, our Board may, by resolution, from time to time before the issue thereof determine the maximum number of shares of each series, create an identifying name for each series, attach special rights or restrictions to the preferred shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on our liquidation,

dissolution or winding up and any sinking fund or other provisions, the whole to be subject to filing a Notice of Alteration to our Articles to create the series and altering our Articles to include the special rights or restrictions attached to the preferred shares of the series. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of shareholders.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and the Proportionate Voting Shares and any other of our shares ranking junior to the preferred shares with respect to payment of dividends.

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of preferred shares will be entitled to preference with respect to distribution of our property or assets over the Common Shares and the Proportionate Voting Shares and any other of our shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares. We currently anticipate that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preferred shares issued from time to time.

Advance Notice Provisions

We have included certain advance notice provisions with respect to the election of our directors in our Articles (the “**Advance Notice Provisions**”). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include: (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date (the “**Notice Date**”) of the annual meeting of shareholders is less than 50 days before the meeting date, not later than the close of business on the 15th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 — Communication with Beneficial Owners of Securities of a Reporting Issuer) is used for delivery of proxy related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

FORUM SELECTION

We have included a forum selection provision in our Articles that provides that, unless we consent in writing to the selection of an alternative forum, the Supreme Court of the Province of British Columbia, Canada and appellate Courts therefrom, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the BCBCA or our Articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective shareholders, directors and/or officers, but excluding claims related to our business or such affiliates. The forum selection provision also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of British Columbia and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSX and are traded under the symbol “MAV”. The high and low reported trading price and aggregate trading volumes of Common Shares on the TSX from July 10, 2018, the date of closing of the initial public offering of common shares of MAV Beauty Brands, which closed on July 10, 2018 (the “IPO”), to December 31, 2018, were as follows:

Month	High	Low	Volume
July 10-31, 2018	\$13.61	\$12.95	2,691,419
August 2018	\$13.40	\$12.49	864,696
September 2018	\$13.89	\$13.35	330,245
October 2018	\$14.15	\$12.60	665,042
November 2018	\$13.24	\$11.63	1,132,402
December 2018	\$11.49	\$9.78	714,095

DIVIDEND POLICY

We currently intend to retain any future earnings to pay down debt and/or fund the development and growth of our business and do not currently anticipate paying dividends on the Shares in the near-term. The Company may elect to pay a dividend in the future, however, any determination to pay dividends will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant.

DIRECTORS AND OFFICERS

The names and jurisdiction of residence of the directors and executive officers of the Company, their respective positions and offices held with the Company and their principal occupation for the last five or more years are shown below as at the date hereof. Directors are elected to serve until the next annual meeting or until their successors are elected or appointed, unless their office is earlier vacated.

Name	Province or State and Country of Residence	Position	Office Held Since ⁽⁴⁾	Principal Occupation During the Previous Five Years
Marc Anthony Venere	Ontario, Canada	Director, Founder and Chief Executive Officer	1995	Director, Founder and Chief Executive Officer of MAV Beauty Brands.
Chris Elshaw ⁽¹⁾⁽³⁾	New York, USA	Chair (independent)	2016	Consultant.
Jeffrey Barber ⁽²⁾⁽⁵⁾	Massachusetts, USA	Director	2016	Managing Director and Co-Head of TA Associates Management L.P.'s North American Healthcare and Consumer Group.
Thomas Ennis ⁽¹⁾⁽²⁾⁽³⁾	Texas, USA	Director (independent)	2017	Chief Executive Officer of Amplify Snack Brands until 2018; previously, President and Chief Executive Officer of Oberto Brands.
Jessica (Cohen) Gilligan	Massachusetts, USA	Director	2017	Vice President of TA Associates, a leading private equity firm.
Stephen Smith ⁽¹⁾⁽³⁾⁽⁶⁾	Ontario, Canada	Director (independent)	2018	Executive Vice President, Chief Financial Officer and Advisory Board Director of Jackman Reinvention, Inc. until 2018, a privately held brand and strategy consulting firm in Toronto.
Tim Bunch	New York, USA	Chief Revenue Officer	2017	Chief Revenue Officer of MAV Beauty Brands; previously, Chief Marketing Officer of Sundial Brands Inc. from 2015 to 2016 and Vice President, Fragrance and Personal Care Categories at Coty Inc. from 2013 to 2014.
Christopher Doyle	Ontario, Canada	Chief Financial Officer	2017	Chief Financial Officer of MAV Beauty Brands; previously Chief Financial Officer of Cieslok Media Ltd. From 2015 to 2017 and Chief Financial Officer of Nucove Development Corporation from 2011 to 2015.
Brandyn Muegge	Utah, USA	VP of U.S. Sales	2017	Vice President of U.S. Sales of MAV Beauty Brands; previously, Senior Vice President of Sales of NYX Cosmetics until 2017.
Kimberly Konstant	Connecticut, USA	VP of Marketing, Brand and Innovation	2018	Vice President of Marketing, Brand and Innovation of MAV Beauty Brands; previously, VP of Brand at xAD Inc. from 2016 to 2017, Senior Director, Digital and Media Management at Sundial Brands from 2015 to 2016 and Director of Media at Beiersdorf Inc. from 2011 to 2015.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of our CNG Committee.
- (3) Independent director for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices (NI 58-101”) of the Canadian Securities Administrators.
- (4) Includes years with MAV Beauty Brands and its predecessors.
- (5) Chair of our Compensation, Nomination and Governance Committee.
- (6) Chair of our Audit Committee.

Ownership Interest

Our directors and executive officers, as a group, beneficially own, or control or direct, directly or indirectly an aggregate of approximately 7,434,402 Common Shares, representing approximately 18.2% of our issued and outstanding Shares assuming the conversion of all Proportionate Voting Shares to Common Shares. In addition, two of our directors, Jessica (Cohen) Gilligan and Jeffrey Barber are a managing director and a vice president, respectively, of TA Associates Management L.P., each of which disclaims beneficial ownership of the Proportionate Voting Shares held by Bock Capital EU Luxembourg MAC SA R.L.

Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, none of the directors or executive officers of the Company, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Mr. Barber is a member of the board of directors of Vatterott Educational Centers, Inc. (“**Vatterott**”), an operator of private, accredited colleges primarily in the Midwestern United States. On June 29, 2017, Vatterott and several of its affiliates filed for receivership in Missouri's 21st Judicial Circuit Court located in St. Louis County, Missouri and Vatterott announced its intention to sell its schools. On January 4, 2018, Education Corporation of America (“**ECA**”), which operates private, accredited colleges across the U.S., announced that it had entered into an agreement to acquire certain campuses and other selected assets from Vatterott constituting approximately 94% of Vatterott's student population. The remaining 6% percent of Vatterott's students will finish their programs at the campuses to be retained by Vatterott. The transaction with ECA is expected to close in the summer of 2018.

Penalties or Sanctions

None of the directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory

authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has, within the 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Meetings of Independent Directors and Conflicts of Interest

Our Board believes that given its size and structure, it is able to facilitate independent judgment in carrying out its responsibilities. To enhance such independent judgment, the independent members of our Board may meet in the absence of senior executive officers or any non-independent directors. Our Chair is responsible for ensuring that the directors who are independent of management have opportunities to meet without management present, as required.

A director who has a material interest in a matter before our Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by our Board or any committee on which he or she serves, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the BCBCA regarding conflicts of interest.

Audit Committee

Our Audit Committee is currently comprised of Stephen Smith, Chair, Chris Elshaw and Thomas Ennis, all of whom are persons determined by our Board to be independent directors and all of whom are financially literate within the meaning of NI 52-110. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

Our Board has adopted a written charter in the form set forth in Appendix A, setting forth the purpose, composition, authority and responsibility of our Audit Committee, consistent with NI 52-110. Our Audit Committee assists our Board in fulfilling its oversight of:

- our financial statements and financial reporting processes;
- our systems of internal accounting and financial controls;
- the annual independent audit of our financial statements;
- legal and regulatory compliance;
- reviewing and recommending debt and equity financings, reviewing and monitoring compliance with debt covenants and reviewing the process and reports with which we measure financial results or performance; and
- public disclosure items such as quarterly press releases, investor relations materials and other public reporting requirements.

It is the responsibility of our Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditors and the management of the Company. Our Audit Committee has full access to the Company's management and records and external auditors as necessary to carry out these responsibilities. Our Audit Committee has the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities.

The Company shall provide appropriate funding, as determined by our Audit Committee, for the payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by our Audit Committee.

External Auditor Service Fee

For Fiscal 2017 and Fiscal 2018, we incurred the following fees by our external auditors, Deloitte LLP:

	Fiscal 2018	Fiscal 2017
Audit fees ⁽¹⁾	\$589,723	\$763,050
Audit related fees ⁽²⁾	\$130,000	-
Tax fees ⁽³⁾	\$49,654	\$30,968
All other fees ⁽⁴⁾	\$3,303	-
Total fees paid	\$772,680	\$794,018

Notes:

- (1) Fees for audit service on an accrued basis.
- (2) Fees for assurance and related services not included in audit service above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

MATERIAL CONTRACTS

The following are the only material contracts of the Company that are in effect (other than certain agreements entered into in the ordinary course of business). The summaries describe the material attributes of each of the material contracts and are subject to, and qualified in their entirety by reference to, the relevant material contract, copies of which have been filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com, under our profile. Investors are encouraged to read the full text of such material agreements.

- the Credit Facilities; and
- the Investor Rights Agreement.

CREDIT FACILITIES

Concurrent with the IPO, we, along with our subsidiaries, Marc Anthony Cosmetics Ltd. and MAC Pure Holdings, Inc., entered into a credit agreement with our direct and indirect subsidiaries, as guarantors, and the lenders from time to time party thereto, which is comprised of: (a) a revolving credit facility in the aggregate principal amount of \$20 million: (i) to pay certain costs relating to the IPO and this new credit facility; (ii) to finance working capital and operational needs of our business; and (iii) for general corporate purposes (the “**Revolving Facility**”); and (b) a non-revolving term loan credit facility in the aggregate amount of up to \$107,500,000: (i) to repay the indebtedness under the Financing Agreement and the Note Purchase Agreement; and (ii) to pay certain costs relating to the IPO and this credit facility (the “**Term Facility**”, and together with the Revolving Facility, the “**Credit Facility**”). The Credit Facility includes an accordion feature in the amount of \$50 million for working capital and general corporate purposes. The Credit Facility will mature on July 10, 2023.

Under the Credit Facility, we may borrow in U.S. dollars, by way of LIBOR based loans and base rate loans and in Canadian dollars, by way of bankers' acceptances and prime rate loans, in each case, plus the applicable margin in effect from time to time. In addition to the above, under the Revolving Facility, we

may also borrow in Canadian dollars or U.S. dollars, by way of letters of credit plus the applicable margin in effect from time to time.

The Credit Facility provides for guarantees by us and our direct and indirect subsidiaries, including Marc Anthony Cosmetics Ltd. and MAC Pure Holdings, Inc. (the “**Credit Facility Guarantors**”). The Company, Marc Anthony Cosmetics Ltd., MAC Pure Holdings, Inc. and each of the other Credit Facility Guarantors provided a first priority lien over all property, subject to certain exclusions and permitted liens under the Credit Facility. The Company, Marc Anthony Cosmetics Ltd., MAC Pure Holdings, Inc. and each of the other Credit Facility Guarantors pledged 100% of the equity interests each entity holds in the capital of their respective subsidiaries, as applicable.

The Credit Facility contains negative covenants customary for credit facilities of this nature, including restrictions on the Company, Marc Anthony Cosmetics Ltd., MAC Pure Holdings, Inc. and each other Credit Facility Guarantor, subject to certain exceptions, as to: (a) indebtedness; (b) liens; (c) dividends or distributions on, or redemptions of equity interests; (d) investments; (e) non-ordinary course asset sales or other dispositions of property; (f) acquisitions; (g) amalgamations, mergers, consolidations, sale and lease back transactions; (h) material changes in corporate structure; (i) changes in business; and (j) transfers and registrations of intellectual property.

INVESTOR RIGHTS AGREEMENT

We are a party to an investor rights agreement with, inter alios, the TA Shareholder and the Anthony Shareholder dated July 10, 2018 (the “**Investor Rights Agreement**”). Among other things, the Investor Rights Agreement includes certain director nomination rights and shareholder rights summarized below.

