

## **Aegis Brands Reports Growth in Second Quarter 2022 Results** *Pandemic recovery fuels growing momentum*

**Markham, ON, August 9<sup>th</sup>, 2022** -- Aegis Brands Inc. (TSX: AEG) (“Aegis,” “the Company”) has reported financial results for the second quarter ending June 26<sup>th</sup>, 2022, reflecting improvements on key performance indicators.

“Our strategies to take advantage of pandemic recovery are bearing fruit,” said Steve Pelton, President and CEO, Aegis Brands Inc. “With the food and beverage recovery well underway and our actions to grow new revenue channels, Aegis is well-positioned to build on this momentum in the quarters ahead.”

### **Highlights:**

- Bridgehead’s same coffeehouse sales for the quarter rose 40 percent from the comparable quarter in 2021, but have yet to reach 2019 levels.
- Revenue for the quarter increased by 36 percent to \$3,240,000, from \$2,383,000 in the same quarter last year.
- Net loss for the quarter was \$2,816,000 or \$0.12 per share. However, when adjusted for the non-cash revaluation of warrants and securities, Aegis had net earnings of \$23,000 or \$0.01 per share for the quarter, compared to a loss of \$5,101,000 or \$0.22 per share for the same quarter last year.
- Subsequent to the quarter, Aegis’ Development Line of Credit (DLOC) with CWB Franchise Finance (CWB) was increased by \$3,000,000, to \$30,000,000. No amount has been drawn on this facility to date. This DLOC provides Aegis with financial support to pursue its acquisitions and is in addition to the \$3,000,000 line of credit already in place for general operating needs.

### **Bridgehead**

Bridgehead’s revenue from increased to \$3,240,000 from \$2,383,000, or 36 percent, in the same quarter last year. Year-to-date revenue rose to \$5,782,000, from \$4,610,000 in 2021.

Bridgehead coffeehouse sales continued to grow throughout the second quarter as more and more people returned to office work. Coffeehouse sales in the 13 weeks ended June 26<sup>th</sup>, 2022 were \$2,810,000 compared to \$1,877,000 in the second quarter of 2021, representing an increase of \$938,355 or 50 percent. This result combines a 40 percent increase in same coffeehouse sales over the comparable quarter last year with sales from two new locations.

Bridgehead’s net income was \$459,000 compared to a net loss of \$23,000 in the same quarter last year. Year-to-date the business had a net loss of \$140,000 compared to a loss of \$5,000 in 2021. Pandemic and “Freedom Convoy” subsidies received in the second quarter bolstered results in the quarter.

“Concurrent with our focus on growing in-store sales, we continue to invest in growth in both the wholesale and e-commerce of our business,” said Pelton. Bridgehead recently hired experienced senior leaders to head up these channels. Investments continue in the redesign of [the website](#); e-commerce functionality; and new marketing initiatives to support e-commerce, wholesale, and the traditional coffeehouse business.

In the quarter, Bridgehead entered a national broker/distributor agreement to further accelerate the growth of the wholesale business. The broker distributor partner was chosen due to its history in successfully selling and distributing high quality, socially- and environmentally-responsible coffee in grocery stores across the country and they have the industry know-how and relationships to do it again with Bridgehead.

“We are excited to begin this partnership and are looking forward to bringing the Bridgehead coffee experience to people across Canada,” said Kate Burnett, President of Bridgehead. “Our wholesale business is up over 30 percent over last year and we have only just begun with the marketing and distribution required to realize our targets in this segment of the business,” continued Burnett.

### **Aegis Brands Inc.**

Aegis’s adjusted EBITDA from continuing operations for the quarter was \$320,000 when adjusted for the non-cash revaluations of Kiaro and Meta warrants and Kiaro shares of \$2,904,000 (2021 - \$nil). The book value of the Kiaro investment as of Q2 is \$1,652,000, which has been written down by \$4,977,000 since Q3 of 2021. Steven Pelton resigned from the Kiaro board as of July 25<sup>th</sup>, 2022.

As the company continues to recover from the pandemic, Aegis continues to advance its previously disclosed strategy of pursuing acquisitions in the hospitality/food and beverage space. “We have committed to becoming a consolidator of great brands, and we will only pursue companies we believe we can help grow beyond their current trajectory,” added Pelton.

### **NON-IFRS MEASURES**

Aegis measures the success of its business in part by employing several key performance dictators, 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 27<sup>th</sup>, 2022, available on SEDAR at [www.sedar.com](http://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](http://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](http://aegisbrands.ca).

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