

Aegis Brands Inc.

Management's Discussion and Analysis

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking statements within the meaning of applicable securities legislation. The terms the "Company", "we", "us", "our", or "Aegis Brands" refer to Aegis Brands Inc. Forward-looking statements often include words such as "may", "will", "should", "expect", "anticipate", "believe", "plan", "intend" and other similar words. These statements reflect current expectations regarding future events and financial performance and speak only as of the date of this MD&A. The MD&A should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not those results will be achieved. These forward-looking statements include, but are not limited to, statements related to (i) the Company's growth through strategic acquisitions in the foodservice industry, and (ii) the seasonal trends in the Company's future income.

Forward-looking statements are based on a number of assumptions and are subject to known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control that may cause the Company's actual results, performance or achievements, or those of the Company's restaurants, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following are some of the factors that could cause actual results to differ materially from those expressed in the underlying forward-looking statements: competition; the location of the Company's and franchisees' restaurants; the closure of restaurants; loss of key personnel; compliance with government regulations; potential litigation; the ability to exploit and protect the Company's trademarks; changing consumer preferences and discretionary spending patterns including, but not restricted to, the impact of weather and economic conditions on such patterns on consumer buying and spending trends and on the business environment; and the financial performance and financial condition of the Company. The foregoing list of factors is not exhaustive, and investors should refer to the risks described under "Risks and Uncertainties" below and in the Company's annual information form dated March 6, 2025, which is available at www.sedarplus.ca.

Although the forward-looking statements contained in this MD&A are based on what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements and, as a result, the forward-looking statements may prove to be incorrect.

As these forward-looking statements are made as of the date of this MD&A, the Company does not undertake to update any such forward-looking statements whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the Company's filings with securities regulators. These filings are also available on the Company's website at www.aegisbrands.ca.

INTRODUCTION

The following MD&A has been prepared as of May 1, 2025 and is intended to assist in understanding the financial performance and financial condition of the Company for the 13 weeks ended March 30, 2025, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the 13 weeks ended March 30, 2025 ("the unaudited condensed interim consolidated financial statements") and the unaudited condensed interim consolidated financial statements of the Company for the 13 weeks ended March 31, 2024, and the Company's annual information form dated March 6, 2025. Past performance may not be indicative of future performance. All amounts are presented in Canadian dollars, except number of restaurants or franchises, per share amounts or unless otherwise indicated and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). The Company also reports certain non-IFRS measures such as system sales of restaurants, same store sales, operating income (loss), EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share that are discussed in the "Definitions and Discussion of Certain non-IFRS Financial Measures" in this MD&A.

Additional information related to the Company, including the Company's annual information form dated March 6, 2025, can be found at www.sedarplus.ca.

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CORE BUSINESS, STRATEGIC IMPERATIVES, AND KEY PERFORMANCE DRIVERS

Core Business

Aegis Brands Inc. (the "Corporation" or "Aegis") (together with its subsidiaries, the "Company") currently owns and operates St. Louis Bar & Grill. The St. Louis Bar & Grill ("St. Louis") franchise business is operated by the Corporation's wholly-owned subsidiary SLF Operations LP. The acquisition and construction of second generation locations for resale is operated by the Corporation's wholly-owned subsidiary 2707048 Ontario Corporation.

Aegis is a Canadian public company incorporated under the Business Corporations Act (Ontario) in 2011. The Company's registered office is at 703 Evans Avenue, Suite 501, Toronto, Ontario M9C 5E9. The Company's website is www.aegisbrands.ca. The Corporation's common shares trade on the Toronto Stock Exchange under the ticker symbol "AEG". Each existing certificate reflecting the Corporation's prior name The Second Cup Ltd. continues to present a valid certificate until such certificate is transferred, re-registered or otherwise exchanged.

The Company's fiscal year is made up of 52 weeks or 53 weeks ending on the last Sunday of December. Fiscal years 2025 and 2024 consist of 52 weeks.

Operating Brands

As of March 30, 2025, the Company had 78 franchised St. Louis locations, all which operate under the St. Louis Bar & Grill brand.

On March 8, 2024, the Company closed the sale of substantially all the assets of the Bridgehead business and on August 21, 2024, management closed the Wing City businesses and is actively trying to sell the fixed assets of the business and exit the leases. Subsequent to the quarter, an agreement to sublease was signed for one of the leases. These have been further discussed in subsequent sections of these unaudited condensed interim consolidated financial statements (the "financial statements"). In the financial statements, the operations of Bridgehead and Wing City have been presented as discontinued operations.

Strategic Imperatives and Key Performance Drivers

Aegis was created with the vision of building a portfolio of brands that can grow and flourish by leveraging expertise developed over 40 years in the Canadian retail and foodservice industry. Aegis will continue to focus on its key strategies which include: the growth and expansion of its retail operating brands through retail and ancillary channels and the pursuit of strategic acquisitions in retail and foodservice. The last 2-3 years have been transformative ones for Aegis with the disposition of three business units, but with the acquisition of St. Louis in fiscal 2022, the Company is now well positioned to continue its vision.

On March 8, 2024, the Company sold substantially all the assets of the Bridgehead business. This has been further discussed in the financial statements. In accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* ("IFRS 5"), the Company classified this disposal group of assets as held for sale on the consolidated statement of financial position at December 31, 2023 and has presented the after-tax loss from discontinued operations as a single amount in the comparative unaudited consolidated statement of operations and comprehensive loss.