Nomination Rights

The Investor Rights Agreement provides that the TA Group Permitted Holders were initially entitled to nominate 30% of our directors (rounding up to the next whole number) upon closing of the IPO, and are entitled to nominate such percentage of our directors for so long as they hold at least 30% of the issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares) on a non-diluted basis, provided that this percentage will be reduced:

- to 20% of our directors (rounding up to the next whole member) once the TA Group Permitted Holders hold less than 30% but not less than 20% of the issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares) on a non-diluted basis;
- to 10% of our directors (rounding up to the next whole member) once the TA Group Permitted Holders hold less than 20% but not less than 10% of the issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares) on a non-diluted basis; and
- to none of our directors once the TA Group Permitted Holders hold less than 10% of the issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares) on a non-diluted basis.

The Investor Rights Agreement further provides that so long as Marc Anthony Venere is the Chief Executive Officer of MAV Beauty Brands, he is entitled to be a member of our Board. If Marc Anthony Venere is not the Chief Executive Officer, the Anthony Group Permitted Holders shall be entitled to nominate one director nominee to our Board for so long as they hold, directly or indirectly, 25% or more of their retained interest immediately post-IPO, on a non-diluted basis.

So long as the TA Group Permitted Holders have the right to nominate at least one director to our Board, the TA Group Permitted Holders shall be entitled to have one of their director nominees serve on a standing committee of our Board, other than the Audit Committee, provided that their director nominee is not one of our officers. The TA Group Permitted Holders shall be entitled to have their director nominee serve as Chair of any such standing committee of our Board as long as they hold not less than 20% of the

issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares) on a non-diluted basis.

Registration Rights

The Investor Rights Agreement provides the TA Group Permitted Holders with registration rights in respect of any Common Shares held by them from time to time ("**Registrable Securities**").

At any time prior to the date on which the TA Group Permitted Holders no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 10% of the issued and outstanding Common Shares (assuming the conversion of all Proportionate Voting Shares to Common Shares) on a non-diluted basis, the TA Group Permitted Holders may, by delivery of a written notice (an "**Initiating Notice**"), require us to assist them in making a distribution of Common Shares owned by the TA Group Permitted Holders (a "**Demand Registration**"). The Initiating Notice will specify the number of Common Shares owned by the TA Group Permitted Holders to be subject to the Demand Registration. We are only required to effect a Demand Registration where the value of the Common Shares offered under such Demand Registration is at least \$20 million on the date of the Initiating Notice. The Initiating Notice will specify other significant terms of the proposed offering, the proposed timetable of the distribution contemplated by the Demand Registration and the jurisdictions in which such distribution will be made. We shall be obligated to effect no more than four Demand Registrations in any 12 month period.

Any distribution contemplated by the Demand Registration will be through the underwriters selected by the TA Group Permitted Holders. If the underwriters determine in good faith that marketing factors require a limitation of the number of Common Shares that would be underwritten pursuant thereto, then the number of Common Shares that may be included in the distribution contemplated by the Demand Registration shall be limited to such smaller amount as determined by the underwriters in good faith. Notwithstanding any Initiating Notice, we will be entitled to postpone the filing of any offering document for up to 90 days if, in the good faith judgment of our Board, the requested Demand Registration could reasonably be expected to adversely affect us.

We are required to give prompt notice to the Anthony Group Permitted Holders of our intention to qualify any Common Shares for sale in a public offering, whether the qualification is on our behalf, pursuant to a Demand Registration or otherwise. Upon receiving such notice, the Anthony Group Permitted Holders may require that all or a specified part of the Common Shares held by the Anthony Group Permitted Holders be included in the proposed qualification (a "**Piggyback Registration**"). The underwriters of any public offering of Common Shares will have the right to limit, due to marketing reasons, the number of Common Shares to be qualified by such underwritten offering.

The Investor Rights Agreement provides that if at any time, the Company proposes to file a registration statement for the distribution of Common Shares to the public in the United States, the parties to the Investor Rights Agreement will supplement the Investor Rights Agreement so as to provide the TA Group Permitted Holders, the Anthony Group Permitted Holders with Demand Registration and Piggyback Registration rights, as applicable, enabling a distribution of Common Shares to the public in the United States that are substantially equivalent to the registration rights provided under the Investor Rights Agreement with respect to distributions by way of a prospectus under applicable Canadian securities laws in one or more jurisdictions in Canada.

The Investor Rights Agreement includes customary expense reimbursement and indemnity obligations on the part of MAV Beauty Brands in respect of Demand Registrations and Piggyback Registrations.

"**Affiliate**" means, with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such specified Person.

"**Anthony Group Permitted Holders**" means: (i) Marc Anthony Venere and any Members of the Immediate Family of Marc Anthony Venere; and (ii) any Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above.

“Anthony Shareholder” means Marc Anthony Venere, Founder and Chief Executive Officer of MAV Beauty Brands.

“Members of the Immediate Family” means with respect to any individual, each parent (whether by birth or adoption), spouse, or child (including any step-child) or other descendants (whether by birth or adoption) of such individual, each spouse of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the *Income Tax Act* (Canada) as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

“Permitted Holders” means any of: (i) the Anthony Group Permitted Holders; and (ii) the TA Group Permitted Holders.

“Person” means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

A Person is **“controlled”** by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least a majority of the votes for the election of directors and representing in the aggregate at least a majority of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least a majority of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and “controls”, “controlling” and “under common control with” shall be interpreted accordingly.

“Shareholders” means the holders of Proportionate Voting Shares and Common Shares.

“TA Group Permitted Holders” means the TA Shareholder and any of its Affiliates, provided that the TA Shareholder is managed by TA Associates Management, L.P.

“TA Shareholder” means Bock Capital EU Luxembourg MAC SA R.L.

RISK FACTORS

The following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in MAV Beauty Brands and the Common Shares. The risks and uncertainties described in this Annual Information Form are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Common Shares could decline, and prospective investors could lose all or part of their investment.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

The personal care industry is highly competitive, and our failure to compete effectively could adversely affect our market share, revenues and growth prospects.

We face vigorous competition from companies throughout the world, including large multinational consumer products companies that have many hair care and body care brands under ownership as well as other independent hair care and body care brands, including those that may target the latest trends or specific demographics or distribution channels. Competition in the personal care industry is based on the introduction of new products, pricing of products, quality of products and packaging, brand awareness, perceived value and quality, innovation and trends, in-store presence and visibility, promotional activities, advertising, editorials, social media influencers, E-commerce and mobile-commerce initiatives and other activities. We must compete with a high volume of new product introductions and existing products by diverse companies across several different distribution channels.

Many multinational consumer companies have greater financial, technical or marketing resources, longer operating histories, greater brand recognition or larger customer bases than we do and may be able to respond more effectively to changing social, business and economic conditions than we can. Many of these competitors' products are sold in a wider selection or greater number of retail stores and geographies, and possess a larger presence in these stores, typically having significantly more inline shelf space than we do. Given the finite space allocated to hair care and body care products by retail stores, our ability to grow the number of retail stores in which our products are sold, and expand our positioning and space allocation once in these retail stores, may require the repositioning, removal or reduction of the shelf space of these competitors. We may be unsuccessful in our growth strategy in the event that our retail partners do not reallocate shelf space from our competitors to us. Our competitors may attempt to gain market share by offering products at prices at or below the prices at which our products are typically offered, offering retail incentives including through the use of large percentage discounts and "buy one and get one free" or similar offers. Competitive pricing may require us to reduce our prices, which would decrease our profitability or result in lost sales. Our competitors, many of whom have greater resources than we do, may be better able to withstand these price reductions and lost sales.

It is difficult for us to predict the timing and scale of our competitors' activities in these areas or whether new competitors will emerge in the hair care and body care business. In addition, further technological breakthroughs, including new and enhanced technologies which increase competition in the online retail market, new product offerings by competitors and the strength and success of our competitors' marketing programs may impede our growth and the implementation of our business strategy.

Our ability to compete also depends on the continued strength and consistency of our brands and products and their ingredients, the success of our marketing, innovation and execution strategies, the continued diversity of our product offerings, the successful management of new product introductions and innovations, strong operational execution, including sourcing and order fulfillment, and our success in entering new markets and expanding our business in existing geographies. If we are unable to continue to compete effectively, it could have a material adverse effect on our business, results of operations and financial condition.

Our success depends on our ability to continue to enhance our products and develop new products.

Our business is subject to changing consumer trends and preferences and our business is dependent, in part, on continued consumer interest in our existing or new products, including line extensions, reformulations, new formulations and new formats. There can be no assurance that consumers will accept any such new products or that we will be able to attain sufficient market share for these products. The success of our new product offerings depends upon a number of factors, including our ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price our products competitively; and (v) differentiate our product offerings from those of our competitors.

Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales and excess inventory levels. In order to adapt to changing consumer trends, the Company may implement sales and marketing plans that require existing products to be removed or replaced in the marketplace. If the products or packaging cannot be reused or recycled, this creates waste and could result in lower gross margins for the Company due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels.

The new products of our competitors may beat our products to market, be more effective, be marketed more successfully, have more features or be less expensive than our products. If we do not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than our competitors, we may experience declining sales, which could have an adverse effect on our operating results and financial condition.

Additionally, the enhancement of existing products, and development and introduction of new products may require substantial product development and marketing expenditures, which we may be unable to recoup if new products do not gain widespread market acceptance or if the market for such products does not develop as expected or if we are required to abandon such research, development or marketing for any reason. Efforts to accelerate our innovation capabilities may exacerbate risks associated with innovation. If we are unsuccessful in meeting our objectives with respect to new products, our business' financial condition, reputation and results of operations could be harmed.

Our new product introductions may not be as successful as we anticipate.

We have an established process for the development, trial evaluation and validation of our new product concepts. Nonetheless, each new product launch through our retail partners involves risks, as well as the possibility of unexpected consequences. For example, the acceptance of new product launches and sales to our retail partners may not be as high as we anticipate, due to lack of acceptance of the products themselves or their price, or limited effectiveness of our marketing strategies. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to timely manufacture, distribute and ship new products or displays for new products or changes in regulatory requirements. Sales of new products may be affected by inventory management by our retail partners and we may experience product shortages or limitations in retail display space by our retail partners. We may also experience a decrease in sales of certain existing products as a result of newly-launched products, the impact of which could be exacerbated by shelf space limitations or any shelf space loss. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and results of operations.

As part of our ongoing business strategy we expect we will need to continue to introduce new products in our traditional product categories of hair care and body care, while also expanding our product launches into adjacent categories in which we may have little to no operating experience. The success of product launches in adjacent product categories could be hampered by our relative inexperience operating in such categories, failure to establish new buyer relationships, the strength of our competitors or any of the other risks referred to above. Furthermore, any introduction of new products or expansion into new product categories may prove to be an operational and financial constraint which inhibits our ability to successfully accomplish such introduction or expansion. New product launches may also encounter

difficulties in manufacturing or packaging leading to lower than expected margins. Our inability to introduce successful products in our traditional categories or in adjacent categories could limit our future growth and have a material adverse effect on our business, financial condition and results of operations.

Our success depends, in part, on the quality, performance, safety and claims of our ingredients, our products and our packaging.

Any loss of confidence on the part of consumers in our products or the ingredients used in our products, whether related to product contamination, safety, effectiveness, or other quality or product claim failures, actual or perceived, inclusion of prohibited ingredients, or recall of products that have been inadvertently mislabeled or misbranded, or otherwise violate government regulations, could tarnish the image of our brand and could cause consumers to choose other products. Allegations of contamination or other adverse effects on product safety or suitability for use by a particular consumer, even if untrue, may require us to expend significant time and resources responding to such allegations and could, from time to time, result in a withdrawal or recall of a product from any or all of the markets in which the affected product was distributed, or subject us to regulatory action or litigation in applicable jurisdictions. Any such issues or recalls could negatively affect our profitability and brand image.

If our products are found to be, or perceived to be, defective or unsafe, or if they otherwise fail to meet our consumers' expectations or marketing claims, our relationships with consumers could suffer, the appeal of our brand could be diminished, we may need to withdraw or recall some of our products and/or become subject to regulatory action, boycotts, or liability claims and lawsuits, and we could lose sales or market share. In addition, safety or other defects in our competitors' products could reduce consumer demand for our own products if consumers view them to be similar. Any of these outcomes could result in a material adverse effect on our business, financial condition and results of operations.

Our inability to anticipate and respond to market trends and changes in consumer preferences could adversely affect our financial results.

Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes and trends in consumer tastes for hair care and body care products, attitudes toward our industry and brands, as well as to where and how consumers shop. We must continually work to develop and market new products, maintain and enhance the recognition of our brands, achieve a favorable mix of products, and refine our approach as to how, to whom and through what channels we market and sell our products. While we devote considerable effort and resources to shape, analyze and respond to consumer preferences, we recognize that consumer tastes cannot be predicted with certainty and can change rapidly. The issue is compounded by the increasing use of digital and social media by consumers and the speed by which information and opinions are shared. If we are unable to anticipate and timely respond to challenges that we may face in the marketplace, trends in the market for our products and changing consumer demands and sentiment, our financial results will suffer.

Our success is linked to the size and growth rate of the hair care or body care product segment of the personal care industry and an adverse change in the size or growth rate of such segment could have a material adverse effect on us.

The success of our growth strategy is in part tied to the size and growth rate of the hair care and body care product segment. Our sales data is collected for most, but not all channels, and as a result, it is difficult to estimate the size of the market and predict the rate at which the market for our products will grow, if at all. While our market size estimate, which is based on Euromonitor data, was made in good faith and is based on assumptions and estimates we believe to be reasonable, this estimate may not be accurate. Furthermore, underlying market conditions are subject to change based on economic conditions, consumer preferences and other factors that are beyond our control, including media attention and scientific research, which may be positive or negative. An adverse change in size or growth rate of the hair care and body care products segment could have a material adverse effect on our business, financial condition and results of operations. While historically these categories perform well in poor economic environments, past performance does not necessarily predict future results.

We depend on a limited number of retail and distribution partners for a large portion of our net sales, and the loss or decline of one or more of these retail or distribution partners, or business challenges at one or more of these retail or distribution partners, could adversely affect our results of operations.

We sell our products in Canada, the United States and internationally through retail and distribution partners, on whom we rely to display, present and sell our products to consumers in their brick and mortar stores and through their online e-commerce sites. Our relationships with these retail and distribution partners are important for maintaining and building consumer trust in our brands and for executing the advertising and educational programs we continue to deploy. We rely on a global distribution network in over 30 countries around the world, in over 100 major retailers and through over 60,000 doors. With respect to distribution partners, the top five partners collectively represented 67.2% of our gross revenue in Fiscal 2018. We expect a small number of retail and distribution partners will, in the aggregate, continue to account for the majority of our revenue for foreseeable future periods. Any changes in the policies, or our ability to meet the demands, of our retail partners relating to service levels, inventory de-stocking, pricing and promotional strategies or limitations on access to display space could have a material adverse effect on our business, financial condition and results of operations. If we lose a significant retail customer or distributor or if sales of our products to a significant retailer materially decrease, it could have a material adverse effect on our business, financial condition and results of operations.

We do not receive long-term purchase commitments from our retail or distribution partners, and confirmed orders received from our retail and distribution partners may be difficult to enforce. Furthermore, there can be no assurance that we will be able, in the future, to continue to sell our products to our retail and distribution partners on favorable trading terms or at all. We may be obligated to stop shipments to our retail partners or such partners may refuse shipments from us in the course of negotiating the resolution of trading issues with such partners. Factors that could affect our ability to maintain or expand our sales to these retail and distribution partners include without limitation: (a) failure to accurately identify the needs of our customers; (b) lack of customer acceptance of new products or product expansions; (c) unwillingness of our retail and distribution partners to attribute premium value to our existing and new products relative to competing products; (d) failure to obtain shelf space from our retail partners; and (e) new, well-received product introductions or marketing campaigns by competitors. Our sales depend, in part, on retail partners effectively displaying our products, including providing attractive space in their stores, including online e-commerce platforms, and, in certain channels, having knowledgeable employees that can explain our products and their benefits. If a key retail or distribution partner reduces its purchases of our existing or new products or promotes products of our competitors over us, whether online or in stores, we may experience reduced sales of our products, resulting in lower revenue and gross profit margin, which would harm our profitability and financial condition.

Because a high percentage of our sales are made through our retail customers, our results are subject to risks relating to the general business performance of our key retail customers. Factors that adversely affect our retail customers' businesses may also have a material adverse effect on our business, financial condition and results of operations. If any key retailer reduces its number of stores or operations, fails to effectively execute its e-commerce or other business strategy, or suffers financial difficulty or insolvency, we may experience reduced sales of our products, resulting in lower revenue and gross profit margin, which would harm our profitability and financial condition.

The operation of our direct to consumer e-commerce business through Cake Beauty's website and the operation of the websites of our retail partners depends on their ability to maintain efficient and uninterrupted operation of online order-taking and fulfillment operations. We depend on our retail partners to manage "up-time" of their front-end e-commerce stores, manage the intake of our product orders, and export orders for fulfillment. Any failures such as viruses, computer hackers, system failures, or similar disruptions on the part of Cake Beauty or our retail partners' e-commerce platforms could result in lost sales and harm our financial condition.

Any damage to our reputation or brand may materially and adversely affect our business, financial condition and results of operations.

We believe that developing and maintaining our brands are critical and that our financial success is directly dependent on consumer perception of our brands. Furthermore, the importance of our brand recognition may become even greater as competitors offer more products similar to ours. We believe we have high brand awareness among consumers when compared to other personal care brands, and maintaining and enhancing the recognition and reputation of our brand is critical to our business and future growth. Many factors, some of which are beyond our control, are important to maintaining our reputation and brand. These factors include our ability to comply with ethical, social, product, labor and environmental standards. Any actual or perceived failure in compliance with such standards could damage our reputation and brand. The success of our brands may also suffer if our marketing plans or product initiatives do not have the desired impact on our brands' images or their ability to attract consumers. Further, our brand value could diminish significantly due to consumer perception that we have acted in an irresponsible manner, adverse publicity about our products, our failure to maintain the quality of our products, product contamination, the failure of our products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers.

The growth of our brand depends largely on our ability to provide a high quality consumer experience, which in turn depends on our ability to bring innovative products to the market with effective and appealing advertising and product claims and at competitive prices that respond to consumer demands and preferences. Additional factors affecting our consumer experience include our ability to provide appealing store sets in retail stores, the maintenance and stocking of those sets by our retail partners, and the overall shopping experience provided by our retail partners. If we are unable to preserve our reputation, enhance our brand recognition or increase positive awareness of our products, it may be difficult for us to maintain and grow our consumer base, and our business, financial condition and results of operations may be materially and adversely affected.

Our business depends in part on the strength of the Marc Anthony True Professional brand, which has been built by the trust of consumers over the past 24 years, and the failure to maintain that trust would damage our brand's reputational value.

Trust in the integrity of the Marc Anthony True Professional brand has contributed significantly to our growth and profitability/revenue generation. Our ability to maintain our brand image with Marc Anthony's name may be damaged if there are allegations of ethical misconduct against our founder personally. Our brand's reputational value will suffer if our founder, Company, or any of our representatives are the subject of negative publicity surrounding allegations, civil lawsuits, criminal charges or convictions related to ethical misconduct, whether or not they are fraudulent or inaccurate. Complaints about our founders' or our representative's conduct within the Company or in their personal life, irrespective of their validity, could have an adverse effect on our business, financial condition and operating results.

The leadership of our founders and management is instrumental in the success and growth of our business. If our customers and shareholders perceive our founder's or management's efforts to be focused on addressing negative publicity, rather than on our business, the strength of our brand could be adversely affected.

In addition, any reports of ethical misconduct, even if false or minor, can be instantly broadcast around the world by the Internet and social media. Negative publicity in the current climate is therefore especially dangerous, and could exacerbate damage to our brand and business due to the Internet's rapid and wide-spread reach. This will also make refuting such complaints more difficult, costly and time consuming, and there is a chance that our brand's reputation would not fully recover.

Our success depends, in part, on our retention of key members of our senior management team and ability to attract and retain qualified personnel.

Our success depends, in part, on our ability to retain our key employees, including our executive officers, senior management team and development, operations, finance, sales and marketing personnel. We are a small company that relies on a few key employees, any one of whom would be difficult to replace, and

because we are a small company, we believe that the loss of key employees may be more disruptive to us than it would be to a large, international company. Our success also depends, in part, on our continuing ability to identify, hire, train and retain other highly qualified personnel. In addition, we may be unable to effectively plan for the succession of senior management, including our Chief Executive Officer. The loss of key personnel or the failure to attract and retain qualified personnel may have a material adverse effect on our business, financial condition and results of operations.

Our marketing and advertising strategies may not be successful.

Our products are marketed in Canada, the United States, and internationally through a diverse spectrum of advertising and promotional programs, with each of our brands being marketed specifically for our target audience in the regions and countries in which those brands' products are offered. Our marketing efforts are centered on generating brand awareness and driving retailer and consumer demand for our products. We strive to educate consumers on our categories of products, develop tools and platforms to drive consumer engagement and establish a recognizable shelf presence through the use of displays and recognizable packaging. Our campaigns are launched across a varied communications platform, including digital and social media, magazines and newspapers and email. In addition, we seek editorial coverage for our brands and products in digital, social and print media. If these marketing and advertising programs and strategies are not successful, our product sales and brand reputation may be affected.

Profitability of our business depends on prime placement on the planograms of our retail partners.

Retailers use planograms to determine the placement of retail products on shelves as well as the number of facings each product should be allocated, which dictate the layout of a store. The amount of space or facings reserved for our products have a significant impact on our sales. Planograms are often designed months before they are implemented in stores and generally retailers undertake 1-2 major resets per annum. However, because consumer demand can change, planograms are never static, and can be designed or re-designed when the seasons change, when assortments are updated, and when new stores open.

If we lose prime placement in planograms of our retail partners, or we do not secure prime placement in the first place, we could experience a decline in our volumes, be forced to reduce pricing, forego price increases required to off-set increased costs of raw materials, increase capital and other expenditures, or lose market share, all of which could adversely affect our profitability. In addition, heightened competitive activity and retail planogram compression could lead to lower than expected consumption and delisting of our products, which would adversely affect our revenues and overall business.

There may be claims made against us from time to time that could result in litigation, distract management from our business activities and result in significant liability or damage to our brand. We may also experience product recalls.

As a growing company with expanding operations, we increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and, in addition to product-oriented allegations and personal injury claims, include without limitation employee and customer claims, commercial disputes, and intellectual property issues. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against us, even if we are ultimately successful, could result in unexpected expenses and liabilities, which could materially and adversely affect our operations, financial condition and our reputation.

Though many of our products are natural, naturally-derived or plant-based, we could still be subject to material product claims if people are harmed by or otherwise take issue with the products we market and sell or the claims made about such products, which could increase our costs and adversely affect our reputation, revenues and operating income. Some of the products we market, sell or distribute may expose us to advertising, labelling, warranty, consumer class action, or product liability claims relating to

personal injury or environmental damage, and may require product recalls, relabelling, repackaging, reformulation or other actions.

We may initiate or participate in product reformulations, recalls, withdrawals or seizures if any of our products are believed to cause injury or if we are alleged to have violated governmental regulations in the formulation, labelling, promotion, sale or distribution of our products in one or more jurisdictions. A significant product reformulation, recall, withdrawal or seizure may require significant management attention, would likely result in substantial and unexpected costs and may materially and adversely affect our business, financial condition and results of operations. Product recalls may lead to increased scrutiny of our operations by Health Canada, the FDA or other regulatory agencies, requiring further management attention and potential legal fees and other expenses. Furthermore, a significant product recall, withdrawal or seizure may adversely affect consumer confidence in our products and thus decrease consumer demand for our products. If products are offered for sale by us do not comply with applicable regulatory and legal requirements in a particular country, we may be prohibited from marketing and selling such products in that country, may be required to recall or remove such products from the market, or may be subject to other regulatory actions, and may face lawsuits or other claims related to any alleged non-compliance, which could materially and adversely affect our business, financial condition and results of operation.

Although we maintain liability insurance to mitigate potential claims, we cannot be certain that our coverage will cover any or all losses, expenses, damages or liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Competitors may attempt to imitate our innovative products and divert sales. If we are unable to protect our intellectual property the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.

Our principal intellectual property asset is our trademark portfolio, which includes approximately 51 trademark registrations and 22 trademark applications in jurisdictions around the world, including in the United States and Canada. Our trademarks are valuable assets that support our brand and consumers' perception of our products. Although we have existing and pending trademark registrations for our brands in North America and in many of the foreign countries in which we operate, we may not be successful in asserting trademark or trade name protection in all jurisdictions. We also have not applied for trademark protection in all relevant foreign jurisdictions and cannot assure you that our pending trademark applications will be approved. Third parties may also oppose our trademark applications domestically or abroad, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products in some parts of the world, which could result in the loss of brand recognition and could require us to devote resources to advertising and marketing new brands.

