

Aegis Brands Reports First Quarter 2022 Results

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

Markham, ON, May 9, 2022 -- Aegis Brands Inc. (TSX: AEG) (“Aegis,” “the Company”) has reported financial results for the first quarter ending March 27th, 2022, reflecting improvements on key performance indicators.

Highlights:

- Bridgehead’s Same Store Sales for the quarter rose 12 percent from the comparable quarter in 2021.
- Revenue for the quarter increased by 15 percent to \$2,542,000, from \$2,204,000 in the same quarter last year.
- Net loss for the quarter was \$1,656,000, or \$0.07 per share, compared to a loss of \$1,801,000, or \$0.08 per share, for the same quarter last year.
- Bridgehead continues its wholesale growth with product on shelves in Costco, Sobeys, Farm Boy, Whole Foods and now Longo’s.

Bridgehead

Sales at [Bridgehead](#) coffeehouses gradually improved throughout the first quarter as COVID-19 restrictions lifted. System sales in coffeehouses for the 13 weeks ended March 27, 2022 were \$1,986,000 compared to \$1,698,000 in the prior year, representing an increase of \$288,000 or 17%. The increase in Bridgehead coffeehouse sales is the combined result of same store sales growth and 2 new locations. Same Store Sales were up 12% in the quarter compared to the quarter a year ago, but remain lower compared to the first quarter of 2019.

The wholesale channel will play an increasingly important role as Bridgehead continues to expand its presence in grocery stores across Ontario, with plans to grow across Canada. The wholesale business increased by 55% over the same quarter last year; there are 84 stores now carrying Bridgehead products throughout Ontario, compared to 45 last year. The e-commerce channel experienced a decline of 28% in the quarter compared to Q1 2021 but has been identified as offering high potential for growth. Accordingly, we are investing in marketing both the grocery and e-commerce channels this fiscal year, to support this planned growth.

Coffeehouse cost of sales were \$2,601,000 compared to \$1,355,000 for the same quarter in 2021, an increase of \$1,246,000. Of that, the difference is in government subsidies received in 2021 compared to 2022, and the remainder is comprised of higher labour and food commodity costs.

General and administrative expenses were \$1,011,000 compared to \$609,000 for the same quarter in 2021. This increase is a result of overhead expenses and salaries no longer being shared with other companies.

Aegis Brands Inc.

Aegis is building a portfolio of amazing brands in the restaurant and hospitality space.

“After two years of pandemic restrictions, Canadians are enthusiastically returning to in-person food service experiences of all kinds,” said Steve Pelton, President and CEO of Aegis Brands Inc. “We’re all emerging from a long period of limited choices of surroundings, of company, and of dining experiences. We’re ready to return to our favourites and to try new things.”

[Restaurants Canada predicts a strong comeback for the hospitality industry in 2022](#) with sales in the foodservice business expected to increase by 16.5% over 2021, fuelled by the combination of reduced pandemic restrictions and pent-up consumer demand. Fast Casual and Quick Service Restaurants offering delivery, order-ahead and other digitally-supported options are now well-positioned to capitalize on both consumers' return to in-venue dining and the digital ordering options they've come to appreciate.

"The popular resurgence of restaurants is already underway this year, and Aegis is poised to play a larger role in it by expanding its presence in the Canadian food and beverage space," said Pelton. "We are actively seeking out great entrepreneurs and restaurant brands to join our family of excellent Canadian foodservice brands."

NON-IFRS MEASURES

Aegis measures the success of its business in part by employing several key performance indicators, referenced herein, including Same Store Sales and EBITDA, that are not recognized under IFRS. These indicators should not be considered an alternative to IFRS financial measures, such as net income, and are presented in this report because Aegis management 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 those of 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 first quarter ended March 27th, 2022, 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 and Aegis' execution on any of its potential plans (including with respect to the growth and development of Bridgehead Coffee and identification of future acquisition targets), 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 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 our 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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