On August 21, 2024, management closed the Wing City businesses and is actively trying to find a buyer for the fixed assets of the business and exit the leases. This has been further discussed in the financial statements. In accordance with IFRS 5, the Company classified this disposal group of assets as held for sale on the consolidated statement of financial position at December 29, 2024 and has presented the after-tax loss from discontinued operations as a single amount in the unaudited current and comparative consolidated statement of operations and comprehensive loss.

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HIGHLIGHTS OF SIGNIFICANT EVENTS

Acquisition of St. Louis

On September 29, 2022, Aegis announced that it had entered into a definitive agreement to acquire substantially all of the assets and the intellectual property of the St. Louis Bar & Grill ("St. Louis") brand and trademark for \$50,000,000, subject to certain closing adjustments. The acquisition was funded through a combination of debt and equity, including \$30,000,000 from a senior debt facility with CWB Franchise Finance ("CWB") and a private placement offering of \$25,045,000 of convertible debentures, and \$3,375,000 of equity. On November 17, 2022, the Company announced that it had completed the St. Louis transaction. Aegis' Business Acquisition Report dated January 31, 2023, FORM 51-102F4, in respect of the acquisition, can be found on Aegis' profile at www.sedarplus.ca.

Held for Sale and Discontinued Operations

As discussed above in "Strategic Imperatives and Key Performance Drivers", the Company sold substantially all the assets of the Bridgehead business to an affiliate of Pilot Coffee Roasters Inc. ("Pilot") for \$3,500,000 in cash payable on closing (subject to customary closing adjustments).

As discussed above in "Strategic Imperatives and Key Performance Drivers", on August 21, 2024, management closed the Wing City businesses and is actively trying to sell the fixed assets of the business and exit the leases. Subsequent to the quarter, an agreement to sublease was signed for one of the leases (see Note 18 to the Financial Statements).

The disposal groups referenced above represented major lines of business, and the Company has a single coordinated plan to dispose of these separate major lines of business. As such, the Company has presented these disposal groups as discontinued operations as a single amount in the consolidated statement of operations and comprehensive loss, comprising the post-tax loss of discontinued operations and post-tax loss recognized on the measurement to fair value less costs to sell. The Company has further disclosed details of the discontinued operations in Note 2 to the unaudited condensed interim consolidated financial statements.

CAPABILITIES

This section documents factors that affect the Company's capabilities to execute strategies, manage key performance drivers and deliver results. This section is qualified in its entirety by the section "Caution Regarding Forward- Looking Statements" at the beginning of this MD&A.

The St. Louis Brand

St. Louis Bar & Grill first opened its doors in Toronto in 1992. Famous for its "Devilishly Good!" service, signature wings, fries, and garlic dill sauce, their local neighbourhood restaurants offer exceptionally friendly service in a casual sports bar and grill setting. In 20 years of franchising, they've expanded to almost 80 locations across Canada, with an aggressive national expansion now underway.

There is a total of 51 Aegis and St. Louis team members at the Company's home office which includes personnel employed in marketing, training and operations, development, procurement, business intelligence and corporate. At quarter end, all St. Louis locations were operated by franchisees.

St. Louis' goal is to provide great tasting food, and fantastic service, in a casual, local neighbourhood bar and grill setting. St. Louis wings are best in class thanks to their proprietary marinade and a very selective choice of sauces and dry rubs. Certain of St. Louis' products are now available for purchase at selected grocery retailers in Canada and online through their App and Amazon.

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Liquidity, capital resources and management of capital

The Company continues to proactively manage its cash flow position and liquidity requirements in the face of various uncertainties.

The Company entered into a Development Line of Credit ("DLOC") with CWB in fiscal 2021 for \$28,000,000 in anticipation of acquiring more businesses in the food and beverage space. In March 2022, changes were made to the DLOC to decrease the DLOC to \$27,000,000 and in August 2022, further amendments were made to increase the DLOC to \$30,000,000. On November 17, 2022, the Company drew \$30,000,000 from its DLOC with CWB to partially fund the acquisition of St. Louis. The loan is non-revolving, with an interest rate of prime + 2.75% and the term of the loan is 60 months, and consists of 59 monthly, consecutive and equal blended payments with one final balloon payment based on a 120-month amortization.

On October 28, 2024, 2707048 Ontario Corporation, a subsidiary of the Corporation, entered into a Revolving Line of Credit agreement with Yogen Früz Canada Inc. ("Yogen Früz"). The credit line is for a maximum of \$3,000,000, is revolving, bears interest at prime + 3.25% and is subject to a loan fee. The credit line is available for 36 months. Yogen Früz is 100% owned by family members of a member of the Board of Directors of Aegis.

At March 30, 2025, there were 85,287,167 common shares issued and outstanding and 1,830,000 stock options issued and outstanding.

COMPETITION

St. Louis operates in a very competitive environment, with many direct competitors in both the casual restaurant space and the wing and bar space.

