



Aegis Brands Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

Notice to Reader

The management of Aegis Brands Inc. (the “Company”) is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) and are considered by management to present fairly the financial position, financial performance and cash flows of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by an auditor. These unaudited 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.

May 1, 2025

Aegis Brands Inc.

Consolidated Statements of Financial Position

As at March 30, 2025 and December 29, 2024

(Unaudited, expressed in thousands of Canadian dollars)

ASSETS	March 30, 2025	December 29, 2024
Current assets		
Cash and cash equivalents (Note 4)	\$ 2,100	\$ 1,863
Trade, notes, leases and other receivables	2,653	2,437
Prepaid expenses and other assets	268	349
Assets held for sale (Note 5)	1,382	883
Assets of discontinued operations held for sale (Note 2)	<u>907</u>	<u>947</u>
	7,310	6,479
Non-current assets		
Notes and leases receivable	1,686	1,834
Property and equipment	120	114
Right-of-use assets	212	233
Intangible assets	39,996	40,251
Goodwill	<u>7,430</u>	<u>7,430</u>
Total assets	<u>\$ 56,754</u>	<u>\$ 56,341</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 3,325	\$ 3,109
Lease liabilities (Note 7)	788	822
Short-term debt (Note 9)	1,000	600
Current portion of long-term debt (Note 10)	3,028	2,841
Deferred revenue (Note 8)	2,354	1,712
Liabilities held for sale (Note 5)	295	303
Liabilities of discontinued operations held for sale (Note 2)	<u>1,196</u>	<u>1,265</u>
	11,986	10,652
Non-current liabilities		
Provisions	487	487
Lease liabilities (Note 7)	1,741	1,918
Long-term debt (Note 10)	<u>22,765</u>	<u>23,657</u>
Total liabilities	<u>36,979</u>	<u>36,714</u>
SHAREHOLDERS' EQUITY	<u>19,775</u>	<u>19,627</u>
Total liabilities and shareholders' equity	<u>\$ 56,754</u>	<u>\$ 56,341</u>

See accompanying notes to the unaudited condensed interim consolidated financial statements.
Contingencies, commitments and guarantees (Note 16)
Subsequent Event (Note 18)

Approved by the Directors on May 1, 2025

Anthony Longo, Director

Stephen Kelley, Director

Aegis Brands Inc.

Consolidated Statements of Operations and Comprehensive Loss

For the 13 weeks ended March 30, 2025 and March 31, 2024

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

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Revenue (Note 11)	\$ 4,160	\$ 4,536
Operating costs and expenses (Note 12)		
Cost of sales	-	880
General and administrative expenses	3,104	2,505
Depreciation of property and equipment	13	12
Amortization of right-of-use assets	21	74
Amortization of intangible assets	<u>255</u>	<u>255</u>
Total operating costs and expenses	<u>3,393</u>	<u>3,726</u>
Income from continuing operations, before other income and expenses and income taxes	767	810
Interest and financing expense (Note 13)	<u>(529)</u>	<u>(741)</u>
Income from continuing operations	238	69
Discontinued operations, net of tax		
Bridgehead (Note 2)	-	(197)
Wing City (Note 2)	<u>(104)</u>	<u>(256)</u>
Loss from discontinued operations, net of tax	<u>(104)</u>	<u>(453)</u>
Net and comprehensive income (loss) for the period	<u>\$ 134</u>	<u>\$ (384)</u>
Basic and diluted earnings per share – continuing operations (Note 14)	\$ 0.00	\$ 0.00
Basic and diluted loss per share – discontinued operations (Note 14)	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Basic and diluted earnings (loss) per share (Note 14)	<u>\$ 0.00</u>	<u>\$ (0.00)</u>

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

Aegis Brands Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the 13 weeks ended March 30, 2025 and March 31, 2024

