

AEGIS BRANDS ANNOUNCES NOTICE TO CONVERT 11% CONVERTIBLE DEBENTURES DUE NOVEMBER 17, 2027 AND REPRICING OF STOCK OPTIONS

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Toronto, Ontario – December 23, 2022 – Aegis Brands Inc. ("**Aegis**" or the "**Company**") (TSX: AEG) announces that it will convert the Company's 11.0% convertible unsecured subordinated debentures (the "**Debentures**") into common shares of the Company ("**Common Shares**"). The conversion of the Debentures will expand Aegis' shareholder base, will strengthen Aegis' Balance Sheet, and will better position the Company for further growth.

Aegis has provided notice to Computershare Trust Company of Canada (the "**Trustee**") on behalf of the holders of the Debentures due November 17, 2027 with a principal amount of CAD\$25,045,000 that Aegis has exercised its option to convert the entire principal amount of Debentures outstanding into Common Shares. The conversion price of CAD\$0.485 (the "**Forced Conversion**") is in accordance with the terms and conditions of the Debentures and the indenture between the Company and the Trustee entered into on November 15, 2022, as supplemented on December 22, 2022 (the "**Indenture**"). The Indenture is filed under the Company's profile on SEDAR at www.SEDAR.com.

Pursuant to the terms of the Debentures, the Company may exercise the right of Forced Conversion if the weighted average trading price of the Common Shares on the Toronto Stock Exchange for 20 consecutive trading days, ending on and including the fifth trading day before the date of the notice to convert, exceeds 125% of the conversion price of CAD\$0.485.

In connection with the Forced Conversion, the Company will issue an aggregate of 51,639,175 Common Shares. The Forced Conversion is expected to be completed on or about January 23, 2023 (the "**Conversion Date**"). The Common Shares issuable upon conversion of the Debentures will remain subject to a statutory hold for a period expiring January 30, 2023. As a result of the conversion, the Debentures will not become listed for trading on the Toronto Stock Exchange (the "**TSX**").

The holders of the Debentures shall be entitled to receive accrued and unpaid interest, paid in cash, from and including December 31, 2022, being the most recent interest payment date to which interest will have been paid prior to the Conversion Date, to, but not including, the Conversion Date (less applicable withholding taxes, if any), being \$6.63 per \$1,000 principal amount of the Debentures.

The board of directors of the Company has also approved the repricing of a total of 1,045,000 stock options of the Company (the "**Options**") previously issued to employees of the Company pursuant to its amended and restated stock option plan dated May 28, 2019 (the "**Plan**"). Stock options are a key component of senior management's overall compensation and are intended to provide long-term rewards linked directly to the market value of the Company's shares. The repricing decision was taken as existing strike prices did not achieve this alignment after the Company's recent recapitalization. The Options have been repriced at \$0.64 per Common Share, being the five-day volume weighted average closing price of the Common Shares.

The repricing of the Options is subject to the approval of the TSX and disinterested shareholders of the Company at the Company's next annual general meeting of shareholders, in accordance with the terms of

the Plan and the policies of the TSX. Details regarding the repricing of the Options will be further disclosed in the Company's information circular for its next annual general meeting to be held in the second quarter of 2023.

About Aegis Brands Inc.

Aegis currently owns and operates Bridgehead Coffee and St. Louis Bar and Grill. The Company's vision is to build a portfolio of amazing brands that can grow and flourish with access to Aegis' resources and expertise. The Company is committed to letting each brand operate independently while providing shared expertise to help them thrive. For more information, please visit www.aegisbrands.ca.

Forward Looking Statements

Certain information contained in this news release are not statements of historical fact and are "forward-looking" statements. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding the Company's expectations with respect to the completion of the Forced Conversion and the repricing of the Options.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this news release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors as well as the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.

The forward-looking statements in this press release are made as of the date it was issued and Aegis does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Media and investor queries

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