TECHNOLOGY

The Company relies heavily on information technology network infrastructure including point of sale system ("POS") hardware and software in restaurants, gift and loyalty card transactions, and home office financial and administrative functions. The ability to manage operations effectively and efficiently depends on the reliability and capacity of these technology systems, most of which are administered by third party suppliers. The Company has made significant investments in POS systems across its store network as it relies on the POS system to help analysis for both marketing initiatives and royalty calculations.

SEGMENTED INFORMATION AND REPORTING

The Company's retail brands operate as independent brands and management is organized based on the Company's operating brands rather than the specific revenue streams. Financial results and business performance indicators are provided to the Chief Executive Officer for each brand, and hence each brand represents its own reportable segment. The financial results of the brands are reported on a consolidated basis in the financial statements, with Bridgehead and Wing City presented as discontinued operations.

Included in St. Louis revenue is franchise fees and royalties from franchisees, supplier contributions, advertising fund revenue, and other service fees. Certain of St. Louis' products are also available for purchase at selected grocery retailers in Canada and online through their App and Amazon.

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SELECTED ANNUAL INFORMATION

The following table details specific financial information of the Company and should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the three most recently completed financial years:

(In thousands of Canadian dollars, except per share amounts)	52 weeks ended December 29, 2024	53 weeks ended December 31, 2023	52 weeks ended December 25, 2022
Total revenue – St. Louis	\$ 17,913	\$ 16,929	\$ 1,952
Income (loss) from continuing operations	\$ 1,482	\$ (677)	\$ (7,603)
Basic and diluted income (loss) per share from continuing operations	\$ 0.02	\$ (0.01)	\$ (0.31)
Loss from discontinued operations	\$ (2,777)	\$ (4,030)	\$ (1,645)
Total loss from continuing and discontinued operations	\$ (1,295)	\$ (4,707)	\$ (9,248)
Basic and diluted loss per share from continuing and discontinued operations	\$ (0.01)	\$ (0.06)	\$ (0.38)
Total assets – end of period	\$ 56,341	\$ 67,317	\$ 73,880
Total non-current financial liabilities – end of period	\$ 26,062	\$ 32,360	\$ 55,966

On August 21, 2024, management closed the Wing City businesses and is actively trying to find a buyer for the fixed assets of the business and exit the leases. Subsequent to the quarter, an agreement to sublease was signed for one of the leases.

On January 29, 2024, the Company announced it had entered into a definitive agreement to sell substantially all the assets of the Bridgehead business. The disposal group was sold for \$3,500,000 in cash payable on closing (subject to customary closing adjustments).

On September 29, 2022, Aegis announced that it had entered into a definitive agreement to acquire substantially all of the assets and the intellectual property of the St. Louis Bar & Grill® (“St. Louis”) brand and trademark for \$50,000,000. On November 17, 2022, the Company completed the St. Louis transaction. The results of St. Louis in the 52 week period ended December 25, 2022 are for 39 days only.

In all years, the operations of Bridgehead and Wing City have been presented as discontinued operations.

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SUMMARY OF QUARTERLY RESULTS

The following table is a summary of selected financial information from the Company's unaudited interim condensed consolidated financial statements for each of the eight most recently completed quarters:

(In thousands of Canadian dollars except per share amounts and number of shares)	Q1 Mar. 30, 2025	Q4 Dec. 29, 2024	Q3 Sep. 29, 2024	Q2 Jun. 30, 2024	Q1 Mar. 31, 2024	Q4 Dec. 31, 2023	Q3 Sep. 24, 2023	Q2 Jun. 25, 2023
Total revenue – St. Louis	\$ 4,160	\$ 3,823	\$ 4,210	\$ 5,344	\$ 4,536	\$ 4,309	\$ 4,285	\$ 4,812
Net earnings (loss) from continuing operations	\$ 238	\$ 336	\$ (287)	\$ 1,365	\$ 69	\$ (1,089)	\$ 641	\$ 156
Net earnings (loss) from discontinued operations	\$ (104)	\$ (583)	\$ (1,401)	\$ (341)	\$ (453)	\$ (2,967)	\$ (174)	\$ (301)
Net earnings (loss)	\$ 134	\$ (247)	\$ (1,688)	\$ 1,024	\$ (384)	\$ (4,056)	\$ 467	\$ (145)
Basic earnings (loss) per share from continuing operations	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.02	\$ 0.00	\$ (0.02)	\$ 0.01	\$ (0.00)
Basic loss per share from discontinued operations	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.00)	\$ (0.00)
Total basic and diluted earnings (loss) per share	\$ 0.00	\$ (0.00)	\$ (0.02)	\$ 0.01	\$ (0.00)	\$ (0.05)	\$ 0.01	\$ (0.00)
Number of weighted average common shares issued and outstanding, in thousands	85,287	85,287	85,287	85,287	85,287	85,287	85,287	85,287

The revenue of Bridgehead and Wing City is not included in the total revenue line but is included in the loss from discontinued operations.

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CONSOLIDATED HIGHLIGHTS: CONTINUING OPERATIONS OF ST. LOUIS AND AEGIS CORPORATE OVERHEAD

The following table sets out selected IFRS and certain non-IFRS financial measures of the Company and should be read in conjunction with the Unaudited condensed interim consolidated financial statements of the Company.