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

	<u>Common Shares</u>	<u>Share Capital</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2023	85,287,167	\$ 59,338	\$ 62,387	\$ (100,864)	\$ 20,861
Net loss, continuing operations	-	-	-	69	69
Net loss, discontinued operations - Bridgehead	-	-	-	(197)	(197)
Net loss, discontinued operations - Wing City	-	-	-	(256)	(256)
Stock option expense	-	-	20	-	20
Balance, March 31, 2024	<u>85,287,167</u>	<u>\$ 59,338</u>	<u>\$ 62,407</u>	<u>\$ (101,248)</u>	<u>\$ 20,497</u>
 Balance, December 29, 2024	 85,287,167	 \$ 59,338	 \$ 62,448	 \$ (102,159)	 \$ 19,627
Net income, continuing operations	-	-	-	238	238
Net loss, discontinued operations - Wing City	-	-	-	-	-
				(104)	(104)
Stock option expense	-	-	14	-	14
Balance, March 30, 2025	<u>85,287,167</u>	<u>\$ 59,338</u>	<u>\$ 62,462</u>	<u>\$ (102,025)</u>	<u>\$ 19,775</u>

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

Aegis Brands Inc.

Consolidated Statements of Cash Flow

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in thousands of Canadian dollars)

CASH PROVIDED BY (USED IN)	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Operating activities		
Net Income (loss) for the period	\$ 134	\$ (384)
<i>Adjusted for:</i>		
Net loss from discontinued operations	104	453
<i>Items not involving cash</i>		
Depreciation of property and equipment	13	12
Amortization of right-of-use assets	21	74
Amortization of intangible assets	255	255
Amortization of financing costs	6	5
Stock option expense	14	20
Interest expense – lease liabilities (Note 13)	64	107
Interest income – lease receivable (Note 13)	(58)	(81)
Changes in non-cash working capital and other (Note 15)	<u>645</u>	<u>291</u>
Cash provided by operating activities – continuing operations	1,198	752
Cash used in operating activities – discontinued operations	<u>(33)</u>	<u>(1,360)</u>
Cash provided by (used in) operating activities	<u>1,165</u>	<u>(608)</u>
Investing activities		
Acquisition of property and equipment	<u>(517)</u>	<u>(10)</u>
Cash used in investing activities – continuing operations	(517)	(10)
Cash provided by investing activities – discontinued operations	<u>-</u>	<u>3,064</u>
Cash provided by (used in) investing activities	<u>(517)</u>	<u>3,054</u>
Financing activities		
Proceeds of short-term debt (Note 9)	400	-
Repayment of long-term debt (Note 10)	(711)	(448)
Lease payments	<u>(32)</u>	<u>(63)</u>
Cash used in financing activities – continuing operations	(343)	(511)
Cash used in financing activities – discontinued operations	<u>(68)</u>	<u>(467)</u>
Cash used in financing activities	<u>(411)</u>	<u>(978)</u>
Increase in cash and cash equivalents during the period	237	1,468
Cash and cash equivalents – Beginning of the period	<u>1,863</u>	<u>1,257</u>
Cash and cash equivalents – End of the period (Note 4)	<u>\$ 2,100</u>	<u>\$ 2,725</u>
Supplementary information		
Interest paid	\$ 543	\$ 828
Income taxes paid	\$ -	\$ -

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

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

1. Organization and nature of business

Aegis Brands Inc. (the “Corporation” or “Aegis”) (together with its subsidiaries, the “Company”) currently owns and operates St. Louis Bar & Grill (“St. Louis”). The 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 and principal office is at 703 Evans Avenue, Suite 501, Etobicoke, Ontario M9C 5E9. The Company’s website is www.aegisbrands.ca. The Company’s common shares trade on the Toronto Stock Exchange under the ticker symbol “AEG”. Each existing certificate reflecting the Company’s prior name The Second Cup Ltd. continues to present a valid certificate until such certificate is transferred, re-registered or otherwise exchanged.

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. The operations of Bridgehead have been presented as discontinued operations.

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). The operations of Wing City have been presented as discontinued operations.

2. Held for Sale and Discontinued Operations

On March 8, 2024, 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). In accordance with IFRS 5 (“Non-Current Assets Held for Sale and Discontinued Operations”), the Company has classified this disposal group of assets as held for sale in the comparative financial statements.

The following table summarizes the gain recorded on the sale of the Bridgehead assets:

Net proceeds received on sale	\$	3,124
Net assets disposed		(3,079)
Adjustments post-closing		<u>129</u>
Gain on sale	\$	<u>174</u>

The result of the discontinued operations are as follows:

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Revenue	\$ -	\$ 2,832
Expenses	-	(3,203)
Gain on Sale	-	174
Impairment	-	-
Loss from discontinued operations	<u>\$ -</u>	<u>\$ (197)</u>

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).