We do not generally have written agreements in place with third parties relating to the formulas for our products. For instance, we do not require all of our employees and contractors to sign proprietary information and intellectual property assignment agreements as a condition to employment or engagement. In addition, our third-party suppliers and manufacturers are not generally bound under written agreements. Consequently, we do not own intellectual property rights in developments, including product formulas, created by such employees, contractors, suppliers and manufacturers and other third parties. However, under Canadian intellectual property laws, we do own the rights to works of authorship created by our employees acting within the scope of their employment, such as marketing and promotional materials.

The efforts we have taken to protect our trademark rights may not be sufficient or effective to protect our business and, as a consequence, our business, financial condition and results of operations may be materially and adversely affected. We may need to engage in litigation or other activities to enforce our trademark rights or to determine the validity and scope of proprietary rights of others. Any such activities could require us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations.

Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.

Our commercial success depends in part on our ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights, trade secrets, publicity and other proprietary rights of others. We cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate such rights. In addition, third parties may involve us in intellectual property disputes as part of a business model or strategy to gain competitive advantage. From time to time, we receive allegations of intellectual property infringement and third parties have filed claims against us with allegations of intellectual property infringement, of which certain claims have been abandoned, others settled and others are pending.

To the extent we gain greater visibility and market exposure, we may also face a greater risk of being the subject of such claims and litigation. For these and other reasons, third parties may allege that our products or activities infringe, misappropriate, dilute or otherwise violate their trademark, patent, copyright, trade secret, publicity or other proprietary rights. Defending against allegations and litigation could be expensive, occupy significant amounts of time, divert management's attention from other business concerns and have an adverse impact on our ability to bring products to market. In addition, if we are found to infringe, misappropriate, dilute or otherwise violate third-party trademark, patent, copyright, trade secrets, publicity or other proprietary rights, our ability to use brands to the fullest extent we plan may be limited, we may need to obtain a license, which may not be available on commercially reasonable terms, or at all, or we may need to redesign or rebrand our marketing strategies or products, which may not be possible. We may also be required to pay substantial damages or be subject to an order prohibiting us and our retail partners from importing or selling certain products or engaging in certain activities. Our inability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and proprietary rights of others could have a material adverse effect on our business, financial condition and results of operations.

We may experience difficulty maintaining consistent revenue as a result of fluctuations in demand due to the buying patterns of consumers and our retail and distribution partners.

From time to time, our retail and distribution partners may purchase more product than they expect to sell to consumers during a particular time period. Such partners may grow their inventory in anticipation of, or during, our promotional events, which typically provide for reduced prices during a specified time or other customer or consumer incentives. Such partners may also grow inventory in anticipation of a price increase for our products, or otherwise over-order our products as a result of overestimating demand for our products. If our partners increase their inventory during a particular reporting period as a result of a promotional event, anticipated price increase or otherwise, then sales during the subsequent reporting period may be adversely impacted as our partners seek to reduce their inventory to more normal levels. This effect may be particularly pronounced when the promotional event, price increase or other event occurs near the end or beginning of a reporting period or when there are changes in the timing of a promotional event, price increase or similar event, as compared to the prior year. We endeavor to accurately predict these trends and avoid overstocking or understocking our products. Demand for products, however, can change significantly between the time inventory or ingredients are ordered and the date of sale. To the extent our partners seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, our inventory management, revenue and results of operations may be adversely affected in that period.

A disruption in our operations could materially and adversely affect our business.

As a company engaged in distribution on a global scale, our operations, including those of our third-party manufacturers, suppliers and delivery service providers, are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in information systems, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics, border disputes, acts of terrorism and other external factors over which we and our third-party manufacturers, suppliers and delivery service providers may have no

control. The loss of, or damage to, the suppliers of ingredients, manufacturing facilities or distribution centers of our third-party manufacturers, suppliers and delivery service providers or retail partners could have a material adverse effect on our business, financial condition and results of operations.

Interruptions to or failures in postal and other delivery services for the delivery of products to consumers could prevent the timely or successful delivery of our products. These interruptions or failures may be due to events that are beyond our control or the control of our third-party delivery service providers, such as inclement weather, natural disasters or labor unrest. If our products are not delivered on time or are delivered in a damaged state, retail customers and consumers may refuse to accept our products and have less confidence in our services. Any failure to provide high quality delivery services to our consumers may negatively affect the shopping experience of our consumers, damage our reputation and cause us to lose consumers.

We rely on third-party suppliers, manufacturers, distributors and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

We do not own or operate any manufacturing facilities. We use multiple third-party suppliers and manufacturers based in North America to source and manufacture all of our products. We engage our third-party suppliers and manufacturers on a purchase order basis and generally do not enter into written contracts with them. Consequently, our suppliers and manufacturers have no continuing obligations to provide us services or to guarantee capacity, which could affect our ability to sell products. The ability of these third parties to supply and manufacture our products may be affected by competing orders placed by other customers and the demands of those customers, or by events beyond the control of such third-party suppliers and manufacturers, in which case our ability to and the manner in which we supply products to consumers may be impacted. If we experience significant increases in demand, or need to replace a significant number of existing suppliers or manufacturers, there can be no assurance that additional supply and manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer will allocate sufficient capacity to us in order to meet our requirements.

We purchase our ingredients from high quality raw material ingredient and packaging suppliers worldwide. In addition, quality control problems, such as the use of ingredients and manufacture or delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations, could harm our business. Potential suppliers are subject to a rigorous evaluation process by our quality control department and natural or naturally derived ingredients are subject to testing in order to verify the identity of the declared source of the ingredient. Despite these efforts, quality control problems could result in, among other things, regulatory action, such as restrictions on importation, products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

We have also outsourced significant portions of our distribution process, as well as certain technology related functions, to third-party service providers. Specifically, we rely on third-party distributors to sell our products in a number of foreign countries, we are dependent on a single third-party vendor for credit card processing and we utilize a third-party hosting and networking provider to host our websites, including www.mavbeautybrands.com, www.marcanthony.com, www.renpure.com and www.cakebeauty.com. The failure of one or more of these entities to provide the expected services on a timely basis, or at all, or at the prices we expect, or the costs and disruption incurred in changing these outsourced functions to being performed under our management and direct control or that of a third-party, may have a material adverse effect on our business, financial condition and results of operations. We are not party to long-term contracts with most of our distributors, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

Further, our third-party manufacturers, suppliers and distributors may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives or applicable law;

- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet our production deadlines, quality standards, pricing guidelines and product specifications, and to comply with applicable regulations, including those regarding the safety and quality of products and ingredients;
- have financial difficulties;
- encounter raw material or labor shortages;
- encounter increases in the costs of raw materials and labor costs which may affect our procurement costs;
- disclose our confidential information or intellectual property to competitors or third parties;
- engage in activities or employ practices that may harm our reputation;
- experience disruptions in operations at their manufacturing facilities or distribution centres; and
- work with, be acquired by, or come under control of, our competitors.

The occurrence of any of these events, alone or together, could have a material adverse effect on our business, financial condition and results of operations. In addition, such problems may require us to find new third-party suppliers, manufacturers or distributors, and there can be no assurance that we would be successful in finding third-party suppliers, manufacturers or distributors meeting our standards of innovation and quality.

The management and oversight of the engagement and activities of our third-party suppliers, manufacturers and distributors requires substantial time, effort and expense of our employees, and we may be unable to successfully manage and oversee the activities of our third-party manufacturers, suppliers and distributors. If we experience any supply chain disruptions caused by the manufacturing process or by our inability to locate suitable third-party manufacturers or suppliers, or if our manufacturers or raw material suppliers experience problems with product quality or disruptions or delays in the manufacturing process or delivery of the finished products or the raw materials used to make such products, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially, and adversely affected.

Our business requires us to manage a large volume of inventory effectively. We depend on our forecasts of demand for, and popularity of, various products to make purchase decisions and to manage our inventory of SKUs. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. Demand may be affected by new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, and our consumers may not purchase products in the quantities that we expect. It may be difficult to accurately forecast demand and determine appropriate levels of product or componentry. We generally do not have the right to return unsold products to our suppliers. If we fail to manage our inventory effectively or negotiate favorable credit terms with third-party suppliers, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, if we are required to lower sale prices in order to reduce inventory level or to pay higher prices to our suppliers, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business, financial condition and results of operations.

A general economic downturn, or sudden disruption in business conditions or operations may affect consumer purchases of personal care products and/or the financial strength of our retail or distribution partners, which could adversely affect our financial results.

The general level of consumer spending is affected by a number of factors, including economic conditions, inflation, interest rates, energy costs, and consumer confidence generally, all of which are

beyond our control. Although historically recession-resistant, consumer purchases of personal care products could decline during recessionary periods, when disposable income is lower, and may impact sales of our products. A decline in consumer purchases of these items also tends to impact our retail partners. We generally extend credit to a retail partner based on an evaluation of its financial condition, usually without requiring collateral. However, the financial difficulties of a retail partner could cause us to curtail or eliminate business with that partner. We may also assume more credit risk relating to the receivables from that retail partner. Our inability to collect receivables from our largest partners or from a group of partners could have a material adverse effect on our business and our financial condition. If a retail partner was to liquidate, we may incur additional costs if we choose to purchase the retailer's inventory of our products to protect brand equity.

A downturn in the economies of, or continuing recessions in, the countries where we sell our products or a sudden disruption of business conditions in those countries could adversely affect consumer confidence, the financial strength of our retail partners and our sales and profitability. We are cautious of the continued decline in retail traffic primarily related to brick-and-mortar department stores in North America as a result of the impact of shifts in consumer preferences as to where and how they shop.

Volatility in the financial markets and a related economic downturn in key markets or markets generally throughout the world could have a material adverse effect on our business. While we currently generate significant cash flows from our ongoing operations and have access to credit markets through our various financing activities, credit markets may experience significant disruptions. Deterioration in global financial markets or an adverse change in our credit ratings could make future financing difficult or more expensive. If any financial institutions that are parties to the Credit Facility or other financing arrangements were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with us. This could leave us with reduced borrowing capacity or unhedged against certain foreign currency or interest rate exposures which could have an adverse impact on our financial condition and results of operations.

We may not be able to successfully implement our growth strategy.

Our future growth, profitability and cash flows depend upon our ability to successfully implement our growth strategy, which, in turn, is dependent upon a number of factors, including our ability to:

- stay strategically positioned within some of the fastest growing and most desirable categories of the global personal care industry due to our exposure to a number of robust growth trends;
- increase our penetration within existing retailers, both by increasing the number of our products sold in their stores and by selling our products in more of their stores;
- drive growth by cross-selling our complementary brands;
- extend our reach into a number of additional international geographies;
- broaden our portfolio by introducing new products and expanding into new and adjacent categories under our existing brands;
- expand by identifying, executing and integrating acquisitions; and
- showcase our extensive product portfolio and sales success to target new retail partners.

There can be no assurance that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations.

We have grown rapidly in recent years. If we are unable to manage our operations at our current size or to manage any future growth effectively, the pace of our growth may slow.

MAV Beauty Brands has expanded its operations rapidly, including the acquisitions of Renpure, LLC and Cake Beauty Inc. in the first quarter of Fiscal 2018. Each of our brands is currently experiencing rapid growth. Marc Anthony True Professional is growing its international presence in over 30 countries around the world, in over 100 major retailers and through over 60,000 doors. In 2017, we hired a dedicated head of international sales to focus on extending the geographic reach of our brands. Under his leadership, we have already successfully entered over 10 new international markets. Renpure's ability to rapidly develop and market highly innovative and effective products has led it to become the #1 ranked independent brand in the U.S. drug and mass channels for the combined sales of shampoo, conditioner, hair spray and hair styling products. Further, Cake Beauty is positioned to achieve exceptional growth by expanding across MAV Beauty Brands' existing U.S. and international distribution channels.

If our operations continue to grow, of which there can be no assurance, we will be required to continue to expand our sales and marketing, product development, manufacturing and distribution functions, to upgrade our management information systems and other processes, and to obtain more space for our expanding administrative support and other personnel. Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring, training and managing an increasing number of employees and manufacturing capacity to produce our products, and delays in production and shipments. These difficulties may result in the erosion of our brand image, divert the attention of management and key employees and impact financial and operational results. In addition, in order to continue to expand, we expect to continue to add selling & administrative expenses to our operating profile. These costs, which include lease commitments, headcount and capital assets, could result in decreased margins if we are unable to drive commensurate growth.

Our growth and profitability are dependent on a number of factors, and our historical growth may not be indicative of our future growth.

