Aegis Brands Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 26 weeks ended June 26, 2022 and June 26, 2021

Notice to Reader

The management of Aegis Brands Inc. (the "Company") is responsible for the preparation of the accompanying condensed interim consolidated financial statements. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the financial position, financial performance and cash flows of the Company.

These condensed interim consolidated financial statements have not been reviewed by an auditor. These condensed interim consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items that management considers necessary for a fair presentation of the financial position, financial performance and cash flows.

(Signed)

Steven Pelton
President and Chief Executive Officer, Aegis Brands Inc.

(Signed)

Melinda Lee
Chief Financial Officer, Aegis Brands Inc.

August 9, 2022

Aegis Brands Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of Canadian dollars)

	June 26, 2022	December 26, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 819	$ 1,765
Trade and other receivables	594	255
Notes and leases receivable	137	136
Inventories	670	670
Prepaid expenses and other assets	372	167
	2,592	2,993
Non-current assets		
Notes and leases receivable	302	387
Investments in equity securities (note 5)	1,652	4,995
Right-of-use assets	3,466	3,968
Property and equipment	2,274	2,714
Intangible assets	3,911	3,911
Goodwill	1,352	1,352
Total assets	$ 15,549	$ 20,320
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,123	$ 3,316
Short-term debt (note 6)	950	-
Lease liabilities (note 13)	1,756	1,395
Deferred revenue	307	268
	6,136	4,979
Non-current liabilities		
Provisions (note 12)	1,217	1,217
Lease liabilities (note 13)	4,503	5,545
Deferred income taxes	252	676
Total liabilities	12,108	12,417
SHAREHOLDERS' EQUITY	3,441	7,903
Total liabilities and shareholders' equity	$ 15,549	$ 20,320

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Approved by the Directors on August 9, 2022

Michael Bregman, Director

Stephen Kelley, Director

Aegis Brands Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited, expressed in thousands of Canadian dollars, except per share amounts)

	13 weeks ended		26 weeks ended	
	June 26, 2022	June 26, 2021	June 26, 2022	June 26, 2021
Sales (note 7)	$ 3,240	$ 2,383	$ 5,782	$ 4,610
Operating costs and expenses (note 8)				
Cost of sales	1,854	1,487	4,338	2,788
General and administrative expenses	1,036	1,299	2,045	3,157
Depreciation of property and equipment	152	263	318	574
Amortization of right-of-use assets	251	382	503	742
Loss on disposal of capital items	30	-	30	-
Revaluation of securities, warrants, and other	2,904	-	3,294	-
	6,227	3,431	10,528	7,261
Loss from continuing operations	(2,987)	(1,048)	(4,746)	(2,651)
Interest and financing expense (note 9)	(99)	(149)	(190)	(259)
Other income	65	-	40	-
Loss before income taxes	(3,021)	(1,197)	(4,896)	(2,910)
Income tax recovery	205	6	424	112
Loss from continuing operations	(2,816)	(1,191)	(4,472)	(2,798)
Loss from discontinued operations, net of tax (note 3)	-	(3,910)	-	(4,103)
Net loss and comprehensive loss for the period	$ (2,816)	$ (5,101)	$ (4,472)	$ (6,901)
Basic and diluted loss per share – continuing operations	(0.12)	(0.05)	(0.19)	(0.12)
Basic and diluted loss per share – discontinued operations	-	(0.17)	-	(0.18)
Basic and diluted loss per share (note 10)	$ (0.12)	$ (0.22)	$ (0.19)	$ (0.30)

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Aegis Brands Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited, expressed in thousands of Canadian dollars)

	Common Shares		Share Capital		Contributed Surplus		Deficit		Total
Balance - December 26, 2020	22,916,028	$	32,361	$	62,046	$	(79,250)	$	15,157
Net loss, continuing operations	-		-		-		(2,798)		(2,798)
Net loss, discontinued operations	-		-		-		(4,103)		(4,103)
Stock option expense	-		-		11		-		11
Balance – June 26, 2021	22,916,028	$	32,361	$	62,057	$	(86,151)	$	8,267
Balance - December 26, 2021	23,230,227	$	32,895	$	61,917	$	(86,909)	$	7,903
Net loss	-		-		-		(4,472)		(4,472)
Stock option expense	-		-		10		-		10
Balance – June 26, 2022	23,230,227	$	32,895	$	61,927	$	(91,381)	$	3,441