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

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 current and comparative consolidated statement of operations and comprehensive loss.

The Corporation has measured the disposal group classified as held for sale at the lower of its carrying amount and fair value less costs of \$907,000. The following table summarizes management's best estimate of the net realizable value of the net assets of the Wing City businesses at March 30, 2025:

	March 30 2025	December 29 2024
Prepaid expenses and other assets	\$ 100	\$ 90
Property and equipment	150	150
ROU assets	657	707
Assets of discontinued operations held for sale	<u>\$ 907</u>	<u>\$ 947</u>
Accounts payable and accrued liabilities	\$ 4	\$ 30
Lease liabilities	1,192	1,235
Liabilities of discontinued operations held for sale	<u>1,196</u>	<u>1,265</u>
Net assets of discontinued operations held for sale	<u>\$ (289)</u>	<u>\$ (318)</u>

The results of the discontinued operations are as follows:

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Revenue	\$ -	\$ 108
Expenses	(104)	(364)
Loss from discontinued operations	<u>\$ (104)</u>	<u>\$ (256)</u>

3. Material accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with and comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). The unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period. The functional currency of the Corporation and its subsidiaries is the Canadian dollar.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). These statements represent a "condensed set of financial statements" and do not include all of the information required for annual financial statements. Accordingly, these statements should be read in conjunction with the Company's most recent annual financial statements for the fiscal year ended December 29, 2024. The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the fiscal year ended December 29, 2024.

The Company's fiscal year (the "period" or "year") follows the method implemented by many retail entities, such that each quarter consists of 13-weeks and ends on the Sunday closest to the calendar quarter-end. The fiscal year is made up of 52 or 53-week periods ending on the last Sunday of December. Fiscal 2025 and fiscal 2024 are both 52-week periods. The Company's results in fiscal 2025 reflect the unaudited condensed interim consolidated financial statements of Aegis and the St. Louis brand, with the Wing City brand and the Bridgehead brand presented as discontinued operations.

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

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 brand, and hence each brand represents its own reportable segment. The financial results of the brands are reported on a consolidated basis in these Unaudited condensed interim consolidated financial statements, with the Wing City and Bridgehead segments presented as discontinued operations.

The Company's consolidated operating revenues from continuing operations are comprised of the sales of goods from Company-operated restaurants, the sale of goods through retail and other ancillary channels, royalties from the St. Louis franchisees, supplier contributions, and other service fees. The Company's consolidated operating revenues from discontinued operations are comprised of the sales of goods from Company-operated coffeehouses and Wing City restaurants and the sale of goods through retail and other ancillary channels of the Bridgehead business. Management is organized based on the Company's operating brands rather than the specific revenue streams.

c. Basis of consolidation

These unaudited condensed interim consolidated financial statements incorporate the financial statements of the Corporation and its wholly owned subsidiaries:

- Bridgehead (2000) Inc.
- 2707048 Ontario Corporation
- SLF Operations GP Inc.
- SLF Operations Limited Partnership
- SLF IP Operations Inc.
- SLF Corporate Stores Limited Partnership
- Wing City by St. Louis Limited Partnership

An entity is required to consolidate entities it controls. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 under Aegis Brands, are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

d. Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which; represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale. Classification as discontinued operations occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale or distribution.

When an operation is classified as a discontinued operation, the comparative consolidated statements of operations and comprehensive loss are re-presented as if the operation had been discontinued from the start of the comparative year.

The Company's discontinued operations are excluded from the results of continuing operations and are presented as a single amount, after income taxes, as net earnings from discontinued operations in the consolidated statements of operations and comprehensive loss.

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

4. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of 30 days, which are subject to insignificant risk of changes in value.

Cash and cash equivalents is comprised of the following:

	March 30 2025	December 29 2024
Cash	\$ 1,797	\$ 1,011
Term deposits	22	22
Segregated cash	281	830
Total Cash	<u>\$ 2,100</u>	<u>\$ 1,863</u>

Segregated cash is cash held on behalf of the St. Louis Advertising Fund, gift card account bank balances, and cash that has been collected for charity.

