

Aegis Brands Reports Third Quarter Results

Transformation of Aegis into a consolidator in the food and beverage space continues

Toronto, ON, November 8th, 2021 -- Today, Aegis Brands Inc. (TSX: AEG) is reporting financial results for the third quarter ended September 25th, 2021.

Highlights:

- Aegis closed the strategic transaction with Kiaro on September 24th, 2021, resulting in a gain of \$5,295,000.
- Aegis' Total Comprehensive Income in the quarter was \$2,096,000 or \$0.09 per share compared to a Loss of \$751,000 or \$0.03 per share last year.
- Aegis' Net Loss from continuing operations was \$1,810,000 compared to a Loss of \$1,052,000 in the same quarter last year.
- Bridgehead's Same Store Sales (SSS) for the quarter and year to date were +19% and +17% respectively over the same periods in 2020. Comparing to pre-pandemic levels in 2019, SSS are down 32%.
- Bridgehead's EBITDA for the quarter and year to date was \$590,000 and \$2,047,000 respectively, compared with \$1,491,000 and \$1,032,000 last year.

Bridgehead

Sales at Bridgehead coffeehouses improved throughout the third quarter, with the fourth wave of the COVID-19 pandemic not being as severe as feared. Q3 Same Store Sales (SSS) rose by 19% and were down 32% compared to 2019. This is an improvement over being down 46% in the previous quarter. Due to the lower sales compared to pre-pandemic times, the coffeehouses are reliant on the continued government subsidies until sales approach 2019 levels. Total revenues and bottom-line improvement are due to the emergence of Bridgehead's e-commerce and wholesale business. Year to date Bridgehead has Net Loss of \$209,000 compared with \$937,000 last year.

As the leadership team at Bridgehead continues to innovate, reposition and expand, they remain focused on the growth of three key distribution channels: online, wholesale and coffeehouses. The most recent coffeehouse opening at Carleton University in August 2021 has quickly become one of the best performers in the company.

Bridgehead's e-commerce and wholesale business segments represent 19% of YTD sales. These sales produce 44% and 37% respectively in EBITDA contribution while requiring relatively little capital and additional overhead expense. Bridgehead is focused on expanding Bridgehead's asset-light e-commerce and wholesale business segments, as they have the potential to contribute strong profitability looking forward.

Hemisphere

On September 24, 2021, Aegis closed a strategic transaction with Kiaro Holdings Corp. ("Kiaro"), a TSX-V-listed cannabis retailer and wholesale distributor, and sold its Hemisphere subsidiary in consideration for a ~25% equity stake in Kiaro. "We believe in Kiaro's ability to be successful in a highly competitive space, growing in size through both organic growth and M&A activities to become one of the leaders in the cannabis space" said Steven Pelton, President and CEO of Aegis Brands Inc. Aegis is currently the largest shareholder with 68,000,000 Kiaro common shares. Aegis CEO Steven Pelton sits on the board of Kiaro.

Aegis Brands Inc.

With the sale of Second Cup and the Hemisphere transaction with Kiaro both complete, the transformation of Aegis is well underway. As North America starts to return to pre-pandemic activities, Aegis is eager to expand its presence in the food and beverage sector through acquisitions and partnerships with great brands.

Consumers are enthusiastically returning to food service locations following a period of growing household savings, and with fewer options to choose from. As restrictions continue to loosen from a fourth wave that was not as impactful as feared, Canadians are excited about visiting their favourite restaurants. The hospitality industry is expected to make a strong comeback with full service restaurant sales expected to grow from \$25.6 billion in 2021 to \$35.2 billion in 2022, according to Restaurants Canada. Meanwhile many Quick service brands have seen steady or increasing revenue since the middle of 2020. The outlook for Fast Casual and QSR brands that have embraced delivery, order ahead and other digital enhancements adopted during the pandemic looks promising.

“We believe that the environment is right to start expanding our presence in the food and beverage space,” said Pelton. “The conditions have created a great opportunity for Aegis to acquire and consolidate great restaurant brands and support the entrepreneurs behind them.”

NON-IFRS MEASURES

Aegis measures the success of its business in part by employing several key performance indicators referenced herein that are not recognized under IFRS, including Same Store Sales and EBITDA. These indicators should not be considered an alternative to IFRS financial measures, such as net income, and are presented in this presentation because management of Aegis believes that such measures are relevant in interpreting the performance of its business. As non-IFRS financial measures do not have standardized definitions prescribed by IFRS, they are less likely to be comparable with other issuers or peer companies. A description of the non-IFRS measures used by Aegis in measuring its performance and a reconciliation of certain non-IFRS measures to the nearest IFRS measure is included in Aegis' management's discussion and analysis for the third quarter ended September 25, 2021 available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of Canadian securities laws. These forward-looking statements contain statements of intent, belief or current expectations of Aegis. Forward-looking information is often, but not always identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook.

The forward-looking statements included in this press release, including statements regarding the nature of Aegis' growth strategy going forward, the ability of Kiaro to grow organically and through M&A, Aegis' execution of its potential plans (including with respect to the growth and development of Bridgehead Coffee and identification of future acquisition targets and partnership candidates) and the expected comeback of the hospitality industry, are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements.

Risks and uncertainties that may cause such differences include but are not limited to: risks that the sale of Hemisphere may have a negative impact on the market price and liquidity of Aegis' common shares; risks related to the company's strategy going forward; risks related to the COVID-19 pandemic; and other risks inherent in the industry in which Aegis operates. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Additional information on these and other factors that could affect Aegis' operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

In respect of the forward-looking statements and information included in this press release, Aegis has provided such in reliance on certain assumptions that it believes are reasonable at this time, including the ability of the company to manage the risks (economic, operational, financial, and other risks) associated with the COVID-19 pandemic, the ability of the company to identify new acquisition opportunities and to successfully integrate past and future acquisition targets into the company's business, and the company's ability to generally execute on its strategy going forward.

The forward-looking statements in this press release are made as of the date it was issued and Aegis does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

About Aegis Brands Inc.

Aegis Brands Inc. currently owns and operates Bridgehead Coffee. The company's vision is to build a portfolio of amazing brands that can grow and flourish with access to Aegis' resources and expertise. The company is committed to letting each brand operate independently while providing shared expertise to help them thrive.

For more information, please visit aegisbrands.ca.

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