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Aegis Brands Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	13 weeks ended		26 weeks ended	
	June 26, 2022	June 26, 2021	June 26, 2022	June 26, 2021
CASH PROVIDED BY (USED IN)				
Operating activities				
Net loss for the period	$ (2,816)	$ (5,101)	$ (4,472)	$ (6,901)
Adjusted for net loss from discontinued operations	-	3,910	-	4,103
Items not involving cash				
Depreciation of property and equipment	152	263	318	574
Amortization of right-of-use assets	251	382	503	742
Share-based compensation	-	(93)	-	(5)
Deferred income taxes	(205)	(6)	(424)	(112)
Loss on disposal of capital items	30	-	30	-
Stock option expense	5	1	10	11
Interest income – leases receivable	(3)	(3)	(6)	(6)
Interest expense – lease liabilities	90	109	185	224
Revaluation of warrants and equity securities	2,961	-	3,343	-
Changes in non-cash working capital & other (note 11)	(468)	(3,113)	(607)	(3,596)
Cash used in operating activities – continuing operations	(3)	(3,650)	(1,120)	(4,966)
Cash used in operating activities – discontinued operations	-	(2,082)	-	(601)
Cash used in operating activities	(3)	(5,732)	(1,120)	(5,567)
Investing activities				
Payments for capital expenditures	(26)	(94)	(30)	(158)
Proceeds received on the sale of capital items	120	-	120	-
Receipt from divestiture	-	11,776	-	11,776
Cash provided by investing activities – continuing operations	94	11,682	90	11,618
Cash used in investing activities – discontinued operations	-	(190)	-	(637)
Cash provided by investing activities	94	11,492	90	10,981
Financing activities				
Lease payments	(439)	(428)	(866)	(863)
Short-term debt	300	130	950	850
Cash provided by (used in) financing activities – continuing operations	(139)	(298)	84	(13)
Cash used in financing activities – discontinued operations	-	(640)	-	(1,068)
Cash provided by (used) in financing activities	(139)	(938)	84	(1,081)
Increase (decrease) in cash and cash equivalents during the period	(48)	4,822	(946)	4,333
Cash and cash equivalents – Beginning of the period	867	580	1,765	1,069
Cash and cash equivalents – End of the period	$ 819	5,402	$ 819	5,402

Cash and cash equivalents are comprised of cash deposits at financial institutions.
Supplemental cash flow information (note 11).

See accompanying notes to the unaudited condensed interim consolidated financial statements

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

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1. Organization and nature of business

Aegis Brands Inc. (the "Company", "Aegis" or "Aegis Brands") is a consolidator of brands in the hospitality industry with the mission to allow for independent entrepreneurial spirit while providing shared services that encourage unlimited growth. The Company currently owns and operates Bridgehead Coffee "Bridgehead". The Company owns the trademarks, trade names, operating procedures and systems and other intellectual property used in connection with the operation of this brand in Canada.

The Company is a Canadian public company incorporated under the Business Corporations Act (Ontario) in 2011. The Company relocated to a new registered office in September 2021 at 210 Shields Court, Markham, Ontario L3R 8V2. The Company's website is www.aegisbrands.ca. The Company's common shares trade under the Toronto Stock Exchange ticker symbol "AEG".

As of June 26, 2022, Bridgehead has 21 Company-owned coffeehouses including its flagship roastery, all of which continue to operate under the Bridgehead brand.

2. Statement on COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, ("COVID-19"), a global pandemic. Since then, the outbreak has spread on a global scale, causing companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The case count continues to be a cause of concern, along with the additional questions and uncertainty as a result of the emergence of the COVID-19 variants. Although government and business enforced restrictions have mostly been lifted across Canada, business have yet to fully recover from the effects of this pandemic.