5. Assets Held for Sale

The Company, through its wholly-owned subsidiary 2707048 Ontario Corporation, acquired a restaurant business. The Company is renovating the location to resell as a St. Louis Bar & Grill. In accordance with IFRS 5, the Company classified this group of assets as held for sale on the consolidated statements of financial position at March 30, 2025 and December 29, 2024.

The related assets that have been presented as held for sale are as follows:

	March 30 2025	December 29 2024
Prepaid expenses and other assets	\$ 23	\$ 3
Property and equipment	1,050	571
ROU assets	<u>309</u>	<u>309</u>
Assets held for sale	\$ 1,382	\$ 883
Lease liabilities	<u>(295)</u>	<u>(303)</u>
Net assets held for sale	<u>\$ 1,087</u>	<u>\$ 580</u>

In accordance with IAS 23.26, \$48,000 of cumulative loan interest and fees have been capitalized.

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of:

	March 30 2025	December 29 2024
Accounts payable – trade ⁽¹⁾	\$ 2,239	\$ 1,725
Accrued liabilities	621	926
Deferred share unit plan liabilities	69	63
Accrued salaries, wages, benefits and incentives	267	314
Other payables	129	81
	<u>\$ 3,325</u>	<u>\$ 3,109</u>

⁽¹⁾ This amount includes short term provisions

7. Lease liabilities

The following table outlines the total contractual discounted real estate lease liabilities as at March 30, 2025 and December 29, 2024:

	March 30 2025	December 29 2024
Year 1	\$ 993	\$ 1,047
Year 2	746	818
Year 3	456	509
Year 4	364	385
Year 5	256	267
Thereafter	258	322
Less: future interest expense	(544)	(608)
Less: lease liabilities – current	(788)	(822)
Lease liabilities- non-current	<u>\$ 1,741</u>	<u>\$ 1,918</u>

8. Deferred revenue

The movement of deferred revenue for the 13-week period ended March 30, 2025 is presented in the table below:

	Gift cards and loyalty program	Other franchise revenue	Advertising fund	Total
As at December 29, 2024	\$ 107	\$ 1,180	\$ 425	\$ 1,712
Additions	159	1,434	699	2,292
Recognition into revenue	(161)	(456)	(1,033)	(1,650)
As at March 30, 2025	<u>\$ 105</u>	<u>\$ 2,158</u>	<u>\$ 91</u>	<u>\$ 2,354</u>

9. Short-term debt

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 and is secured by Aegis, as a second charge and subordinate to CWB Franchise Finance (“CWB”), and the assets associated with each advance. Yogen Früz is 100% owned by family members of a member of the Board of Directors of Aegis.

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

	March 30 2025	December 29 2024
Short-term debt, beginning of period	\$ 600	\$ -
Proceeds of Credit Facility	400	600
Repayment of Credit Facility	-	-
Short-term debt, end of period	<u>\$ 1,000</u>	<u>\$ 600</u>

10. Long-term debt

The Corporation entered into a Development Line of Credit (“DLOC”) with CWB in fiscal 2021 in anticipation of acquiring more businesses in the food and beverage space.

On November 17, 2022, the Corporation drew \$30,000,000 from the DLOC to partially fund the acquisition of St. Louis. The loan is non-revolving, with an interest rate of prime + 2.75% and was interest-only for the first six months after disbursement. 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.

The loan is secured by a General Security Agreement creating a first priority lien on all present and after acquired personal property including any and all intellectual property, equipment used at or in connection with any corporately-owned St. Louis locations, as well as all improvements, additions, replacements and substitutions of the equipment, and all proceeds thereof (including insurance proceeds), from Aegis and SLF Corporate Stores LP (the Corporate Guarantors) and any control agreement with a third party bank as required to perfect cash collateral security.

The following table outlines the balances in long-term debt at March 30, 2025 and December 29, 2024:

	March 30 2025	December 29 2024
Long-term debt	\$ 25,793	\$ 26,498
Less current portion	(3,028)	(2,841)
	<u>\$ 22,765</u>	<u>\$ 23,657</u>

The following table outlines the repayment schedule (does not reflect amortization of deferred financing fees or interest costs):

Year 1	\$ 3,052
Year 2	3,296
Year 3	3,559
Thereafter	<u>15,886</u>
Total	<u>\$ 25,793</u>

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

11. Revenue

Franchise Revenue

	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
	<u>\$ 4,160</u>	<u>\$ 4,536</u>