(In thousands of Canadian dollars, except same store sales, number of restaurants, per share amounts, and number of common shares)	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
System-wide sales of restaurants ¹	\$ 30,089	\$ 31,754
System-wide sales growth %	(5.2%)	17.8%
Number of restaurants – end of period	78	77
Net restaurant growth over the period	(3.70%)	(1.28%)
Same Store Sales – St. Louis ²	(7.7%)	12.9%
St. Louis Revenue	\$ 4,160	\$ 4,536
Operating costs and expenses	\$ 3,393	\$ 3,726
Operating income ¹	\$ 767	\$ 810
EBITDA ¹	\$ 1,056	\$ 1,151
Net income	\$ 238	\$ 69
Adjusted net income ¹	\$ 238	\$ 69
Basic and diluted earnings per share as reported	\$ 0.00	\$ 0.00
Adjusted basic and diluted earnings per share ¹	\$ 0.00	\$ 0.00
Total assets - end of period	\$ 55,847	\$ 58,074
Number of weighted average common shares issued and outstanding	85,287,167	85,287,167

¹ See the section “Definitions and Discussion on Certain non-IFRS Financial Measures” for further analysis.

² Same store sales represent the percentage change, on average, in sales at St. Louis restaurants operating system-wide that have been open for more than 12 months.

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CONSOLIDATED HIGHLIGHTS: DISCONTINUED OPERATIONS OF BRIDGEHEAD AND WING CITY

The following table sets out selected IFRS and certain non-IFRS financial measures of the Company and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company.

(In thousands of Canadian dollars, except same store sales, number of coffeehouses, per share amounts, and number of common shares)	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
System sales of coffeehouses and restaurants	\$ -	\$ 2,839
Same store sales ^{1,2}	N/A	17.8%
Number of coffeehouses and restaurants - end of period	-	1
Wing City Revenue	-	\$ 108
Operating costs and expenses	\$ 23	\$ 3,548
Operating loss ¹	\$ (23)	\$ (419)
EBITDA ¹	\$ (23)	\$ (523)
Net loss	\$ (104)	\$ (453)
Adjusted net loss ¹	\$ (104)	\$ (627)
Basic and diluted loss per share as reported	\$ (0.00)	\$ (0.00)
Adjusted basic and diluted loss per share ¹	\$ (0.00)	\$ (0.01)
Total assets - end of period	\$ 907	\$ 2,626
Number of weighted average common shares issued and outstanding	85,287,167	85,287,167

¹ See the section "Definitions and Discussion on Certain non-IFRS Financial Measures" for further analysis.

² Same store sales represent the percentage change, on average, in sales at Bridgehead coffeehouses operating system-wide that have been open for more than 12 months. The significant same store sales result for Q1 2023 is due to the comparison to the Omicron effected Q1 2022.

The Bridgehead and Wing City operations are shown in the unaudited condensed interim consolidated financial statements as discontinued operations.

During the 13 weeks ended March 30, 2025, Aegis recorded a \$nil (2024 - \$371,000 loss) loss on the Bridgehead operations and a \$nil (2024 - \$174,000) gain on sale of the Bridgehead business.

During the 13 weeks ended March 30, 2025, Aegis recorded a \$104,000 operating loss (2024 - \$256,000 loss) on the Wing City business.

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OPERATIONAL REVIEW

Seasonality of system sales of restaurants

Due to the nature of the retail foodservice industry, and its extensive experience in this industry, the Company expects there to be a slight seasonality to its sales, specifically the notion that the middle fiscal quarters will generate higher revenue than other quarters due to patio season and its popular Wingsanity promotion.

The below table shows the percentage of annual system sales generated from St. Louis restaurants.

% of Annual system sales of restaurants	2024
First Quarter	24.1
Second Quarter	28.0
Third Quarter	25.2
Fourth Quarter	22.7
	<hr/>
	100.0
	<hr/>

Location network

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Number of locations – beginning of period ¹	81	79
Locations opened	-	-
Locations closed	(3)	(1)
Locations reclassified to discontinued operations	-	(1)
	<hr/>	<hr/>
Number of locations – end of period	78	77
	<hr/>	<hr/>

¹The first Wing City location opened in 2023 is included in the 79 above and was moved to discontinued operations.

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FIRST QUARTER

System sales of restaurants

System sales of restaurants for the 13 weeks ended March 30, 2025 were \$30,089,000 compared to \$31,754,000 in the prior year, representing a decrease of \$1,665,000, or 5.2%. The permanent closure of 3 stores and temporary closures of several others during the quarter more than offset the additional sales of the 4 new stores added to the network since this time last year. The temporary store closures, although a negative impact on the system sales in the short-term, are expected to contribute positively in the long-term as they are renovated and refranchised.

Same store sales

During the 13 weeks ended March 30, 2025, same store sales at St. Louis locations decreased by 7.7% over the prior year. In 2024, same stores sales were up 12.9% over the prior year mainly due to the return of Tuesday wing nights and an extremely successful AYCE boneless campaign. These events were also successful this year but did not exceed the sales level of the prior year and no new events were in market in 2025.