Since the declaration of the pandemic, a majority of the Bridgehead coffeehouse locations have been negatively impacted by the decline in consumer foot traffic - especially notable in downtown Ottawa, scaled down nature of store operations due to closure of dining space for periods of time, and the general shift in consumer spending patterns in the retail industry. As of June 26, 2022, 3 out of 21 Bridgehead coffeehouses were temporarily suspended for business operations. As of August 9, 2022, 2 out of 21 coffeehouses were temporarily suspended.

The temporary and permanent store closures, and restricted store operations as a result of the circumstances described above, continue to significantly reduce sales and impact the Company's cash flows. The decrease in sales and accumulating losses is considered an indicator of impairment by the Company. As the negative impacts outlined above are considered an indicator of impairment by management, the Company has performed an assessment of the recoverability of its assets, including its trademarks, right-of-use assets, property and equipment. Following this assessment, the Company recognized an impairment charge against its assets during the 52-week period ended December 26, 2021. Based on the assessment at June 26, 2022, no further impairment was required.

In an effort to mitigate the risks associated with the pandemic and in response to the reduction of sales, the Company actively reduced its operating costs by halting discretionary capital expenditures and significantly lowering its staff compensation costs. The Company continued to evaluate all available, applicable government relief programs, including the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") program, which are financial relief measures initiated by the Government of Canada in response to the economic impacts of the COVID-19 pandemic. The Company determined that it was eligible to qualify for the above and other related relief financial programs and during the 26-week period ended June 26, 2022, the Company received $1,142,425 (2021: $1,017,000) of wage and rent subsidies.

3. Discontinued Operations

On February 7, 2021, the Company entered into a definitive agreement to sell all or substantially all of the assets comprising the Second Cup brand ("Second Cup") to an affiliate of Quebec-based Foodtastic Inc. ("Foodtastic"). The sale price was $14,000,000 in cash received on closing (subject to customary closing adjustments) plus a post-closing earn-out based on royalties earned from certain Second Cup cafés opened following completion of the sale. On April 26, 2021, the Company announced that it had completed the sale of the Second Cup assets. No receivable has been recorded for the earn-out as the amount is not determinable and as of August 9, 2022, no earn-out payments have been received.

On July 12, 2021, the Company entered into a strategic transaction with Kiaro Holdings Corp. ("Kiaro"), a TSX-V-listed cannabis retailer and wholesale distributor, pursuant to which it has agreed to sell its subsidiary 2734524 Ontario Inc. ("Hemisphere") in exchange for an equity stake in Kiaro. On September 24, 2021, the Company announced that it had completed the transaction with Kiaro. In consideration for 100% of Hemisphere's common shares, Kiaro issued 61,300,000 common shares to Aegis, having an aggregate value of approximately $6,130,000 and representing approximately 25% of the issued and outstanding Kiaro common shares on the date of issue. The Company was also issued 6,700,000 Kiaro common share purchase warrants with an exercise price of $0.16 and an expiry of September 24, 2024 on closing. Kiaro issued an additional 4,790,000 shares to Aegis, net of professional fees settled with 1,910,000 Kiaro shares, upon the achievement of certain commercial milestones during Q4 2021.

In accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, the Company has presented the after-tax loss from these two business segments as discontinued operations in a single amount in the comparative condensed interim consolidated statement of operations and comprehensive loss.

4. Summary of significant accounting policies

a. Basis of preparation

These unaudited condensed interim consolidated financial statements for the 13 weeks and 26 weeks ended June 26, 2022 and June 26, 2021 have been prepared in accordance with IFRS, as applicable to condensed interim consolidated financial reports including International Accounting Standard (IAS) 34, Interim Financial Reporting ("IAS 34"), and should be read in conjunction with the Company's audited annual financial statements for the 52 weeks ended December 26, 2021, also prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those of the previous financial year. The accounting policies are based on IFRS issued and outstanding as at August 9, 2022, the date the Board of Directors approved the condensed interim consolidated financial statements.

The Company's fiscal year is made up of 52 weeks or 53 weeks ending on the last Sunday of December. The Company changed its fiscal year end in 2021 from the last Saturday in December, to align with the fiscal year end of Bridgehead and other peers in the industry. Fiscal year 2022 consists of 52 weeks.

b. Segmented information and reporting

The Company's retail brands operate as independent brands. Financial results and business performance indicators are provided to the Chief Executive Officer for each retail brand, and hence each brand represents its own reportable segment. The financial results of the brands are reported on a consolidated basis in these financial statements, with Second Cup and Hemisphere presented as discontinued operations.