Although our net sales and profitability have grown rapidly from 2015 through 2018, this should not be considered as indicative of our future performance. We may not be successful in executing our growth strategy, and even if we achieve our strategic plan, we may not be able to sustain profitability. In future periods, our revenue could decline or grow more slowly than we expect. We also may incur significant losses in the future for a number of reasons, including the following risks and the other risks described in this Annual Information Form, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors:

- we may lose one or more significant retail partners, or sales of our products through these retail partners may decrease;
- the ability of our third-party suppliers and manufacturers to produce our products and of our distribution partners to distribute our products could be disrupted or cease;
- our products may be the subject of consumer claims or lawsuits, including but not limited to those arising from the manufacture, labelling, advertising, sale or use of our products;
- our products may be the subject of regulatory actions, including but not limited to actions by Health Canada in Canada and the FDA, the FTC and the Consumer Product Safety Commission in the United States;
- we may be unable to introduce new products that appeal to consumers or otherwise successfully compete with our competitors in the personal care industry;
- we may be unsuccessful in enhancing the recognition and reputation of our brands, and our brands may be damaged as a result of, among other reasons, our failure, or alleged failure, to comply with applicable ethical, social, product, labor or environmental standards;
- we may experience service interruptions, data corruption, cyber-based attacks or network security breaches which result in the disruption of our operating systems or the loss of confidential information of our consumers;

- we may be unable to retain key members of our senior management team or attract and retain other qualified personnel; and
- we may be affected by any adverse economic conditions in Canada, the United States or internationally.

We may experience difficulties in maintaining or expanding our sales in our current and targeted international markets and our international sales expose us to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where the risks may be heightened.

Our products are sold in more than 29 countries outside of the United States and Canada under international distribution arrangements. Furthermore, we generally only have medium-term contracts of approximately three years with most of our international distribution partners. There can be no assurance that we will be able, in the future, to continue to transact with such international distribution partners or any other similar distributor on favorable terms or at all. Our revenue outside of North America represented 12.4% of our gross revenue in Fiscal 2018 and we intend to continue to expand our international business. International markets have been, and will continue to be, a focus for revenue growth, and over time we intend for international revenue to comprise a larger percentage of our total revenue. Several factors, including legal and regulatory compliance, and weakened economic conditions in any of our international markets, could adversely affect such growth.

Additionally, our entry into new international markets requires management attention and financial resources that would otherwise be spent on other parts of our business. Some of the countries in which we sell our products, or otherwise have an international presence, are to some degree subject to political, economic and/or social instability. Our international sales expose us to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular where the risks may be heightened. The substantial up-front investment required, the lack of consumer awareness of our products in jurisdictions outside of Canada or the United States, differences in consumer preferences and trends between Canada, the United States and other jurisdictions, the risk of inadequate intellectual property protections and differences in packaging, labelling, cosmetics and related laws, rules and regulations are all substantial matters that need to be evaluated prior to doing business in new territories. We cannot be assured that our international efforts will be successful. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on our business, results of operations or financial position and include without limitation:

- adverse currency exchange rate fluctuations, as all of our international sales are denominated in U.S. dollars;
- risks associated with complying with laws and regulations in the countries in which our products are sold, including without limitation requirements pertaining to product advertising, labelling or ingredient use, and requirements to apply for and obtain licenses, permits or other approvals for our products, and the delays associated with obtaining such licenses, permits or other approvals;
- the costs of adapting our products for sale in foreign countries, including to change our formulations, formats, labelling or packaging;
- multiple, changing, and often inconsistent enforcement of laws, rules and regulations, including regulations and standards relating to consumer health products;
- risks associated with the reliance on our international distribution partners, including the possible failure of our international distribution partners to appropriately understand, represent and effectively market and sell our products;
- damage to our reputation or brand if counterfeit versions of our products are introduced into our international markets;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives, and distributors;

- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on our ability to repatriate non-Canadian earnings in a tax effective manner;
- the imposition of Canadian, United States, and/or international sanctions against a country, company, person or entity with whom we do business that would restrict or prohibit our continued business with the sanctioned country, company, person or entity;
- downward pricing pressure on our products in our international markets, due to competitive factors or otherwise;
- laws and business practices favoring local companies;
- political, social or economic unrest or instability, including without limitation military conflicts and acts of terrorism;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Our international efforts may not produce desired levels of sales. Furthermore, our experience with selling products in our current international markets may not be relevant or may not necessarily translate into favorable results if we sell in other international markets. If and when we enter into new markets in the future, we may experience different competitive conditions, less familiarity with our brands and/or different consumer tastes and spending patterns. As a result, we may be less successful than expected in expanding our sales in our current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting our overall growth and profitability. To build brand awareness in these new markets, we may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of our sales in those markets. These or one or more of the factors listed above may harm our business, results of operations or financial condition. Any material decrease in our international sales or profitability could also adversely impact our overall business, results of operations or financial condition.

Furthermore, some of our operations and sales are conducted in parts of the world that experience illegal sales practices or corruption or are operated under legal system susceptible to undue influences to some degree. Although we have policies and procedures in place that are designed to promote legal and regulatory compliance, our employees, distribution partners and consultants could take actions that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could have a material adverse effect on our business, results of operations or financial position.

We are subject to insurance-related risks.

We maintain director and officer insurance, liability insurance, business interruption and property insurance and our insurance coverage includes deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us. In addition, there are types of losses we may incur but against which it cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war or certain natural disasters. If we incur these losses and they are material, our business, operating results and financial condition may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we

may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes.

Although we currently insure our inventory, our insurance coverage may not be sufficient to cover the full extent of any loss or damage to our inventory or our third-party distribution facilities, and any loss, damage or disruption of these facilities, or loss or damage of the inventory stored there, could materially and adversely affect our business, financial condition and results of operations.

Use of social media may materially and adversely affect our reputation or subject us to fines or other penalties.

We use the Internet and social media networks including Facebook, Instagram, Pinterest, Twitter and YouTube to reach customers. Negative commentary regarding us or our products may be posted on our social media platforms and may be adverse to our reputation or business. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction. We also use these third-party social media platforms as marketing tools. As e-commerce and social media platforms continue to rapidly evolve, we must continue to maintain a presence on these platforms and establish presence on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools, our ability to acquire new consumers and our financial condition may suffer. Furthermore, as laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees or third parties, whether or not acting at our direction, to abide by applicable laws and regulations in the use of these platforms and devices could subject us to regulatory investigations, lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and results of operations.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. The inability of or failure by us to timely or properly monitor all product promotion conducted online or through social media or elsewhere may also subject us to regulatory action, lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition or results of operations.

Compliance with existing and changes in legal, regulatory and industry standards may adversely affect our business.

In Canada, the United States and in our international markets, the formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of our products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels in Canada and at all levels of government in the United States and other foreign jurisdictions. There is currently no uniform regulation applicable to hair care and body care products worldwide. There can be no assurance that we are in compliance with all of these laws, regulations and other constraints. Our failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact our business, financial condition and results of operations. In addition, a change in existing legal, regulatory, and industry standards or the adoption of new laws, regulations, standards or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead us to discontinue product sales and may have an adverse effect on the formulation, packaging, labelling or marketing of our products, resulting in significant loss of sales and production delays. The introduction of new environmental laws affecting the size or materials composition of our packaging could impact the visibility of our products on the display shelves of our retail partners or require necessary changes to product formulation, labelling, packaging or marketing, which may result in significant loss of sales or production delays. Any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

In Canada, personal care products are regulated under the *Food and Drugs Act* and its associated *Cosmetic Regulations*, as well as the *Consumer Packaging and Labelling Act* and Regulations. In the United States, personal care products are regulated by the FDA, FTC, and other regulatory bodies. Governmental regulations in countries where we plan to commence or expand operations may prevent or delay entry into those markets or require us to incur additional costs. In addition, our ability to sustain satisfactory levels of sales in our existing markets is dependent in significant part on our ability to introduce additional products into such markets. However, governmental regulations in our existing markets, both domestic and international, can delay or prevent the introduction, or require the reformulation, relabelling or withdrawal, of certain of our products. Further, such regulatory action, whether or not it results in a final determination adverse to us, could create negative publicity, with detrimental effects on sales and brand reputation.

A number of governmental authorities both in Canada and abroad have enacted, or are considering, legal requirements that would mandate certain rates of recycling, the use of recycled materials and/or limitations on certain kinds of packaging materials such as plastics. In addition, some companies with packaging needs have responded to such developments, and/or to perceived environmental concerns of consumers, by using containers made in whole or in part of recycled materials. Such developments may reduce the demand for some of MAV Beauty Brands' products, and/or increase MAV Beauty Brands' costs.

There has been an increase in regulatory activity and activism in certain foreign markets, and the regulatory landscape is becoming more complex with increasingly strict requirements. In particular, there has been increased legal and regulatory scrutiny of product ingredients and labelling and marketing claims under existing and new regulations. Although we believe our products are prepared for these changes, having a long history of adhering to or exceeding Health Canada's strict standards and our own internal controls, such anticipated regulatory and standards changes may introduce some risk and harm to our operations if our products or advertising activities are found to violate existing or new laws or regulations or if we are not able to effect necessary changes to our products in a timely and efficient manner to respond to changes in or new regulations. If this trend continues, we may find it necessary to make modifications to our product manufacturing and marketing in order to remain in compliance with a changing regulatory landscape, which could add to the costs of our operations and have an adverse impact on our business.

To the extent federal, provincial, state, local or foreign regulatory changes regarding consumer protection, product or ingredient safety, or marketing claims occur in the future, they could require the reformulation or discontinuation of certain of our products, revisions to the product packaging or labelling, or adjustments in our or our third-party manufacturers', suppliers' or distributors' operations and systems, any of which could result in, among other things, increased costs, delays in production or product launches, increased product returns, market withdrawals or recalls, and lower net sales, and therefore could have a material adverse effect on our business, financial condition and results of operations. Noncompliance with applicable regulations could result in enforcement action by Health Canada, the FDA or other regulatory authorities, including but not limited to product seizures, injunctions, product recalls, and criminal or civil monetary penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

In the United States, the FDA does not currently require pre-market approval for products intended to be sold as cosmetics. However, the FDA may in the future require pre-market approval, clearance or registration/notification of cosmetic products, establishments or manufacturing facilities. Moreover, such products could also be regulated as both drugs and cosmetics simultaneously, as the categories are not mutually exclusive. The statutory and regulatory requirements applicable to drugs are extensive and require significant resources and time to ensure compliance. For example, if any of our products intended to be sold as cosmetics were to be regulated as drugs, we might be required to conduct, among other things, clinical trials to demonstrate the safety and efficacy of these products. We may not have sufficient resources to conduct any required clinical trials or to ensure compliance with the manufacturing requirements applicable to drugs. If the FDA determines that any of our products intended to be sold as cosmetics should be classified and regulated as drug products and we are unable to comply with applicable drug requirements, we may be required to reformulate or relabel the product, or to discontinue marketing or selling those products in the United States or other jurisdictions with similar legal or

regulatory requirements. Any inquiry into the regulatory status of our cosmetics and any related interruption in the marketing and sale of these products could damage our reputation and image in the marketplace and affect sales.

In recent years, the FDA has issued warning letters to several cosmetic companies alleging, among other things, improper claims regarding their cosmetic products. If FDA issues such a letter, we could be required to modify our product claims or take other actions to satisfy the FDA. In addition, plaintiffs' lawyers have filed class action lawsuits against cosmetic companies after receipt of these types of FDA warning letters. There can be no assurance that we will not be subject to state and federal government actions, including from the FDA or other governmental agencies, or individual or class action lawsuits or claims, which could harm our business, financial condition and results of operations.

We may also sell consumer products, which are subject to regulation by the CPSC in the United States under the provisions of the Consumer Product Safety Act, as amended by the *Consumer Product Safety Improvement Act of 2008*. These statutes and the related regulations ban from the market consumer products that fail to comply with applicable product safety laws, regulations and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. The CPSC also requires manufacturers of consumer products to report certain types of information to the CPSC regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products, and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

To the extent changes in or new legal and regulatory requirements require us to submit or obtain notifications, filings, reports certificates or other documentation or approvals not previously required, we may incur additional expenses to ensure compliance. Any failure to submit required documentation or obtain necessary approvals to Health Canada, the FDA, the FTC, or other applicable regulatory authorities as required may subject us to regulatory observations or enforcement actions, including but not limited to warning letters, product seizures, injunctions, product recalls, notices of violation, and criminal or civil monetary penalties, all of which could result in a material adverse effect on our business, financial condition and results of operations. Our products are also subject to state laws and regulations, such as the California Safe Drinking Water and Toxic Enforcement Act, also known as "Prop 65", and failure to comply with such laws may also result in lawsuits and regulatory enforcement that could have a material adverse effect on our business, financial condition and results of operations.