Analysis of revenue

The St. Louis brand generated revenue for the Quarter of \$4,160,000 (2024 - \$4,536,000), a decrease of \$376,000 or 8.3% predominantly due to there being no corporate stores in 2025. Advertising fund contributions are recognized to correspond with the associated expenditures, therefore will vary depending on the marketing schedule. Backing out the effect of the corporate store revenue and advertising fund contributions, revenue from the St. Louis base business, was \$3,183,000 versus \$3,143,000, a 1.3% increase over the same quarter last year. The breakdown of sales by revenue channel is as follows:

(in 000's)	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Royalties	\$ 1,357	\$ 1,335
Advertising Fund Contributions	977	456
Other franchise revenue	1,826	1,807
Corporate store revenue	-	938
	\$ 4,160	\$ 4,536

Revenue of discontinued operations includes sales from Bridgehead business coffeehouses and wholesale and e-commerce sales and sales from Wing City locations. Total revenue for discontinued operations for the first quarter totaled \$nil (2024 - \$2,947,000), representing a decrease of 100% due to the sale of the Bridgehead business in Q1 2024 and the closure of the Wing City locations in Q3 2024.

Operating costs and expenses

Operating costs and expenses for continuing operations include the costs of products sold in restaurants, general and administrative expenses, franchise related expenses, depreciation and amortization, and other income or expenses.

Total operating costs and expenses for continuing operations for the first quarter totaled \$3,393,000 (2024 - \$3,726,000), representing a decrease of \$333,000 or 8.9%, primarily due to the expenses relating to the 3 corporate stores in Q1 2024 offset by an increase in advertising fund expenses in Q1 2025. Backing out the corporate store expenses and advertising fund expenses in both years, the change in operating costs and expenses was \$35,000 or 0.9% year over year.

Operating costs and expenses for the discontinued operations of Bridgehead and Wing City include the costs of products sold, direct labour, occupancy and other, general and administrative expenses, depreciation and amortization, and other income or expenses.

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Total operating costs and expenses for discontinued operations for the first quarter totaled \$23,000 (2024 - \$3,548,000), representing a decrease of \$3,525,000 or 99.4%. This majority of this decrease in expenses is due to the sale of the Bridgehead business in Q1 2024, and corresponds with the decrease in Bridgehead revenue.

EBITDA

EBITDA from continuing operations for the first quarter was \$1,056,000 (2024 – \$1,151,000), a decrease of \$95,000 or 8.3%. Net income was \$169,000 better in the quarter over the prior year but the decrease in interest and financing charges in 2025 as a result of the prime rate reductions resulted in lower EBITDA in the current year as more interest was added back to net income to arrive at the EBITDA calculation in 2024.

EBITDA from discontinued operations for the first quarter was a loss of \$23,000 (2024 - loss of \$523,000), an improvement of \$500,000 or 95.6% due to the sale of the Bridgehead business.

Interest and Financing Costs

The Company reported net interest and financing costs of \$529,000 (2023 - \$741,000) in the first quarter. This decrease is due to the interest charged on the CWB senior facility decreasing with the prime rate. Also included are the Company's lease payments for right-of-use assets recognized in accordance with IFRS 16, *Leases* ("IFRS 16").

Net income (loss)

The Company reported net income of \$134,000 (2024 – loss of \$384,000) for the first quarter or \$0.00 (2024 – (\$0.00)) per share. Adjusted for losses of discontinued operations, the net income was \$238,000 (2024 –\$69,000) or \$0.00 (2024 - \$0.00) per share.

Reconciliations of net income (loss) to EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are provided in the section "Definitions and Discussion of Certain non-IFRS Financial Measures".

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LIQUIDITY AND CAPITAL RESOURCES

The Company primarily generates revenue from the sale of products at its restaurants, through ancillary channels including grocery, wholesale and e-commerce, and through franchise and royalty fees, and supplier contributions. For a more detailed discussion of the risks and uncertainties affecting the Company's liquidity, see the general risks outlined below and the "Capabilities" section above.

Summary of cash flows

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Cash provided by operating activities – continuing operations	\$ 1,198	\$ 752
Cash used in operating activities – discontinued operations	(33)	(1,360)
Cash provided by (used in) operating activities	1,165	(608)
Cash used in investing activities – continuing operations	(517)	(10)
Cash provided by investing activities – discontinued operations	-	3,064
Cash provided by (used in) investing activities	(517)	3,054
Cash used in financing activities – continuing operations	(343)	(511)
Cash used in financing activities – discontinued operations	(68)	(467)
Cash used in financing activities	(411)	(978)
Net increase in cash and cash equivalents during the period	\$ 237	\$ 1,468

The Company's operating activities produced \$1,165,000 of cash in the quarter, primarily attributable to an advance on a contract from a supplier for which the revenue will be recognized over the term of the contract.

Cash used in investing activities was \$517,000 primarily attributable to the build-out of a new restaurant for resale.

Cash used in financing activities of \$411,000 is comprised mainly of repayments of the CWB senior debt facility and lease payments, offset by a draw on the Yogen Frusz facility.

In the first quarter of 2025, as a result of the items mentioned above, the Company's cash position increased by \$237,000.

The following table outlines the total contractual obligations including lease liabilities and long-term debt, at March 30, 2025 over the next 5 years:

Year 1	\$ 5,932
Year 2	21,687
Year 3	456
Year 4	364
Year 5	256
Thereafter	<u>258</u>
	<u>\$ 28,953</u>

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Working capital as at

	March 30, 2025	December 29, 2024
Current assets	\$ 7,310	\$ 6,479
Current liabilities	11,986	10,652
Working capital	\$ (4,676)	\$ (4,173)

The Company has a net working capital deficiency of \$4,676,000 at March 30, 2025 compared to a working capital deficiency of \$4,173,000 at December 29, 2024. The majority of the deterioration in working capital can be attributed to an increase in accounts payable and the increase in the short-term portion of CWB principal repayments.