The Company's consolidated operating revenues comprise the sale of goods from Company-operated coffeehouses, the sale of goods through retail and other ancillary channels, and other service fees.

Management is organized based on the Company's operating brands rather than the specific revenue streams.

c. Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries as follows:

Bridgehead (2000) Inc.
2707048 Ontario Corporation (inactive)

IFRS 10, *Consolidated Financial Statements*, outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls.

Consolidation of a subsidiary begins on the date that control is acquired by a Company over the subsidiary and ceases when the Company loses control of the subsidiary. The income and expenses of new subsidiaries acquired or disposed during the year, as well as new subsidiaries incorporated during the year, are included in the consolidated statements of operations and comprehensive loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intercompany transactions, revenue and expenses were eliminated during preparation of these condensed interim consolidated financial statements.

d. Business Combinations

IFRS 3, *Business Combinations*, establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the assets and liabilities acquired; recognizes and measures the goodwill acquired in the business combination; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

The Company accounts for business combinations by applying the acquisition method.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

Contingent consideration is measured at fair value at the time of the business combination and is taken into account in the determination of goodwill. Some changes in the fair value of contingent consideration that the acquirer recognizes after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer is to account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. If the additional consideration is classified as an asset or liability that is a financial instrument, the contingent consideration is measured at fair value and gains and losses are recognized in profit or loss.

5. Investments in Equity Securities

(i) Warrants

The Company has investments in warrants of High Tide and Kiaro. The fair value of the warrants is calculated using the Black Scholes option pricing model based on a volatility adjusted for industry specific factors and other considerations, including the business performance of the High Tide and Kiaro brands.

The following table summarizes the Company's warrants measured at fair value.

		June 26, 2022
Fair value, December 26, 2021	$	38
Change in fair value		(38)
Fair value, June 26, 2022	$	-

(ii) Investment in equity of Kiaro Holdings Corp.

On September 24, 2021, the Company completed a strategic transaction whereby it sold its Hemisphere subsidiary to Kiaro. In consideration for 100% of Hemisphere's common shares, Kiaro issued to Aegis common shares and warrants to purchase common shares of Kiaro. The share consideration received from the sale was recorded on the Statement of Financial Position at cost and measured using equity accounting as it was determined according to IAS 28 that the threshold to assert significant influence was met. Aegis recorded the proceeds of the Hemisphere sale at cost with adjustments made for the Company's share of the profit and losses of Kiaro. As at June 26, 2022, the fair value of the investment in Kiaro was less than the value determined by equity accounting, therefore the investment was written down to fair value.

		June 26, 2022
Fair value, December 26, 2021	$	4,995
Change in fair value		(3,343)
Investments in equity securities	$	1,652

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

The following table summarizes the Company's total investment in equity securities, including both warrants measured at fair value and the investment in Kiaro's equity.

		June 26, 2022
Warrants	$	-
Investment in Kiaro's equity		1,652
Investments in equity securities	$	1,652

6. Short-term debt

The Company has a secured credit agreement with CWB Franchise Finance (CWB) pursuant to which a revolving credit facility ("Credit Facility") of $3,000,000 was made available to the Company, secured by the assets of Bridgehead. The credit facility matures on December 7, 2022, and bears interest on amounts drawn at the prime lending rate plus 3.2% per annum.

