purebread

BRANDS INC.

PUREBREAD BRANDS INC. REPORTS Q1 2025 RESULTS

- **Quarterly revenue of $4.04 million, up 352% YoY**
- **Quarterly gross profit of $2.46 million, up 211% YoY**
- **Quarterly revenue generated by Purebread Bakery up 20% YoY**
- **Total operating expenses in Q1 2025 reduced by 6% compared to Q4 2024, and reduced by 14% compared to Q3 2024**

Vancouver, British Columbia - August 30, 2024 - Purebread Brands Inc. (TSXV: BRED) ("Purebread" or the "Company") (TSXV:BRED), is pleased to announce that it has filed its Q1 2025 financial results, the highlights of which are included in this news release. The full set of Condensed Consolidated Interim Financial Statements and Management Discussion and Analysis can be viewed by visiting the Company's website at www.purebreadbrands.com or its profile page on SEDAR+ at www.sedarplus.ca.

Q1 Financial Highlights

- Revenue increased 352% YoY to $4.04 million in Q1 2025 from $0.89 million in Q1 2024.

- Gross profit increased 211% YoY to $2.46 million in Q1 2025 from $0.79 million in Q1 2024.

- Revenue generated by Purebread Bakery increased 20% YoY to $3.28 million in Q1 2025 from $2.74 million in Q1 2024. Purebread Bakery was acquired on September 20, 2023, with its financial results being included in the consolidated results of the Company subsequent to that date.

- Total operating expenses reduced by 6% compared to Q4 2024, and reduced by 14% compared to Q3 2024, in line with management's cost reduction efforts and continued focus on streamlining administrative functions. Further cost reduction exercises will continue throughout the organization over the coming quarters.

- Q1 2025 represents the ninth consecutive quarter of double-digit growth for Purebread Brands.

Q1 Operational Highlights

- Two new locations began operations on June 1, 2024, on West 4th Avenue in Kitsilano and in Parksville, BC. The sales of these locations were only impactful for one month of the quarter, while opening and staff training costs were incurred earlier in the quarter.

- Throughout and subsequent to Q1, the Company enacted a series of profit maximization efforts (described below), the financial impact of which will be realized in future quarters.

    - At Purebread Bakery:

        - The roll out of an improved retail packaged products (which includes a new cold drink program) driving a 250% increase within this category.

        - The roll-out of our first 3rd party delivery platform "Uber Eats" at two of our locations.

        - The signing of notable wholesale contracts.
        - The introduction of location specific marketing and product offerings.
    - At Coho Commissaries:
        - The continued increase of rental rates across the membership to account for rising costs.
        - Reduction of 30% of head office staff.
        - The successful onboarding of Sodexo's Global Purchasing Organization (GPO) that reduced vendor costs throughout, while maintaining consistency and quality.
        - Negotiation and transition of one under performing asset (as described in greater detail below) and change of plan moving forward for the only remaining unopened asset.

Management Commentary

"Our Q1 results highlight our ability to open new locations and make tough decisions to improve forward looking profitability," said Andrew Barnes, CEO of Purebread Brands. "The dedication of our team to executing our strategy is reflected in these results, which lay a solid groundwork for future growth. We are confident that our continued focus on strategic expansion and profitability will drive strong performance in the coming quarters."

Update Regarding Two Shared Kitchen Locations

- Consistent with the Company's recent efforts to promote growth and expansion of the Purebread brand of cafes and bakeries, the Company is announcing the cancellation of two locations intended for its "Coho Commissary" line of shared kitchen spaces. The first Coho Commissary location being impacted is in Gibsons, British Columbia (the "Gibsons Location"). The Gibsons Location will revert back to the landlord on December 1st, 2024, following a three-month handover, in accordance with agreed upon terms with the landlord of the Gibsons Location and the relevant customers.
- The second cancellation relates to a shared kitchen space in Richmond, British Columbia (the "Richmond Location"). On August 14, 2024, a subsidiary of the Company, "Richmond by Coho Collective Kitchens Inc.", was served with a notice of civil claim filed in the Supreme Court of British Columbia by the landlord of the Richmond Location, the Peterson Crestwood Limited Partnership Group (the "Richmond Landlord"). The Company has 21 days to prepare, file and serve a response to the Richmond Landlord's civil claim. The Company is in the process of reviewing and responding to this claim. The claim seeks unspecified damages.
- The Company intends to continue to reduce costs, drive improved profitability, and identify the strongest assets for continued growth of the business.
- The Company intends on expanding corporate partnerships for additional growth and visibility of the Purebread Bakery Brand.

Mailing of the 2024 AGM Materials to Shareholders

Materials for the Annual and Special Meeting of Shareholders ("Meeting") will be mailed on August 30, 2024 to Purebread shareholders of record as at August 22, 2024. The Meeting materials will also be available on the Company website at www.purebreadbrands.com and under the Company's SEDAR+ profile at www.sedarplus.ca.

The Company has been advised that Dan Haroun, a current director, will not be seeking re-election at the Meeting due to time constraints relating to a new full time executive role with another company. Following the Meeting, Mr. Haroun will transition to a continuing role as an advisor to the Board.

"On behalf of the board of directors and management of Purebread, I would like to express my gratitude to Mr. Haroun for his wealth of knowledge and guidance, and I wish him all the best in his future endeavours", said Andrew Barnes, CEO, of Purebread.

About Purebread Brands Inc.:

Purebread Brands Inc. is a growing force in commercial real estate and food technology, operating fast-casual cafes, bakeries, and shared-kitchen facilities. Purebread is committed to making a positive impact on the communities it serves.

For more information and updated investor presentation, please visit www.purebreadbrands.com

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Cautionary Note Regarding Forward-Looking Information

This press release may contain "forward-looking statements" and "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable securities legislation, which reflect management's current expectations regarding future events. Such forward-looking statements include, but are not limited to, forward-looking statements with respect to plans, intentions, beliefs, and current expectations of the Company with respect to future business activities, expansion and operating performance; the continued success of the Company's Shared Kitchen Business; the impact of the cancellation of the Gibsons Location and the Richmond Location on the Company's future success; the Company's ability to negotiate a resolution with the Richmond Landlord; the costs, including damages which may be payable (if any) and legal expenses, associated with the ongoing dispute with the Richmond Landlord; and the impact of the ongoing dispute with the Richmond Landlord on the Company's leadership and other employees (including their time and efforts), as well as any corresponding impact on the performance or share price of the Company.

Forward-looking statements are frequently characterized by words such as "plan", "project", "intend", "believe", "anticipate", "estimate", "expect" and other similar words, or statements that certain events or conditions "may" or "will" occur. Although the Company's management believes that the assumptions made *(and the expectations represented by such forward-looking statements) are reasonable, there can be no assurance that any forward-looking statements referenced herein will prove to be accurate.*

The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates should change, except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. More detailed information about potential factors that could affect results is included in the documents that may be filed from time to time with Canadian securities regulatory authorities by the Company.

For a more detailed discussion of certain of these risk factors, see the heading "Risk Factors" in the Company's most recent MD&A, available under the Company's SEDAR+ profile at www.sedarplus.ca.