Facilities of our third-party manufacturers may be subject to audit, inspection, or regulation by regulatory authorities.

Facilities of our third-party manufacturers may be subject to audit, inspection, or regulation by applicable regulatory authorities. Under the FDCA and FDA implementing regulations, the FDA may inspect or audit U.S. cosmetics facilities, including those of our third-party manufacturers, periodically to determine if we and our third-party manufacturers are complying with provisions of the FDCA and FDA regulations. Similar audits or inspections may occur in Canada or other jurisdictions.

Our operations could be harmed if regulatory authorities make determinations that we, or our vendors and business partners, are not in compliance with applicable regulations. If a regulatory authority discovers or otherwise becomes aware of a violation of law, it may, among other things, enjoin our manufacturers' operations, seize product, and impose administrative, civil or criminal penalties. If we or our third-party manufacturers fail to comply with applicable regulatory requirements, we could be required to take costly corrective actions, including without limitation suspending manufacturing operations, changing product formulations, suspending sales, or initiating product recalls. In addition, compliance with applicable regulations has increased, and may further increase, the cost of manufacturing certain of our products as we work with our vendors to assure they are qualified and in compliance. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Government regulations and private party actions relating to the marketing and advertising of our products may restrict, inhibit or delay our ability to sell our products and harm our business, financial condition and results of operations.

Government authorities regulate advertising and product claims regarding the nature, performance and benefits of our products. These regulatory authorities typically require a reasonable basis to support any marketing claims. What constitutes a reasonable basis for substantiation can vary widely from market to market, and there is no assurance that the efforts that we undertake to support our claims will be deemed adequate for any particular product or claim. A significant area of risk for such activities relates to improper or unsubstantiated claims about our products and their use or safety. If we are unable to show adequate substantiation for our product claims, or our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, Health Canada, the FDA, the FTC or other regulatory authorities could take enforcement action or impose penalties, such as monetary consumer redress, requiring us to revise our marketing materials, amend our claims or stop selling certain products, all of which could harm our business, financial condition and results of operations. Any regulatory action or penalty could lead to threatened or actual private party claims or actions, including class actions; such claims and actions may also arise in the absence of regulatory action or requirements. These claims or actions, particularly any unfavorable resolution thereof, may restrict, inhibit or delay our ability to sell products and could further harm our business, financial condition and results of operations.

Our business is subject to complex and evolving Canada, U.S. and foreign laws and regulations regarding privacy, data protection and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased costs of operations or otherwise harm our business, financial condition and results of operations.

We are subject to a variety of laws and regulations in Canada, the United States and in numerous other countries that involve matters central to our business, including privacy and data protection, intellectual property, advertising, marketing, distribution, consumer protection and online payment services. The sale of products outside North America, the introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. These laws and regulations, which may be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. Moreover, consumer data privacy remains a matter of interest to lawmakers and regulators in many countries, and a number of other proposals are pending before governmental and regulatory bodies that could significantly affect our business. These existing and proposed laws and regulations can be costly to comply with and can delay or impede our ability to market and sell our products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including fines or demands that we modify or cease existing business practices.

There is no harmonized approach to privacy laws and regulations globally although several frameworks exist. Consequently, the potential risk of non-compliance with applicable foreign data protection laws and regulations will increase as we continue our international expansion. Compliance with such laws and regulations could result in additional costs and may necessitate changes to our business practices and divergent operating models, which may adversely affect our business, financial condition and results of operations.

The interpretation and application of many privacy and data protection laws are, and will likely remain, uncertain, and it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or product features. If so, in addition to the possibility of fines, lawsuits and other claims and penalties, we could be required to fundamentally change our business activities and practices or modify our products, which could harm our business. Any inability to adequately address privacy and data security concerns or comply with applicable privacy or data security laws, regulations and policies could result in additional cost and liability to us, damage our reputation, inhibit sales and harm our business.

We are involved, and may become involved in the future, in disputes and other legal or regulatory proceedings that, if adversely decided or settled, could materially and adversely affect our business, financial condition and results of operations.

We may in the future become party to litigation, regulatory proceedings or other disputes. In general, claims made by or against us in disputes and other legal or regulatory proceedings can be expensive and time consuming to bring or defend against, requiring us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. These potential claims include but are not limited to personal injury and class action lawsuits and regulatory investigations relating to the safety, use or advertising of, and promotional claims about our products. Any unfavorable resolution or adverse determination against us in these proceedings, or even the allegations contained in the claims, regardless of whether they are ultimately found to be without merit, may also result in settlements, injunctions or damages that could have a material adverse effect on our business, financial condition and results of operations.

We may be required to recall products and may face product liability claims, either of which could result in unexpected costs and damage our reputation.

We sell products for human use. Our products intended for use as cosmetics are not generally subject to pre-market approval or registration processes, so we cannot rely upon a government safety panel to qualify or approve our products for use. A product may be safe for the general population when used as directed but could cause an adverse reaction for a variety of reasons, such as if a consumer has a health condition or allergies, or is taking a prescription medication. While we include what we believe are adequate instructions and warnings and we have historically had low numbers of reported adverse reactions, previously unknown adverse reactions could occur. If we discover that any of our products are causing adverse reactions, we could suffer further adverse publicity, lawsuits or regulatory/government sanctions.

Potential product liability risks may arise from the testing, manufacture, sale, advertising and use of our products, including without limitation that the products caused personal injury or property damage, fail to meet quality or manufacturing specifications or marketing claims, make improper claims, contain contaminants, include inadequate instructions as to their proper use, include inadequate warnings concerning side effects and interactions with other substances or for persons with health conditions or allergies, or cause adverse reactions or side effects. Product liability claims could increase our costs and divert the efforts and attention of our management and other personnel from our business operations, and could adversely affect our business, financial condition and results of operations. As we continue to offer an increasing number of new products or product lines, our product liability risk may increase. It may be necessary for us to recall products that do not meet approved specifications or because of the side effects resulting from the use of our products, which would result in adverse publicity, potentially significant costs in connection with the recall and could have a material adverse effect on our business, financial condition and results of operations.

In addition, plaintiffs in the past have received substantial settlements or damage awards from other cosmetic companies based upon claims arising from injuries allegedly caused by the use of their products. Although we currently maintain general liability insurance, any claims brought against us may not be covered by or may exceed our existing or future insurance policy coverage or limits. Any judgment against us that is in excess of our policy coverage or limits would have to be paid from our cash reserves, which would reduce our capital resources. In addition, we may be required to pay higher premiums and accept higher deductibles in order to secure adequate insurance coverage in the future. Further, we may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. Any product liability claim or series of claims brought against us could harm our business significantly, particularly if a claim were to result in adverse publicity or damage awards outside or in excess of our insurance policy limits.

If our cash from operations is not sufficient to meet our current or future operating needs, expenditures and debt service obligations, our business, financial condition and results of operations may be materially and adversely affected.

We may require additional cash resources due to changed business conditions or other future developments, including any marketing initiatives, investments or acquisitions we may decide to pursue. To the extent we are unable to generate sufficient cash flow, we may be forced to cancel, reduce or delay these activities. Alternatively, if our sources of funding are insufficient to satisfy our cash requirements, we may seek to obtain an additional credit facility or sell equity or debt securities. The sale of equity securities would result in dilution of our existing shareholders. The incurrence of additional indebtedness would result in increased debt service obligations and operating and financing covenants that could restrict our operations.

Our ability to generate cash to meet our operating needs, expenditures and debt service obligations will depend on our future performance and financial condition, which will be affected by financial, business, economic, legislative, regulatory and other factors, including potential changes in costs, pricing, the success of product innovation and marketing, competitive pressure and consumer preferences. If our cash flows and capital resources are insufficient to fund our debt service obligations and other cash needs, we could face substantial liquidity problems and could be forced to forego growth opportunities, reduce or delay investments and capital expenditures, dispose of material assets or operations, seek additional debt or equity capital, or restructure or refinance our indebtedness.

Furthermore, it is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all, which could have a material adverse effect on our business, financial condition and results of operations.

The terms of the Credit Facility restricts (in addition to any additional debt financing which may also restrict) our current and future operations, which could adversely affect our ability to manage our operations and respond to changes in our business.

Concurrent with the IPO, we, along with our subsidiaries, Marc Anthony Cosmetics Ltd. and MAC Pure Holdings, Inc., entered into a credit agreement with our direct and indirect subsidiaries, as guarantors, and the lenders from time to time party thereto, which is comprised of: (a) a revolving credit facility in the aggregate principal amount of \$20 million: (i) to pay certain costs relating to the IPO and the new credit facility; (ii) to finance working capital and operational needs of our business; and (iii) for general corporate purposes (the “**Revolving Facility**”); and (b) a non-revolving term loan credit facility in the aggregate amount of up to \$107,500,000: (i) to repay the indebtedness under the Financing Agreement and the Note Purchase Agreement; and (ii) to pay certain costs relating to the IPO and this credit facility (the “**Term Facility**”, and together with the Revolving Facility, the “**Credit Facility**”). The Credit Facility includes an accordion feature in the amount of \$50 million for working capital and general corporate purposes. The Credit Facility will mature on July 10, 2023. For additional details on the Credit Facility, see the MD&A.

We are exposed to changes in interest rates on our cash and cash equivalents, bank indebtedness and long-term debt. Debt issued at variable rates exposes us to cash flow interest rate risk. Debt issued at fixed rates exposes us to fair value interest rate risk. Our borrowings, current and future, will require interest payments and need to be repaid or refinanced, could require us to divert funds identified for other purposes to debt service and could create additional cash demands or impair our liquidity position and add financial risk for us. Diverting funds identified for other purposes for debt service may adversely affect our business and growth prospects. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets, reduce or delay expenditures or issue equity to obtain necessary funds. We do not know whether we would be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all.

The Credit Facility contains restrictive financial and other covenants, which may affect, among other things, our flexibility in structuring and operating our business, including our ability to take certain actions with respect to indebtedness, liens, sales of assets, consolidations and mergers, affiliate transactions, dividends and other distributions and changes of control. A failure by us to comply with our contractual

obligations (including restrictive, financial and other covenants), or to pay our indebtedness and fixed costs under our current or future financing arrangements could result in a variety of material adverse consequences, including the acceleration of our indebtedness and the exercise of remedies by our creditors, and such defaults could trigger additional defaults under other agreements. In such a situation, it is unlikely that we would be able to repay the accelerated indebtedness or fulfill our obligations under certain contracts, or otherwise cover our fixed costs, and our future financial condition would be materially adversely affected.

Our degree of leverage could have a material adverse effect on our business and results of operations, including:

- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, investments, acquisitions and general corporate or other purposes;
- restricting our flexibility and discretion to operate our business;
- limiting our ability to declare dividends on our securities;
- having to dedicate a portion of our cash flows from operations to the payment of interest on our existing indebtedness and not having such cash flows available for other purposes;
- exposing our business to debt capital market risks, including interest rate risk and refinancing risk at maturity;
- exposing us to increased interest expense on borrowings at variable rates;
- limiting our ability to adjust to changing market conditions;
- placing us at a competitive disadvantage compared to our competitors that have less debt;
- making us vulnerable to a downturn in general economic conditions; and
- making us unable to make expenditures that are important to our growth strategies.

Future acquisitions may expose us to additional risks.

We continuously review acquisition and strategic investment opportunities that would expand our current product offerings, expand our distribution channels, increase the size and geographic scope of our operations or otherwise offer growth or operating efficiency opportunities. There can be no assurance that we will be able to identify suitable candidates or consummate these transactions on favorable terms. If required, the financing for these transactions could result in an increase in our indebtedness, dilute the interests of our shareholders or both. The purchase price for some acquisitions may include additional amounts to be paid in cash in the future, a portion of which may be contingent on the achievement of certain future operating results of the acquired business. If the performance of any such acquired business exceeds such operating results, then we may incur additional charges and be required to pay additional amounts.

Our failure to successfully complete the integration of any acquired business, including the recent acquisition of Renpure, LLC, or to achieve the long-term plan for such business or the expected synergies from such acquisition, as well as any other adverse consequences associated with our acquisition and investment activities, could have a material adverse effect on our business, financial condition and operating results. Acquisitions including strategic investments or alliances entail numerous risks, which may include:

- difficulties in integrating acquired operations or products, including the loss of key employees from, or customers of, acquired businesses;
- diversion of management's attention from our existing businesses;
- adverse effects on existing business relationships with suppliers, partners and customers;
- adverse impacts of margin and product cost structures different from those of our current mix of business;

- risks of entering distribution channels, categories or markets in which we have limited or no prior experience, including without limitation compliance with new or different legal or regulatory requirements; and
- lack of synergy, or the inability to realize expected synergies, resulting from the acquisition.