The Company has unrestricted cash and cash equivalents of \$1,797,000 as at March 30, 2025 (2024 - \$1,011,000). As at March 30, 2025, the Company has cash held in short-term deposits of \$22,000 (2024 - \$22,000). The Company has segregated cash of \$281,000 (2024 - \$830,000) for the settlement of liabilities including the St. Louis gift card program administered by the Company, a charity in which funds are held on their behalf, and the Advertising Fund in St. Louis.

Financial instruments

The following table summarizes the nature of certain risks applicable to the Company's financial instruments. The risks are discussed below.

Financial instruments

Risks

Financial assets

Cash and cash equivalents	Credit and interest rate
Trade and other receivables	Credit and interest rate
Notes receivable	Credit and interest rate

Financial liabilities

Accounts payable and accrued liabilities	Liquidity
Short-term debt	Liquidity and interest rate
Long-term debt	Liquidity, and interest rate

Fair value of financial instruments

The carrying values of cash and cash equivalents, trade and other receivables, notes receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity or market rate of interest and are carried at amortized cost.

The carrying values of long-term debt and lease obligations approximate fair values because the instruments bear interest at either floating rates or effective interest rates, which approximate current market rates for similar debt instruments.

The carrying value of leases receivable approximate their fair value as the implicit interest used to discount the base value is considered to be based on an appropriate credit and risk rate pertaining to the debtor.

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Financial instruments that are measured subsequent to initial recognition at fair value are to be categorized in Levels 1 to 3 of the fair value hierarchy, based on the degree to which the fair value is observable. The three levels of the fair value hierarchy are:

- Level 1 - inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - fair value derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has not transferred any financial instruments between Levels 1, 2 or 3 of the fair value hierarchy during the 52 weeks ended December 29, 2024.

Financial Risk Management

The Company's activities result in exposure to a variety of financial risks, including credit, liquidity, and market risk. The Company's approach to financial risk management has not changed during the current fiscal year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

a. Cash and cash equivalents

Credit risk associated with cash and cash equivalents is managed by ensuring these assets are placed with Canadian financial institutions that have been assigned high credit ratings.

b. Trade and other receivables, notes, and leases receivable.

Trade and other receivables and notes and leases receivable are primarily comprised of amounts due from franchisees and suppliers. Credit risk associated with these receivables is mitigated by the review and evaluation of balances beyond a particular age. Credit risk associated with leases receivable is determined during the initial stages of lease negotiations and by monitoring account balances beyond a particular age. The overall credit risk of other receivables is mitigated due to Company-owned restaurants receiving payment for goods sold as they are selling them, and therefore, receivable balances are minimal.

The Company has applied the simplified approach contained in IFRS 9, *Financial Instruments* ("IFRS 9") and has calculated expected credit losses ("ECL") based on lifetime expected credit losses. Consistent with the prior fiscal year, the Company has leveraged a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Liquidity risk is managed through regular monitoring of forecast and actual cash flows, monitoring maturity dates of financial assets and liabilities, and also the management of the Company's capital structure and debt leverage.

Market Risk

Market risk is the risk to the Company that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk. Market risk arises as a result of the Company holding assets and liabilities with variable interest rates. Management believes the Company is not significantly exposed to currency or other price risk.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on the variable rate of interest incurred on the amounts due under the credit facility and on interest earned on bank deposits. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rate. At March 30, 2025 an increase or decrease of 1% in the bank prime rate would have an impact of \$258,000 on annual interest expense using the balance of the long-term debt at March 30, 2025 and expected loan payments.

Obligations from Operating Leases

With the adoption of IFRS 16, leases are reported in the consolidated statement of financial position as lease liabilities along with the associated right-of use assets and leases receivable.

Other Obligations

The Company is involved in certain litigation and other claims arising in the normal course of business. Judgement must be used to determine whether 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 in the consolidated financial statements. 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 the settlement.

Related Parties

Related parties of the Company are identified as key management and members of its board of directors that effectively exercise significant influence on the Company. Such related parties include any entities acting with or on behalf of the aforementioned parties.

The following table summarizes the compensation expense of key management personnel and the composition thereof:

(in 000's)	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Salaries and short-term employee benefits	\$ 337	\$ 319
Stock-based compensation	10	16
	<u>\$ 347</u>	<u>\$ 335</u>

Outside of the compensation for key management, the only related party transaction that occurred during the period was interest income on the related party loan of \$5,000 (2024 - \$5,000).

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EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") must acknowledge they are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting ("ICFR") for the Company. The control framework used by the CEO and CFO to design the Company's ICFR is Internal Control over Financial Reporting – Guidance for Smaller Public Companies as issued by the Committee of Sponsoring Organizations of the Treadway Commission. In addition, in respect of:

Disclosure controls and procedures

The CEO and CFO must certify they have designed the disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required under securities legislation is recorded, processed, summarized, and reported in a timely manner.