		June 26, 2022
Short-term debt, December 26, 2021	$	-
Proceeds of Credit Facility		950
Short-term debt, June 26, 2022	$	950

7. Sales

The breakdown of Bridgehead's sales by revenue channel is as follows:

	13 weeks ended		26 weeks ended	
	June 26, 2022	June 26, 2021	June 26, 2022	June 26, 2021
Coffeehouses	$ 2,810	$ 1,877	$ 4,796	$ 3,572
Wholesale	277	257	650	524
E-commerce	153	249	336	514
	$ 3,240	$ 2,383	$ 5,782	$ 4,610

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

8. Operating costs and expenses

	13 weeks ended		26 weeks ended	
	June 26, 2022	**June 26, 2021**	**June 26, 2022**	**June 26, 2021**
Company-owned coffeehouses and cost of product sales				
Cost of product sales	$ 1,184	$ 875	$ 2,244	$ 1,700
Labour and related expenses	566	502	1,511	893
Occupancy and other	-	110	-	195
Professional fees and other	104	-	583	
	1,854	1,487	4,338	2,788
General and administrative				
Labour and related expenses	448	480	1,158	1,046
Professional fees and other	588	786	887	2,016
Occupancy	-	33	-	95
	1,036	1,299	2,045	3,157
Other				
Depreciation of property and equipment	152	263	318	574
Depreciation of right-of-use assets	251	382	503	742
Revaluation of securities, warrants, and other	2,904	-	3,294	-
Loss on disposal	30	-	30	-
	3,337	645	4,145	1,316
	$ 6,227	$ 3,431	$ 10,528	$ 7,261

9. Interest and financing costs

	13 weeks ended		26 weeks ended	
	June 26, 2022	**June 26, 2021**	**June 26, 2022**	**June 26, 2021**
Interest expense –lease liabilities	$ 90	$ 109	$ 185	$ 224
Interest expense	17	44	22	47
Interest income – leases receivable	(3)	(3)	(6)	(6)
Interest income	(5)	(1)	(11)	(6)
	$ 99	$ 149	$ 190	$ 259

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

10. Basic and diluted loss per share

Income (loss) per share is based on the weighted average number of shares outstanding during the period. Share option awards to purchase shares are excluded due to anti-dilutive impact. Basic and diluted income (loss) per share is determined as follows:

	13 weeks ended		26 weeks ended	
	June 26, 2022	June 26, 2021	June 26, 2022	June 26, 2021
Net loss from continuing operations	$ (2,816)	$ (1,191)	$ (4,472)	$ (2,798)
Weighted average number of shares issued and outstanding	23,230,227	22,916,028	23,230,227	22,916,028
Basic and diluted loss per share from continuing operations	$ (0.12)	$ (0.05)	$ (0.19)	$ (0.12)
Net loss from discontinued operations	$ -	$ (3,910)	$ -	$ (4,103)
Weighted average number of shares issued and outstanding	23,230,227	22,916,028	23,230,227	22,916,028
Basic and diluted loss per share from discontinued operations	$ -	$ (0.17)	$ -	$ (0.18)
Total basic and diluted earnings (loss) per share	$ (0.12)	$ (0.22)	$ (0.19)	$ (0.30)

11. Supplemental cash flow information

	13 weeks ended		26 weeks ended	
	June 26, 2022	June 26, 2021	June 26, 2022	June 26, 2021
Changes in non-cash working capital & other (inflows (outflows)):				
Trade, and other receivables	$ (328)	$ (8)	$ (339)	$ (33)
Notes and leases receivable	20	-	91	-
Inventories	29	(108)	-	(150)
Prepaid expenses and other assets	70	(31)	(205)	(320)
Accounts payable and accrued liabilities	(272)	(2,934)	(193)	(3,032)
Provisions and lease liabilities	-	(13)	-	(13)
Other liabilities	-	(16)	-	(1)
Deferred revenue	13	(3)	39	(47)
	$ (468)	$ (3,113)	$ (607)	$ (3,596)

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

12. Contingencies, commitments and guarantees

The Company is involved in litigation and other claims arising in the normal course of business. Judgment must be used to determine whether or not a claim has any merit, the amount of the claim and whether to record a provision, which is dependent on the potential success of the claim. It is believed that no significant losses or expenses will be incurred with such claims above what has been accrued. However, there can be no assurance that unforeseen circumstances will not result in significant costs. The outcome of these actions is not determinable at this time, and adjustments, if any, will be recorded in the period of settlement.

