

Aegis Brands Completes Sale of Second Cup Coffee Co. to Foodtastic

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Aegis Brands Inc.

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MISSISSAUGA, ON, April 26, 2021 /CNW/ - Aegis Brands Inc., ("Aegis" or the "Company") (TSX: [AEG](#)) today announced that it has completed the sale of substantially all of the assets comprising its specialty coffee brand "Second Cup Coffee Co." to an affiliate of Montreal-based Foodtastic Inc., an emerging leader in the restaurant franchising industry.

The proceeds from the transaction of \$14 million were subject to certain adjustments on closing, resulting in a net closing cash payment to Aegis of approximately \$12 million. In addition, the transaction includes an earn-out based on royalties earned from certain Second Cup cafés opened following closing.

After the transaction, Aegis' assets include Bridgehead Coffee, an Ottawa-based specialty coffee retailer, and Hemisphere Cannabis Co., its retail cannabis subsidiary. The Company will move ahead with a stronger balance sheet enabling the acceleration of its growth strategy through M&A transactions.

"We look forward to seeing Second Cup continue with Foodtastic," said Steven Pelton, President and CEO of Aegis Brands. "At Aegis, we are motivated by the amount of opportunity that exists in the market with respect to innovation and growth. We seek to support talented entrepreneurs and acquire strong brands as they emerge from the challenges of the pandemic," said Pelton.

"We are very excited to have acquired Second Cup and look forward to expanding the brand throughout Canada," said Peter Mammias, President and CEO of Foodtastic. "We would also like to thank Aegis for giving us the opportunity and wish them the best with their future endeavors," said Mammias.

About Aegis Brands Inc.

Aegis Brands Inc. owns and operates a portfolio of brands currently consisting of Bridgehead and Hemisphere Cannabis Co. The Company was created with the vision of building a portfolio of amazing brands that can grow and flourish with access to our resources and expertise. We are committed to letting each company under the Aegis Brands umbrella operate as an independent brand, and to working with them to provide shared expertise – and shared services – to help them thrive.

For more information, please visit www.aegisbrands.ca or find the Company on Facebook and Twitter.

About Foodtastic

Foodtastic is the franchisor of multiple restaurant concepts including, Au Coq, La Belle et La Boeuf, Monza, Carlos & Pepe's, Souvlaki Bar, Nickels, Rotisseries Benny, Chocolato, Big Rig and Bacaro. Foodtastic is a leader in the restaurant franchising business with over 130 restaurants and \$240 million in annualized sales.

Cautionary Note on 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 earn-out component of the purchase price, the nature of Aegis' growth strategy going forward and execution on any of its potential plans (including with respect to the growth and development of Bridgehead Coffee and Hemisphere Cannabis and identification of future acquisition targets), and the strength of Aegis' balance sheet going forward, 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. 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. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release.

Risks and uncertainties that may cause such differences include but are not limited to: risks that the Transaction may have a negative impact on the market price and liquidity of the common shares; risks that no amounts on account of the earn-out may ever be paid; 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.

When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Readers are cautioned that the foregoing list of factors is not exhaustive. 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).

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. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that outcomes implied by forward-looking statements will not be achieved. Aegis cautions readers not to place undue reliance on these statements.

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