Completed acquisitions typically result in additional goodwill and/or an increase in other intangible assets on our balance sheet. We are required at least annually, or as facts and circumstances exist, to test goodwill and other intangible assets with indefinite lives to determine if impairment has occurred. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets with indefinite lives and the implied fair value of the goodwill or the fair value of other intangible assets with indefinite lives in the period the determination is made. We cannot accurately predict the amount and timing of any impairment of assets. Should the value of goodwill or other intangible assets become impaired, there could be a material adverse effect on our financial condition and results of operations.

We may be adversely affected by currency exchange rate fluctuations.

We are subject to currency exchange rate risks. Our financial results are also impacted by fluctuations in the U.S.-Canadian dollar exchange rate, as we sell our products internationally in U.S. dollars and report our financial results in U.S. dollars. As relates to our international sales, we partially benefit from a natural currency hedge because we purchase some of our raw materials in U.S. dollars. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies. Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency depreciates or appreciates (depending on the direction of the hedge) against the Canadian dollar, the use of hedges could result in losses greater than if the hedging had not been used. Also, hedging arrangements may have the effect of limiting or reducing the total returns to us if management's expectations concerning future events or market conditions prove to be incorrect, in which case the costs associated with the hedging strategies may outweigh their benefits. There can be no assurance that our hedging strategies, if any, will be effective in the future or that we will be able to enter into foreign exchange hedging contracts on satisfactory terms.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our and our subsidiaries' directors and officers are covered under our existing directors' and officers' liability insurance. Under this insurance coverage, we and our subsidiaries will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our and our subsidiaries directors and officers, subject to a deductible for each loss, which will be paid by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us. Our and our subsidiaries' individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us or our subsidiaries. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

Changes in tax and trade law may have a material adverse effect on our business, financial condition and results of operations.

Changes in laws and policy relating to taxes or trade may have an adverse effect on our business, financial condition and results of operations. Potential tax reforms in the United States may result in significant changes to current U.S. tax rules and regulations. These changes could have a material adverse effect on our business, results of operations and liquidity as a result of the fact, among others, that we currently source our products from third-party suppliers around the world including in the United States and China and our products are manufactured in North America.

Furthermore, the United States is Canada's largest trading and investment partner. The Canadian economy is significantly affected by developments in the U.S. economy. Since the implementation of the North American Free Trade Agreement (“NAFTA”) in 1994 among Canada, the United States and Mexico, total merchandise trade among the three countries has increased. However, political developments in the United States, including possible termination of NAFTA, may have implications for the trade arrangements among the United States, Mexico and Canada, which could negatively affect our business.

Although we are unable to predict what, if any, changes will occur, there is a great deal of uncertainty in the United States currently regarding current tax and trade law, regulation and government policy, and, if implemented, some proposals discussed recently have the potential to adversely affect U.S. trade relationships with Canada and China. Changes in U.S.-Canada or U.S.-China trade relations and changes to U.S. tax or other laws (including new or changes in regulations promulgated by the U.S. Internal Revenue Service and the U.S. Department of the Treasury) as well as changes in Canadian or Chinese laws and regulations, such as the imposition of or increase in tariffs or other trade barriers, could materially and adversely impact our effective tax rate, increase our costs and reduce the competitiveness of our products in the North American market.

Failure to comply with the Corruption of Foreign Public Officials Act, other applicable anti-corruption and anti-bribery laws, and applicable trade control laws could subject us to penalties and other adverse consequences.

The Company's business is subject to Canada's *Corruption of Foreign Public Officials Act* (“CFPOA”), which generally prohibits companies and company employees from engaging in bribery and other prohibited payments to foreign officials for the purpose of obtaining or retaining business. We maintain policies and procedures to guard against these illegal acts; however, there can be no assurance that the Company's policies and procedures will always protect it from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.

The Company is highly dependent on its information technology to securely process, transmit and store electronic information. Certain confidential information resides on the third-party hosted data center servers and is transmitted over the Company's network. The Company relies on encryption and authentication technology licensed from third parties to effect secure transmission of confidential information. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology used by the Company to protect confidential information. Servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with the Company's and/or a third-party's computer systems, which could lead to a loss of critical data or the unauthorized disclosure of confidential information.

Despite the implementation of security measures, our internal computer systems and those of our third-party service providers are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Attacks into information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. In addition to the extraction of sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information. In addition, the prevalent use of mobile devices increases the risk of data security incidents.

Any failure or perceived failure by us and/or those of our third-party service providers to comply with our privacy, confidentiality or data security-related legal or other obligations to third parties, or any security incidents or other inappropriate access events that result in the unauthorized access, release or transfer of sensitive information, which could include personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us and could cause third parties to lose trust in us and/or we could be subject to claims by third parties that we have breached our privacy- or confidentiality-related obligations, which could materially and adversely affect our business and prospects. Moreover, data security incidents and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm. While we have implemented security measures intended to protect our information technology systems and infrastructure, there can be no assurance that such measures will successfully prevent service interruptions or further security incidents.

If the Company is unable to prevent such security or privacy breaches, its operations could be disrupted, or the Company may suffer loss of reputation, financial loss, risk of litigation and other regulatory penalties because of lost or misappropriated information, including sensitive consumer data. The Company may need to expend significant resources to protect against and remedy any potential security breaches and their consequences.

Likewise, the Company's clients are increasingly imposing more stringent contractual obligations on the Company relating to its information security protections. If the Company is unable to maintain protections and processes at a level commensurate with that required by its large clients, it could negatively affect the Company's relationships with those clients and harm its business.

The regulatory framework for privacy issues in Canada, the U.S., Europe, and in many other countries around the world is constantly evolving and is likely to remain uncertain for the foreseeable future. The interpretation and application of such laws is often uncertain and such laws may be interpreted and applied in a manner inconsistent with its current policies and practices or require changes to the features of the Company's platform. If either the Company or its third-party service providers are unable to address any privacy concerns, even if unfounded, or to comply with applicable laws and regulations, including but not limited to the Personal Information Protection and Electronic Documents Act (Canada) and the Gramm-Leach-Bliley Act (U.S.), it could result in additional costs and liability, damage the Company's reputation and harm its business.

We must successfully maintain and upgrade our information technology systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We have identified the need to significantly expand and improve our information technology systems and personnel to support recent and expected future growth. As such, we are in the process of implementing, and will continue to invest in and implement, significant modifications and upgrades to our information technology systems and procedures, including replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality, hiring employees with information technology expertise and building new policies, procedures, training programs and monitoring tools. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to leverage our e-commerce channels, fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and have a material adverse effect on our business, financial condition and results of operations.

If we fail to adopt new technologies or adapt our website and systems to changing consumer requirements or emerging industry standards, our business may be materially and adversely affected.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our Internet platform, including applying Cake Beauty's strength in e-commerce and Amazon sales to the Marc Anthony True Professional and Renpure brands. In order to attract and retain consumers and compete against our competitors, we must continue to invest resources to enhance our information technology and improve our existing products for our consumers. The Internet and the online retail industry are characterized by rapid technological evolution, changes in consumer requirements and preferences, frequent introductions of new products embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. The development of our website and other proprietary technology entails significant technical and business risks. There can be no assurance that we will be able to properly implement or use new technologies effectively or adapt our website and systems to meet consumer requirements or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or consumer requirements, whether for technical, legal, financial or other reasons, our business, financial condition and results of operations may be materially and adversely affected.

Parties with whom we do business with may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us.

We are party to contracts, transactions and business relationships with various third parties, pursuant to which such third parties have performance, payment and other obligations to us. If any of these third parties were to become subject to declines in their revenues, or become subject to bankruptcy, receivership or similar proceedings, our rights and benefits in relation to our contracts, transactions and business relationships with such third parties may be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as our existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could have a material adverse effect on our business and results of operations.

We may lose foreign private issuer status in the future, which could result in significant additional costs and expenses to us.

We are a "foreign private issuer" as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act, and are not be subject to the same requirements that are imposed upon U.S. domestic issuers by the Securities and Exchange Commission ("**SEC**"). We may in the future lose our foreign private issuer status if a majority of our Shares are held in the U.S. and we fail to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if: (1) a majority of our directors or executive officers are U.S. citizens or residents; (2) a majority of our assets are located in the U.S.; or (3) our business is administered principally in the U.S.

If we lose our foreign private issuer status and decide, or are required, to register as a U.S. domestic issuer, the regulatory and compliance costs to us will be significantly more than the costs incurred as a Canadian foreign private issuer. In such event, we would not be eligible to use foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are generally more detailed and extensive than the forms available to a foreign private issuer.

We are dependent on operating subsidiaries.

We are a holding company with no business operations of our own or material assets other than the shares of Marc Anthony Cosmetics Ltd. and its subsidiaries. Accordingly, all of our operations are

conducted by our direct and indirect subsidiaries. As a holding company, we require dividends and other payments from our subsidiaries to meet cash requirements. While we do not presently pay dividends to holders of Shares and anticipate that our subsidiaries will have sufficient cash flow to enable such subsidiaries to pay dividends or otherwise distribute cash to us, the terms of the Credit Facility may contain restrictions on the ability of the subsidiaries to pay dividends and otherwise transfer to us cash or other assets in certain circumstances. As such, a decline in our business, financial condition, cash flows or results of operation may result in, pursuant to the terms of the Credit Facility, restrictions on the subsidiaries' ability to pay dividends or otherwise distribute cash to us. In such event, we may be unable to pay a dividend to holders of Shares.

Our gross profit and Adjusted EBITDA margins may be impacted by a variety of factors, including but not limited to variations in cost of sales pricing, retail partner requirements and mix, sales velocities and required promotional support.

We have operated our company with strong gross profit and Adjusted EBITDA margins as compared to other personal care companies. While we expect our gross profit to increase in absolute dollars in future periods, we expect that our gross profit as a percentage of revenue has and will fluctuate and has and may decrease as a result of the competitive and other factors described herein. Our gross profit is impacted by a number of factors, including product pricing, raw material pricing, and labor costs. Should the competitive dynamic change in our industry (which could impact our margins through forces including but not limited to requiring us to alter our pricing strategy or requiring additional promotional activity), raw materials prices increase dramatically, or any of our retail or distribution partner relationships change materially, then we may not be able to continue to operate at our current margins. Additionally, should unforeseen events require our company to make significant and unplanned investments, our gross profit and Adjusted EBITDA margins could be materially reduced.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially, adversely affect our business, results of operations or financial condition.

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect our business, results of operations or financial condition or that of our third-party manufacturers, suppliers or distributors. These events could result in increases in fuel or other energy prices, labor shortages, temporary or long-term disruption in the supply of raw materials, temporary disruption in transport to and from overseas markets, disruption in our distribution network or disruption to our information systems, any of which could have a material adverse effect on our business, results of operations or financial results.

We may experience adverse impacts on our reported results of operations as a result of adopting new accounting standards or interpretations.

Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting, which could harm our business and cause a decline in our share price.

We are subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are listed, including National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"). If we are unable to accomplish any such necessary obligations in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

Generally accepted accounting principles, IFRS, and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

FINANCIAL REPORTING AND INTERNAL CONTROLS

A failure to maintain an effective system of internal controls over financial reporting could harm our financial performance, our ability to raise capital and our listing on the TSX.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of our inherent limitations and the fact that we are a new public company and are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of our Common Shares and harm our ability to raise capital in the future. If our management is unable to certify the effectiveness of our internal controls or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our Common Shares. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the price of our Common Shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or any other stock exchange on which our Common Shares may be listed. Delisting of our Common Shares on any exchange would reduce the liquidity of the market for our Common Shares, which would reduce the price of and increase the volatility of the price of our Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of the Common Shares.

We have identified material weaknesses in our internal control over financial reporting and if we fail to remediate these weaknesses and maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. As disclosed in Management's Discussion and Analysis dated March 28, 2019, in connection with the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2018, management identified certain control deficiencies that together amounted to a material weakness in internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

While management has taken important steps to address and remedy the deficiencies identified (discussed further below), as at December 31, 2018, the following remaining control deficiencies together amount to a material weakness relating to the design of internal controls over financial reporting:

- information technology controls, including end user and privileged access rights and appropriate segregation of duties, including for certain users the ability to create and post journal entries, are not designed effectively;
- lack of an effective control environment with formal processes and procedures or an adequate number of accounting personnel with the appropriate technical training in, and experience with, IFRS to allow for a detailed review of complex accounting transactions that would identify errors in a timely manner; and
- lack of effectively designed controls with formal processes and procedures over the financial statement close and reporting process in order to ensure the accurate and timely preparation of financial statements in accordance with IFRS.