12. Operating costs and expenses

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Cost of Sales		
Cost of product sales	\$ -	\$ 366
Labour and related expenses	-	308
Overhead and other	-	206
	<u>-</u>	<u>880</u>
General and administrative expenses		
Labour and related expenses	1,545	1,539
Overhead and other	1,559	966
	<u>3,104</u>	<u>2,505</u>
Other		
Depreciation and amortization	13	12
Amortization of right-of-use assets	21	74
Amortization of intangible assets	255	255
	<u>289</u>	<u>341</u>
	<u>\$ 3,393</u>	<u>\$ 3,726</u>

13. Interest and financing expense

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Interest expense – lease liabilities	\$ 64	\$ 107
Interest expense	530	721
Interest income – finance leases	(58)	(81)
Interest income	(7)	(6)
	<u>\$ 529</u>	<u>\$ 741</u>

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

14. Basic and diluted loss per share

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

	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Basic		
Net income from continuing operations	\$ 238	\$ 69
Weighted average number of shares issued and outstanding	85,287,167	85,287,167
Basic earnings per share from continuing operations	\$ 0.00	\$ 0.00
Net loss from discontinued operations	\$ (104)	\$ (453)
Weighted average number of shares issued and outstanding	85,287,167	85,287,167
Basic loss per share from discontinued operations	\$ (0.00)	\$ (0.00)
Total basic earnings (loss) per share	\$ 0.00	\$ (0.00)
Diluted		
Weighted average number of shares issued and outstanding	85,287,167	85,287,167
Effect of stock options and DSUs	470,000	-
Weighted average number of shares (diluted)	85,757,167	85,287,167
Diluted earnings per share from continuing operations	\$ 0.00	\$ 0.00
Diluted loss per share from discontinued operations	\$ (0.00)	\$ (0.00)
Total basic and diluted earnings (loss) per share	\$ 0.00	\$ (0.00)

15. Supplemental cash flow information

Changes in non-cash working capital of continuing operations	13 weeks ended March 30, 2025	13 weeks ended March 31, 2024
Trade, and other receivables	\$ (204)	\$ 448
Prepaid expenses and other assets	(15)	(163)
Accounts payable and accrued liabilities	226	99
Deferred revenue	638	(93)
	\$ 645	\$ 291

16. Contingencies, commitments and guarantees

The Company is involved in litigation and other claims arising in the normal course of business. Judgement is 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 above the amounts provided for in the Unaudited condensed interim consolidated financial statements will be incurred with such claims. 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.

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

17. Segmented reporting

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

The following is a summary of each reportable business segment and its business activity.

Aegis (Corporate)

Corporate amounts are public company expenses and amounts relating to shared groups who provide services, such as back-office functions, to support its operating brands.

St. Louis

The Corporation owns 100% of the partnership interest of the St. Louis brand, which has 78 franchised locations Canada-wide. St. Louis products, such as sauces and frozen food products, are also sold in a growing number of grocery stores across Canada.

Discontinued Operations:

Bridgehead

The Corporation owns 100% of the issued and outstanding shares of Bridgehead (2000) Inc., which had 21 Company-operated Bridgehead coffeehouses in Ottawa. The Corporation sold substantially all the assets of the Bridgehead business on March 8, 2024 and as a result, the Bridgehead segment is presented as discontinued operations in the comparative financial statements.

Wing City

The Corporation owns 100% of the partnership interest of the Wing City brand, which had 2 corporate locations in Toronto, Ontario. On August 21, 2024, management closed the Wing City businesses and is actively trying to sell the assets and exit the leases and as a result, has classified this disposal group of assets and liabilities as held for sale in the financial statements.

a) Segmented Operations 2025

Segmented Operations – 13 weeks ended March 30, 2025

	Corporate	Bridgehead	St. Louis	Wing City	Total
Revenue from external customers	\$ -	\$ -	\$ 4,160	\$ -	\$ 4,160
Cost of sales	-	-	-	-	-
Other amounts in loss	-	-	(2,133)	-	(2,133)
Corporate overhead	(1,789)	-	-	-	(1,789)
Net income (loss) before income taxes	\$ (1,789)	\$ -	\$ 2,027	\$ -	\$ 238
Income tax recovery	-	-	-	-	-
Net income (loss) from continuing operations	\$ (1,789)	\$ -	\$ 2,027	\$ -	\$ 238
Discontinued operations after income taxes	-	-	-	(104)	(104)
Net income (loss)	\$ (1,789)	\$ -	\$ 2,027	\$ (104)	\$ 134

