

Aegis Brands Reports Fourth Quarter and Year End Results

St. Louis brand continues to exceed expectations.

Toronto, ON, March 11th, 2024 -- Today, Aegis Brands Inc. (TSX: AEG) has reported financial results for the fourth quarter and year end as of December 31st, 2023.

Highlights:

- System sales of \$32.8 million in the fourth quarter increased by 19.1% over last year and for the year increased to \$125.2 million or 12.2% over the prior year
- Same store sales accelerated through the year and increased by 9.4% in Q4.
- Operating income from continuing operations for the year was \$2.1 million compared to a loss of \$8.3 million last year
- Net loss from continuing operations for the year was \$1.0 million or \$0.01 per share compared to \$7.6 million or \$0.31 per share last year.
- EBITDA from continuing operations for the year was \$3.5 million compared to an EBITDA loss of \$3.2 million when adjusted for asset impairment charges
- Aegis closed the previously announced sale of the assets of Bridgehead Coffee on March 8th, 2024.

St. Louis Bar & Grill

St. Louis contributed \$4.6 million and \$5.9 million in Net income and EBITDA respectively for the 2023 year. Same store sales rose by 9.4% in the fourth quarter and 7.8% for the year. St. Louis opened four new stores and closed none in the past year. Currently the brand has expanded to six provinces and 78 stores in total.

“St. Louis continues to grow sales organically”, said Steven Pelton, President and CEO of Aegis Brands Inc. “Our marketing department’s ability to drive traffic into our restaurants is improving with each promotion or event. As we see new faces during these events, our focus operationally is to convert new guests into regulars through providing extraordinary hospitality. We know if we can give our guest more than they expect within our four walls during a promotion, they will return, and we are seeing the results of these efforts. We are very proud of the people within the stores that are making this happen and we couldn’t be more excited for their continued success.”

St. Louis successfully launched several new initiatives that drove traffic, incremental sales and profitability for our franchisees:

- Uber Eats was introduced to the majority of the system which added sales of \$6.3 million from its launch in April to the end of the year.
- The Sweet Jesus brand test as the dessert offering in 15 locations began in the middle of last year. With less than \$500 of capital investment, our best test stores added \$100,000 in additional annualized sales.
- St. Louis partnered with Sports Interaction to bring the excitement of betting on your favorite game into the bar/dining experience of St. Louis. The partnership creates an opportunity to host educational launch parties in efforts to create even more regulars during game days within our Ontario locations. Additionally, franchisees share in the income produced by this partnership with Sports Interaction.
- Early in the year, St. Louis also partnered with Tik Tok and Loop Media to provide highly engaging and entertaining content on TV screens across their restaurants. This was the first partnership of this scale between TikTok and a hospitality brand in Canada. Franchisees also benefit from an advertising revenue sharing program which further contributes to the store level profitability.

Wing City by St. Louis

On December 14th, the first Wing City location opened in Toronto. This location is company owned and sales have steadily increased week over week. The menu, hours, and operations continue to evolve while trying to capture the perfect offering for the fast casual version of St. Louis. The second Wing City location will open within the next few months at the busy corner of King and Bathurst in Toronto. This location will be dual branded with Sweet Jesus.

Bridgehead

On March 8th the company closed the sale of the assets of its roasting, wholesale and coffeehouse business, excluding certain specified assets, for a purchase price of \$3,500,000 in cash and the assumption of certain liabilities, to Pilot Coffee Group of Companies.

“This strategic divestiture allows us to build on the momentum of the St. Louis brand. We know there is significant growth yet to be realized with this brand and we are focused on creating shareholder value with this great asset.” said Pelton.

Aegis

After several challenging years, Aegis is now positioned for growth. The company is a very different company now than it has been in recent years. “We are excited about our future and are focused on growth and opportunities, not legacy problems” said Pelton. In 2023, Aegis brought on Chris Fountain as VP of Development at St. Louis and quickly promoted Chris to Chief Operating Officer at Aegis. Chris was the CEO and a partner at Pita Pit until they successfully sold the business in 2021. Pita Pit at its peak had 600+ stores operating in 13 countries.

The next step in the evolution of Aegis is to propose a rejuvenated slate of Directors for the shareholders to vote in at this year’s Annual General Meeting in May. This new slate will include Anthony Longo, CEO of Longo’s, and a significant shareholder of Aegis. Michael Bregman will step down as Chairman of the Board and will be succeeded by Anthony, if elected. Anthony’s extensive knowledge and experience will be invaluable as Aegis enters this new stage.

About Aegis Brands

Aegis Brands owns and operates St. Louis Bar and Grill and Wing City by St. Louis. The Company is committed to letting each brand operate independently while providing shared expertise to help them thrive. For more information, please visit www.aegisbrands.ca.

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 year ended December 31, 2023 available on SEDAR at www.sedarplus.ca.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of Canadian securities laws. 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 St. Louis Bar and Grill and Wing City), 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 rising interest rates and inflationary pressures on the cost of doing business; 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.sedarplus.ca).

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.

For more information, please visit aegisbrands.ca.

For further information:

Tara Ramsay
Aegis Brands
tramsay@aegisbrands.ca