As at May 1, 2025, the Company's management, under the supervision of, and with the participation of, the CEO and CFO, evaluated the design of the disclosure controls and procedures. Based on this evaluation, the CEO and CFO have concluded that as at March 30, 2025, the Company's disclosure controls and procedures were appropriately designed.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable, and not absolute, assurance that the objectives of such controls and procedures are met.

During the 13 weeks ended March 30, 2025 and up to the date of the approval of the unaudited condensed interim consolidated financial statements and MD&A, there has been no change that has materially affected, or is reasonable likely to materially affect the Company's disclosure controls and procedures.

Internal controls over financial reporting

The CEO and CFO must certify they have designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited condensed interim consolidated financial statements for external purposes in accordance with IFRS.

As at May 1, 2025, the Company's management, under the supervision of, and with the participation of, the CEO and CFO, evaluated the design of the controls over financial reporting. No material weaknesses in the design of these controls over financial reporting were identified. Based on this evaluation, the CEO and CFO have concluded that, as at March 30, 2025, the Company's controls over financial reporting were appropriately designed and were operating effectively.

Consistent with the concept of reasonable assurance, the Company recognized that the relative cost of maintaining these controls should not exceed their expected benefits. As such, the Company's internal controls over financial reporting can only provide reasonable, and not absolute, assurance that the objectives of such controls are met.

During the 13 weeks ended March 30, 2025 and up to the date of the approval of the unaudited condensed interim consolidated financial statements and MD&A, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonable likely to materially affect the Company's internal control over financial reporting.

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CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions and use judgement in applying its accounting policies and in determining estimates and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The accounting estimates will, by definition, seldom equal the related actual results.

The following are examples of areas of critical estimates, assumptions, and judgements the Company makes in determining the amounts reported in the consolidated financial statements:

- impairment charges and/or the determination of the recoverable amounts of tangible and intangible assets subject to depreciation, amortization, or with indefinite lives, including the Company's right-of-use assets, property, equipment, trademark, and goodwill;
- the derivation of deferred tax assets and liabilities;
- the estimated useful lives of assets;
- the allowance for credit losses;
- the classification, measurement and presentation of assets and liabilities held for sale and of discontinued operations of Wing City; and
- the ability of the Company to remain a going concern.

(i) Impairment Charges

Impairment analysis is an area involving management judgement in determining the recoverable amount of an asset. The recoverable amount of a cash generating unit ("CGU") is calculated as the higher of the fair value less costs of disposal, and its value in use. Value in use is determined by estimating the net present value of future cash flows derived from such assets using cash flow projections that have been discounted at an appropriate rate and based on a market participant's view. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including:

- growth in total revenue;
- change and timing of cash flows such as the increase or decrease of expenditures;
- selection of discount rates to reflect the risks involved;
- applying judgement in cash flows specific to CGUs.

Changing the assumptions selected by management, in particular the revenue projections, discount rates and the growth rates used in the cash flow projections, could significantly affect the impairment evaluations and recoverable amounts.

The Company's impairment tests include significant assumptions related to the scenarios discussed above.

(ii) Deferred taxes

The timing of reversal of temporary differences and the expected income allocation to various tax jurisdictions within Canada affects the effective income tax rate used to compute deferred taxes. Management estimates the reversals and income allocations based on historical and budgeted operating results and income tax laws existing at the reporting dates. In addition, management occasionally estimates the current or future deductibility of certain expenditures, affecting current or deferred tax balances and expenses.

(iii) Estimated useful lives

The useful lives of property and equipment are based on the period during which the assets are expected to be available-for-use. The amounts and timing of recorded expenses for depreciation of property and equipment for any

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period are affected by these estimated useful lives. It is possible that changes in these factors may cause significant changes in the amount of depreciation recorded in respect of the Company's property and equipment in the future.

RISKS AND UNCERTAINTIES

This section is qualified in its entirety by the section "Caution Regarding Forward-Looking Statements" at the beginning of this MD&A.

The performance of Aegis is primarily dependent on its ability to maintain and increase the sales of existing restaurants, add new profitable restaurants to the network, redevelop and modernize locations as their leases come due, and grow new St. Louis business lines. System sales of the restaurant networks are affected by various external factors that can affect the Canadian commercial foodservice industry as a whole. Potential risks include the following:

- The casual dining industry is characterized by intense competition with respect to price, location, food and beverage quality, and numerous factors affecting discretionary consumer spending. Competitors include national and regional chains, independent restaurants, all restaurants and food service outlets, and supermarkets.
- Growth of the St. Louis network depends on Aegis's ability to secure and build desirable locations for its retail operating brands. There can be no assurance that current locations will continue to be attractive, or that additional sites can be located and secured as demographic and traffic patterns change. It is possible that the current locations or economic conditions where its restaurants are located could decline in the future, resulting in reduced sales in those locations. There is no assurance that future sites will produce the same results as past sites.
- The Canadian casual dining industry is also affected by changes in discretionary spending patterns, which are in turn dependent on consumer confidence, disposable consumer income and general economic conditions. Factors such as changes in general economic conditions, recessionary or inflationary trends, job security and unemployment, equity market levels, consumer credit availability and overall consumer confidence levels may affect their business. These industries are also affected by demographic trends, traffic and weather patterns, as well as competing restaurants.
- The Company is dependent upon its ability to maintain and grow the current system of St. Louis franchisees and to obtain new qualified operators to become St. Louis franchisees. The Company's inability to successfully obtain qualified franchisees could adversely affect its business development. The Company's success is also dependent on its relationship with its franchisees, there can be no assurances that the Company will be able to maintain positive relationships with all of its franchisees.
- The Company relies heavily on information technology (IT) network infrastructure. The ability to manage operations effectively and efficiently depends on the reliability and capacity of these IT systems, most of which are administered by third party suppliers. The Company relies on POS for system sales for both marketing trends and analyzing of key performance indicators. The restaurants rely on IT network infrastructure to order goods and process credit, debit and gift card transactions. Aegis' financial and administrative functions rely on IT infrastructure for accurate and reliable information. The failure of these systems to operate effectively, or problems with upgrading or replacing systems, could cause a material negative financial result. The Company is continually reviewing its systems and procedures to minimize risk.
- Reduced earnings could impact the Company's ability to comply with its credit facility covenants.
- The loss of key personnel and/or a shortage of experienced management and hourly employees could have an adverse impact on restaurant operations.
- The Company does not currently have any agreement or commitment to acquire any new businesses,

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however Aegis continues to seek opportunities to acquire restaurant businesses that could complement its current operations.

- The Company is assessing any potential impact on its operations as a result of the recently announced tariffs. The Company sources the vast majority of its products domestically or from Europe and the few products sourced from the U.S. have suitable Canadian substitutions. Although the lack of significant U.S. products mitigates the Company's immediate exposure to tariffs imposed on goods imported from the U.S., the longer term effect the tariffs could have on the prices of Canadian and European sourced goods is unknown. The tariff landscape remains fluid and the Company is actively monitoring developments and will be prepared to implement mitigation strategies if and when needed.

A more detailed discussion of the risks and uncertainties is set out in the Company's annual information form dated March 6, 2025, which is available at www.sedarplus.ca.

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DEFINITIONS AND DISCUSSION ON CERTAIN NON-IFRS FINANCIAL MEASURES

In this MD&A, the Company reports certain non-IFRS financial measures such as system sales of restaurants, same store sales, operating income (loss), EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share. Non-IFRS measures are not defined under IFRS and are not necessarily comparable to similarly titled measures reported by other issuers.

System sales of restaurants

System sales of restaurants reflect sales of St. Louis corporate and franchised restaurants after deducting amounts for discounts and promotional offerings and before applicable sales taxes. These sales are the basis for which royalty fees are calculated.

Same store sales

Same store sales represent the percentage change, on average, in retail sales at restaurants that have been open for more than 12 months. It is one of the key metrics the Company uses to assess its performance and provides a useful comparison between fiscal quarters. The two principal factors that affect this metric are changes in customer traffic and changes in average check (the average dollar amount on a single transaction at the restaurant).

Operating income (loss)

Operating income (loss) represents revenue, less cost of goods sold, less operating expenses, and less impairment charges. This measure is not defined under IFRS, although the measure is derived from input figures in accordance with IFRS. Management views this as an indicator of financial performance that excludes costs pertaining to interest and financing, and income taxes.

EBITDA and adjusted EBITDA

EBITDA represents earnings before interest and financing, income taxes, and depreciation and amortization. Adjustments to EBITDA are for items that are not necessarily reflective of the Company's underlying operating performance. As there is no generally accepted method of calculating EBITDA, this measure is not necessarily comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and evaluate liquidity. Management interprets trends in EBITDA as an indicator of relative financial performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS.

Adjusted net income (loss) and adjusted net income (loss) per share

Adjustments to net earnings (loss) and net earnings (loss) per share are for items that are not necessarily reflective of the Company's underlying operating performance. These measures are not defined under IFRS, although the measures are derived from input figures in accordance with IFRS. Management views these as indicators of financial performance.

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Reconciliations of net loss, the most directly comparable IFRS financial measure, to operating loss, to EBITDA and adjusted EBITDA, to adjusted net loss and adjusted net loss per share are provided below.

First Quarter

13 weeks ended March 30, 2025 compared to 13 weeks ended March 31, 2024:

Net income (loss) to operating income:

(in thousands of Canadian dollars)		2025		2024
Net income (loss)	\$	134	\$	(384)
Add (deduct):				
Net loss from discontinued operations		104		453
Interest and financing charges		529		741
Operating income	\$	767	\$	810

Net income (loss) to EBITDA:

(in thousands of Canadian dollars)		2025		2024
Net income (loss)	\$	134	\$	(384)
Add (deduct):				
Net loss from discontinued operations		104		453
Interest and financing charges		529		741
Depreciation of property and equipment		13		12
Amortization of intangible assets		255		255
Amortization of right-of-use assets		21		74
EBITDA	\$	1,056	\$	1,151

Net income (loss) to adjusted net income:

(in thousands of Canadian dollars)		2025		2024
Net income (loss)	\$	134	\$	(384)
Add (deduct):				
Net loss from discontinued operations		104		453
Adjusted net income	\$	238	\$	69

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Net earnings (loss) per share to adjusted net earnings per share:

		2025		2024
Net earnings (loss) per share	\$	0.00	\$	(0.00)
Add (deduct):				
Net loss per share from discontinued operations		0.00		0.00
Adjusted net earnings per share	\$	0.00	\$	0.00