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

b) Segmented Operations 2024

Segmented Operations – 13 weeks ended March 31, 2024

	Corporate	Bridgehead	St. Louis	Wing City	Total
Revenue from external customers	\$ -	\$ -	\$ 4,536	\$ -	\$ 4,536
Cost of sales	-	-	(774)	-	(774)
Other amounts in loss	-	-	(1,631)	-	(1,631)
Corporate overhead	(2,062)	-	-	-	(2,062)
Net income (loss) before income taxes	\$ (2,062)	\$ -	\$ 2,131	\$ -	\$ 69
Income tax recovery	-	-	-	-	-
Net income (loss) from continuing operations	\$ (2,062)	\$ -	\$ 2,131	\$ -	\$ 69
Discontinued operations after income taxes	-	(197)	-	(256)	(453)
Net income (loss)	\$ (2,062)	\$ (197)	\$ 2,131	\$ (256)	\$ (384)

c. Segmented net assets at March 30, 2025

	Cash & Cash Equivalents	Right-of-Use Assets	Property & Equipment	Intangible Assets & Goodwill	Other Assets	Total
St. Louis	\$ 1,953	\$ -	\$ 94	\$ 47,426	\$ 4,256	\$ 53,729
Wing City	-	657	150	-	100	907
Aegis	147	521	1,099	-	351	2,118
	\$ 2,100	\$ 1,178	\$ 1,343	\$ 47,426	\$ 4,707	\$ 56,754
Less: Assets of Discontinued Operations	-	(657)	(150)	-	(100)	(907)
Less: Assets Held for Sale	-	(309)	(1,073)	-	-	(1,382)
Total	\$ 2,100	\$ 212	\$ 120	\$ 47,426	\$ 4,607	\$ 54,465

	Accounts Payable & Accruals	Lease Liabilities	Other Liabilities	Total
St. Louis	\$ 1,413	\$ 2,240	\$ 2,354	\$ 6,007
Wing City	4	1,192	-	1,196
Aegis	1,912	584	27,280	29,776
	\$ 3,329	\$ 4,016	\$ 29,634	\$ 36,979
Less: Liabilities of Discontinued Operations	(4)	(1,192)	-	(1,196)
Less: Liabilities Held for Sale	-	(295)	-	(295)
Total	\$ 3,325	\$ 2,529	\$ 29,634	\$ 35,488

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 weeks ended March 30, 2025 and March 31, 2024

(Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

d. Segmented net assets at December 29, 2024

	Cash & Cash Equivalents	Right- of-Use Assets	Property & Equipment	Intangible Assets & Goodwill	Other Assets	Total
St. Louis	\$ 1,798	\$ -	\$ 105	\$ 47,681	\$ 4,217	\$ 53,801
Wing City	-	707	150	-	90	947
Aegis	65	542	580	-	406	1,593
	\$ 1,863	\$ 1,249	\$ 835	\$ 47,681	\$ 4,713	\$ 56,341
Less: Assets of Discontinued Operations	-	(707)	(150)	-	(90)	(947)
Less: Assets Held for Sale	-	(309)	(571)	-	(3)	(883)
Total	\$ 1,863	\$ 233	\$ 114	\$ 47,681	\$ 4,620	\$ 54,511

	Accounts Payable & Accruals	Lease Liabilities	Other Liabilities	Total
St. Louis	\$ 1,076	\$ 2,424	\$ 1,711	\$ 5,211
Wing City	30	1,235	-	1,265
Aegis	2,033	619	27,586	30,238
	\$ 3,139	\$ 4,278	\$ 29,297	\$ 36,714
Less: Liabilities of Discontinued Operations	(30)	(1,235)	-	(1,265)
Less: Liabilities Held for Sale	-	(303)	-	(303)
Total	\$ 3,109	\$ 2,740	\$ 29,297	\$ 35,146

18. Subsequent Event

On April 23, 2025, the Company signed an agreement with a third party to sublease one of the former Wing City locations. The sublease agreement significantly reduces the Company's liability with respect to this property which will be reflected in the second quarter.