		June 26, 2022
Provisions balance at December 26, 2021	$	1,846
Adjustments		(248)
Total provisions at June 26, 2022	$	1,598
Short-term balance included in accruals	$	381
Long-term balance		1,217
Total provisions at June 26, 2022	$	1,598

Contracts are in place with third party companies to purchase the coffee that is sold in all coffeehouses. In terms of these supply agreements, there is a guaranteed minimum volume of coffee purchases of $730,000 (June 26, 2021 - $653,000) for the subsequent 12 months. The coffee purchase commitment is comprised of two components: unapplied futures commitment contracts and fixed price physical contracts.

13. Lease liabilities

The following table outlines the total contractual real estate lease liabilities as at June 26, 2022:

Year 1	$	1,756
Year 2		1,651
Year 3		1,537
Year 4		1,317
Year 5		593
Thereafter		189
Less: future interest expense		(784)
Less: lease liabilities – current		(1,756)
Total long-term lease liabilities	$	4,503

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

14. Segmented reporting

The Company's reportable operating segments are organized in a manner that reflects how management views those business activities, and the manner that reflect how internal financial results and key performance indicators are reported to the Chief Executive Officer.

Segmented Operations – 13 Weeks Ended June 26, 2022

	Second Cup	Hemisphere	Bridgehead	Corporate	Total
Sales	$ -	$ -	$ 3,240	$ -	$ 3,240
Cost of sales	-	-	(1,854)	-	(1,854)
Other amounts in loss	-	-	(762)	(3,645)	(4,407)
Net income (loss) before income taxes	-	-	624	(3,645)	(3,021)
Income taxes (recovery)	-	-	165	(370)	(205)
Net income (loss)	**-**	**-**	**459**	**(3,275)**	**$ (2,816)**

Segmented Operations – 13 Weeks Ended June 26, 2021

	Second Cup	Hemisphere	Bridgehead	Corporate	Total
Sales	$ -	$ -	$ 2,383	$ -	$ 2,383
Cost of sales	-	-	(1,487)	-	(1,487)
Other amounts in loss	-	-	(925)	(1,168)	(2,093)
Net loss before income taxes	-	-	(29)	(1,168)	(1,197)
Income tax recovery	-	-	(6)	-	(6)
Loss from continuing operations after income taxes	-	-	(23)	(1,168)	(1,191)
Discontinued operations after income taxes	(3,428)	(482)	-	-	(3,910)
Net loss	**(3,428)**	**(482)**	**(23)**	**(1,168)**	**$ (5,101)**

Segmented Operations – 26 Weeks Ended June 26, 2022

	Second Cup	Hemisphere	Bridgehead	Corporate	Total
Sales	$ -	$ -	$ 5,782	$ -	$ 5,782
Cost of sales	-	-	(4,338)	-	(4,338)
Other amounts in loss	-	-	(1,638)	(4,703)	(6,341)
Net loss before income taxes	-	-	(194)	(4,703)	(4,897)
Income tax recovery	-	-	(54)	(371)	(425)
Net loss	**-**	**-**	**(140)**	**(4,332)**	**$ (4,472)**

(Unaudited, tabulated amounts expressed in thousands of Canadian dollars, except per share amounts)

Segmented Operations – 26 Weeks Ended June 26, 2021

	Second Cup	Hemisphere	Bridgehead	Corporate	Total
Sales	$ -	$ -	$ 4,610	$ -	$ 4,610
Cost of sales	-	-	(2,788)	-	(2,788)
Other amounts in loss	-	-	(1,827)	(2,905)	(4,732)
Net loss before income taxes	-	-	(5)	(2,905)	(2,910)
Income tax recovery	-	-	-	(112)	(112)
Loss from continuing operations after income taxes	-	-	(5)	(2,793)	(2,798)
Discontinued operations after income taxes	(3,265)	(838)	-	-	(4,103)
Net loss	**(3,265)**	**(838)**	**(5)**	**(2,793)**	**$ (6,901)**

15. Subsequent events

On July 25, 2022, Steven Pelton, Aegis' CEO, resigned from the Board of Directors of Kiaro. Aegis has the right, but has not at this time, added a replacement member to the Kiaro Board of Directors.

On August 9, 2022, the Company entered into an amending agreement with CWB to increase the existing development line of credit "DLOC" facility from $27,000,000 to $30,000,000. No amount has been drawn on this facility to date.