Management has commenced remediation of this material weakness and its remediation plan includes:

- implementing various processes and controls to reduce the risk of potential material misstatement of the Company's annual or interim consolidated financial statements;
- hiring additional accounting staff to eliminate segregation of duty issues;
- hiring additional staff knowledgeable and experienced in regards to public company financial reporting requirements (beginning with the hiring of a Vice President, Finance in September 2018 and a Director of Finance in January 2019);
- formalizing control processes and procedures; and
- remedying the access control weakness in regards to IT controls.

No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above or prevent the incidence of other material weaknesses in the Company's disclosure controls and procedures and internal controls over financial reporting in the future. Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that disclosure controls and procedures or internal control over financial reporting will prevent all errors, even as the remediation measures are implemented and further improved to address the material weakness. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

RISKS RELATED TO THE OWNERSHIP OF OUR SHARES

There are risks related to forward-looking information in this Annual Information Form.

The forward-looking information included in this Annual Information Form relating to, among other things, our future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in “Business of MAV Beauty Brands”) and the other statements listed in “Forward-Looking Information”, is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those included in this Annual Information Form. See “Forward-Looking Information”.

Potential volatility of Common Share price.

The market price of our Common Shares could be subject to significant fluctuations which could materially reduce the market price of our Common Shares regardless of our operating performance. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Common Shares;
- litigation or regulatory action against us;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends;
- sales of our Common Shares by existing shareholders;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of this Annual Information Form.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in our Common Shares by those institutions, which could materially adversely affect the trading price of our Common Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of our Common Shares may be materially adversely affected.

In addition, broad market and industry factors may harm the market price of our Common Shares. Hence, the price of our Common Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Common Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

Conversions and potential future sales of Shares could adversely affect prevailing market prices for the Shares.

Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 1,000 Common Shares for one Proportionate Voting Share. Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. See "Description of Share Capital".

In addition, certain of our Shareholders have certain rights under the Investor Rights Agreement to require us to file a prospectus covering their registrable securities or to include their registrable securities in prospectuses that we may file for ourselves or on behalf of other Shareholders.

The intentions of the Principal Shareholders regarding each of their long-term economic ownership are subject to change, with the result that such Shareholders may sell more or less Common Shares than currently intended. Factors that could cause the Principal Shareholders' current intentions to change include changes in the personal circumstances of Marc Anthony Venere or his family or estate planning for Marc Anthony Venere, in the case of the Anthony Shareholders, or changes in the circumstances of the Principal Shareholders, in the case of the TA Shareholder, our succession planning or changes in our management, changes in tax laws, market conditions and our financial performance.

Further, we cannot predict the size of future issuances of our Common Shares or the effect, if any, that future issuances and sales of our Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Common Shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our Common Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Common Shares would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

Shareholders will have limited control over our Company's operations.

Holders of Common Shares will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, our Board may amend or revise these and other policies without a vote of the holders of Common Shares. Holders of Common Shares will only have a right to vote in the limited circumstances described elsewhere in this Annual Information Form. Our Board's broad discretion in setting policies and the limited ability of holders of Common Shares to exert control over those policies increases the uncertainty and risks of an investment in our Company.

The Principal Shareholders have significant influence over our Company.

The Principal Shareholders, or affiliates thereof, have significant influence over us, including control over decisions that require the approval of shareholders, which could limit a shareholder's ability to influence the outcome of matters submitted to shareholders for a vote. We are currently controlled by the Principal Shareholders. The Principal Shareholders, or affiliates thereof, have an approximate 49.4% equity and voting interest in our Company through ownership of, or control or direction over, 20,115,482 Common Shares, assuming the conversion of all Proportionate Voting Shares into Common Shares. As a result, the Principal Shareholders, or affiliates thereof, have significant influence over us and our affairs. As long as the Principal Shareholders, or affiliates thereof, own or control at least a majority of our outstanding Common Shares, they will have the ability to exercise substantial control over all corporate actions requiring shareholder approval, irrespective of how our other shareholders may vote, including the election and removal of directors and the size of our Board, any amendment of our articles, or the approval of any significant corporate transaction, including a sale of substantially all of our assets. Even if their ownership falls below 50% of the Common Shares, the Principal Shareholders, or affiliates thereof, will continue to be able to strongly influence or effectively control our decisions.

Additionally, the Principal Shareholders' interests may not align with the interests of our other shareholders. The TA Shareholder is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The TA Shareholder may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal, administrative, regulatory and other proceedings, actions, claims and inquiries relating to our business. Management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Company or its subsidiaries which would be material to an investor of Common Shares. See further discussion under "Risk Factors".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Annual Information Form, there are no material interests, direct or indirect, of any of our directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and Proportionate Voting Shares is TSX Trust Company at its principal office in Toronto, Ontario.

INTERESTS OF EXPERTS

The Company's auditor is Deloitte LLP, Chartered Professional Accountants, located at Toronto, Ontario. Deloitte LLP have prepared an independent auditor's report dated March 28, 2019 in respect of the consolidated financial statements of the Company as at December 31, 2018 and December 31, 2017 and for each of the years then ended. Deloitte LLP has advised that they are independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for the 2019 annual meeting of Shareholders. Additional financial information is provided in the Company's audited annual consolidated financial statements and MD&A. Such documentation, as well as additional information relating to the Company, may be found under the Company's profile on SEDAR at www.sedar.com.

APPENDIX A – AUDIT COMMITTEE CHARTER

See attached.



AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of MAV Beauty Brands Inc. (the “**Company**”).

Statement of Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and related financial disclosure;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures; and
- external and internal audit processes.

Committee Membership

The Committee shall consist of as many directors of the Board as the Board may determine (the “**Members**”), but in any event, not less than 3 (three) Members. Each Member shall meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”) subject to any exceptions permitted under NI 52-110. NI 52-110 also requires that to be independent, a Member be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment.

Members shall be appointed by the Board, taking into account any recommendation that may be made by the Compensation, Nomination and Governance Committee of the Board (the “**CNG Committee**”). Any Member may be removed and replaced at any time by the Board, and will automatically cease to be a Member if he or she ceases to meet the qualifications required of Members. The Board will fill vacancies on the Committee by appointment from among qualified directors of the Board, taking into account any recommendation that may be made by the CNG Committee. If a vacancy exists on the Committee, the remaining Members may exercise all of its powers so long as there is a quorum.

Chair

The Board will designate one of the independent directors of the Board to be the chair of the Committee (the “**Chair**”), taking into account any recommendation that may be made by the CNG Committee.

Qualifications

At least three Members shall be independent and financially literate as described above. Members must have suitable experience and must be familiar with auditing and financial matters.

Attendance of Ex Officio Members, Management and other Persons

The Committee may invite, at its discretion, senior executives of the Company or such persons as it sees fit to attend meetings of the Committee and to take part in the discussion and consideration of the affairs

of the Committee. The Committee may also require senior executives or other employees of the Company to produce such information and reports as the Committee may deem appropriate in the proper exercise of its duties. Senior executives and other employees of the Company shall attend a Committee meeting if invited by the Committee. The Committee may meet without senior executives in attendance for a portion of any meeting of the Committee.

Delegation

Subject to applicable law, the Committee may delegate any or all of its functions to any of its Members or any sub-set thereof, or other persons, from time to time as it sees fit.

Committee Operations

Meetings

The Chair, in consultation with the other Members, shall determine the schedule and frequency of meetings of the Committee. Meetings of the Committee shall be held at such times and places as the Chair may determine. To the extent possible, advance notice of each meeting will be given to each Member unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings of the Committee either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all Members.

At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company or any Member, the Chair shall convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.

Agenda and Reporting

To the extent possible, in advance of every regular meeting of the Committee, the Chair shall prepare and distribute, or cause to be prepared and distributed, to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require senior executives and other employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

The Chair shall report to the Board on the Committee's activities since the last Board meeting. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board. Minutes of each meeting of the Committee shall be circulated to the Directors following approval of the minutes by the Members. The Committee shall oversee the preparation of, review and approve the applicable disclosure for inclusion in the Company's annual information form.

Secretary and Minutes

The secretary of the Company may act as secretary of the Committee unless an alternative secretary is appointed by the Committee. The secretary of the Committee shall keep regular minutes of Committee proceedings and shall circulate such minutes to all Members and to the chair of the Board (and to any other Director that requests that they be sent to him or her) on a timely basis.

Quorum and Procedure

A quorum for any meeting of the Committee will be a simple majority. The procedure at meetings will be determined by the Committee. The powers of the Committee may be exercised at a meeting where a

quorum is present or by resolution in writing signed by all Members. In the absence of the Chair, the Committee may appoint one of its other Members to act as Chair of any meeting.

Exercise of Power between Meetings

Between meetings, the Chair, or any Member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercised.

Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board as well as any other functions that may be necessary or appropriate for the performance of its duties.

Financial Reporting and Disclosure

Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and other applicable financial disclosure, prior to the public disclosure of such information.

Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information.

Review with senior executives of the Company, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with IFRS, as applicable.

Seek to ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, the Company's disclosure controls and procedures and periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration.

Internal Controls and Internal Audit

Review the adequacy and effectiveness of the Company's internal control and management information systems through discussions with senior executives of the Company and the external auditor relating to the maintenance of: (i) necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions; (ii) effective internal control over financial reporting; and (iii) adequate processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud. From time to time the Committee shall assess any requirements or changes with respect to the establishment or operations of the internal audit function having regard to the size and stage of development of the Company at any particular time.

Satisfy itself, through discussions with senior executives of the Company that the adequacy of internal controls, systems and procedures has been periodically assessed in accordance with regulatory requirements and recommendations.

Review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

Review and make recommendations to the Board regarding, the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and implementation of appropriate systems and controls to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company.

Periodically review the Company's policies and procedures for reviewing and approving or ratifying related- party transactions.

External Audit

Recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of the Company.

Ensure the external auditors report directly to the Committee on a regular basis.

Review the independence of the external auditors.

Review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors.

Review the audit plan of the external auditors prior to the commencement of any audit. Establish and maintain a direct line of communication with the Company's external auditors.

Meet in camera with only the auditors, senior executives of the Company, or the Members, where and to the extent that, such parties are present, at any meeting of the Committee.

Oversee the work of the external auditors of the Company with respect to preparing and issuing an audit report or performing other audit or review services for the Company, including the resolution of issues between senior executives of the Company and the external auditors.

Review the results of the external audit and the external auditor's report thereon, including, discussions with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with senior executives of the Company and any other matters.

Review any material written communications between senior executives of the Company and the external auditors and any significant disagreements between the senior executives and the external auditors.

Discuss with the external auditors their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto.

Discuss with the external auditors their perception of the Company's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks.

Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues.

Associated Responsibilities

Monitor and periodically review the Whistleblower Policy of the Company and associated procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters; and
- if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure, or violations of the Company's Code of Ethics.

Review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Company.

Non-Audit Services

Pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its Members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

Other Duties

Direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties. Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable law.

The Committee Chair

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for overseeing and reporting on the evaluations to be conducted by the Committee, as well as monitoring developments with respect to accounting and auditing matters in general and reporting to the Committee on any related significant developments.

Committee Evaluation

The performance of the Committee shall be evaluated by the Board as part of its regular evaluation of the Board committees.

Access to Information and Authority to Retain Independent Advisors

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors of the Company, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial, and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve

their fees. The Committee shall select such advisors, consultants and experts after taking into consideration factors relevant to their independence from management and other relevant considerations.

The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the external advisers, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject under applicable law.

The Committee also has the authority to communicate directly with internal and external auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of the senior executives of the Company responsible for such matters and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure. This Charter is not intended to change or interpret the constating documents of the Company or applicable law or stock exchange rule to which the Company is subject, and this Charter should be interpreted in a manner consistent with all such applicable laws and rules. Certain of the provisions of this Charter may be modified or superseded by the provisions of the investor rights agreement (the "**Investor Rights Agreement**"). In the event of a conflict between this charter and the Investor Rights Agreement, the Investor Rights Agreement shall prevail.

The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, security holders, customers, suppliers, partners, competitors, employees or other persons, or to any other liability whatsoever on their part.

Review of Charter

The Committee shall periodically review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: July 10, 2018

Approved by: Board of Directors of the Company