



Annual Information Form

For the 53-week period ended December 31, 2023

March 8, 2024

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GLOSSARY OF TERMS

In addition to the other terms defined in this Annual Information Form, the following terms are used frequently and are defined below. Unless the context otherwise requires, any reference in this Annual Information Form to any agreement, instrument, indenture, declaration or other document will be deemed to be a reference to that agreement, instrument, indenture or other document, as amended, supplemented and restated from time to time.

“Aegis”, “Aegis Brands” or the “Company” means Aegis Brands Inc.

“Bridgehead Trademarks” means the trademarks owned by the Company and registered under the *Trademarks Act* (Canada), and such trademarks, trade names, operating procedures, methods, systems and other intellectual property and proprietary rights that are used in connection with the operation of Bridgehead coffeehouses in Canada and all associated rights.

“St. Louis Trademarks” means the trademarks owned by the Company and registered under the *Trademarks Act* (Canada), and such trademarks, trade names, operating procedures, methods, systems and other intellectual property and proprietary rights that are used in connection with the franchising of St. Louis Bar & Grill locations in Canada and all associated rights.

“EBITDA” means earnings before interest, taxes, depreciation, and amortization.

“Gross Revenue” as it relates to Bridgehead Company-operated coffeehouses means the total of all sales and other income whatsoever, from whatever source (whether it be of a retail, wholesale or other nature), derived from operating a Bridgehead coffeehouse, or any other business activity whatsoever, or derived from selling any products from any location, whether or not such amounts are collected and whether payment is made by way of cash, credit or otherwise.

“Gross Revenue” as it relates to St. Louis Bar & Grill means the total of all franchise fees, royalty fees, and advertising fund fees derived from franchising St. Louis Bar & Grill locations, and other income whatsoever, from whatever source or any other business activity whatsoever, including rebate income, marketing income, or derived from selling any products from any location, whether or not such amounts are collected and whether payment is made by way of cash, credit or otherwise.

“MD&A” means the Company’s Management’s Discussion and Analysis.

“OBCA” means *Business Corporation Act* (Ontario).

“Share” means a common share in the capital of the Company.

“Shareholders” means the holders of Shares.

“St. Louis” means the business of St. Louis Bar & Grill

“Wing City” means the business of Wing City by St. Louis

EXPLANATORY NOTES

All information contained in this Annual Information Form is presented as of December 31, 2023 unless otherwise indicated. All dollar amounts are presented in Canadian currency unless otherwise stated. Reference is made to the glossary for the meaning of certain defined terms.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form may constitute forward-looking statements within the meaning of applicable securities legislation. The terms the “Company,” “Aegis”, “Aegis Brands,” “we,” “us,” or “our” refer to Aegis Brands Inc. Forward-looking statements include words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “plan,” “intend,” and other similar words. These statements reflect expectations regarding future events and financial performance and speak only as of the date of this Annual Information Form. The Annual Information Form 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. 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 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 restaurants; the closure of restaurants; loss of key personnel; compliance with government regulations; potential litigation; the ability to exploit and protect the trademarks of the Company’s brands; changing consumer preferences and discretionary spending patterns including, but not restricted to, the impact of weather and economic conditions on such patterns; expectations of the Company with respect to risks related to the potential impact of global or national health concerns; the continued implementation of the Company’s new operating structure and strategy; the ability to pursue acquisitions in the retail and foodservice industry in the future; and the financial performance and financial condition of the Company’s operating brands. The foregoing list of factors is not exhaustive, and investors should refer to the risks described under “Risk factors” below and “Risks and uncertainties” in the Company’s MD&A for the financial year-ended December 31, 2023, which is available on SEDAR at www.sedarplus.ca.

Although the forward-looking statements contained in this Annual Information Form 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 Annual Information Form, Aegis Brands 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, which are available at www.sedarplus.ca. These filings are also available on the Company’s website at www.aegisbrands.ca

In addition to using financial measures prescribed by IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”), non-IFRS financial measures and other terms are used in this Annual Information Form. These terms include “System sales”, “Same store sales”, and “EBITDA”. These terms are not financial measures recognized by IFRS and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar terms and measures presented by other similar issuers.

DISCUSSION ON CERTAIN NON-IFRS FINANCIAL MEASURES

This Annual Information Form includes certain non-IFRS financial measures that management believes to be useful indicators of Company performance. These measures and terms are intended to provide additional information on Company performance, but do not have any standardized meaning under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

System sales

System sales is comprised of the Gross Revenue from Bridgehead coffeehouses, St. Louis corporate and franchised restaurants, the Wing City corporate restaurant, and wholesale and e-commerce operations.

Same store sales

Same store sales represents the percentage change, on average, in retail sales at coffeehouses or 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).

EBITDA

EBITDA represents earnings before interest, taxes, depreciation, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by the Company may not be comparable to similarly titled measures reported by other issuers.

CORPORATE STRUCTURE

Name, address and jurisdiction of formation

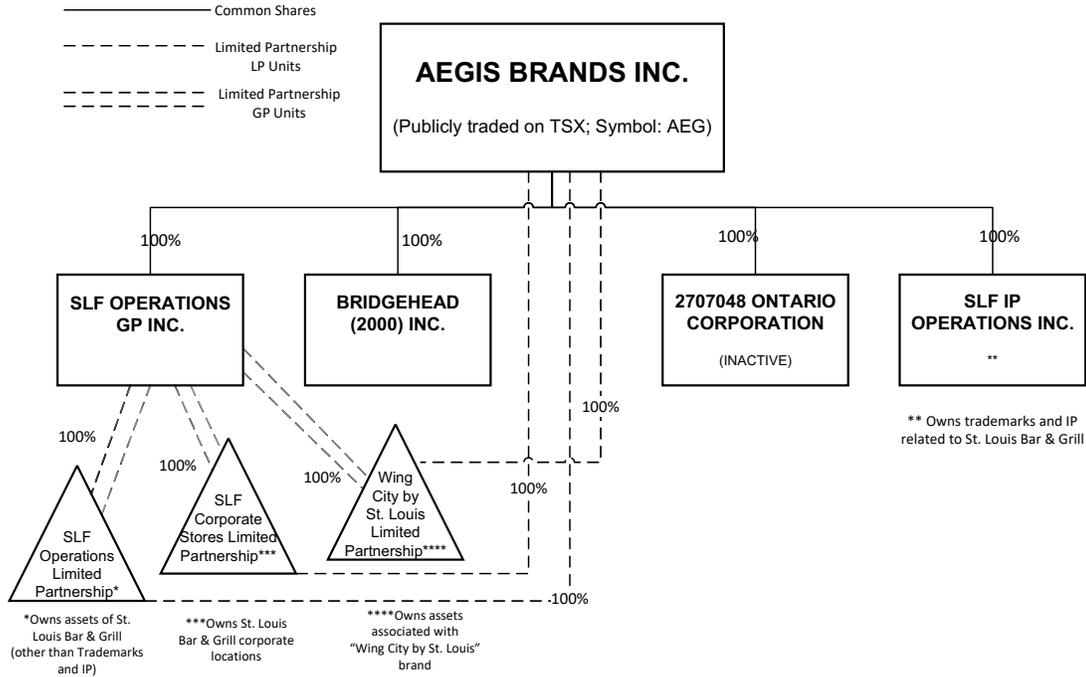
Aegis Brands Inc. (the "Company", "Aegis Brands", "Aegis") is a Canadian public company formed under the OBCA in 2011 pursuant to articles of arrangement dated January 11, 2011. Following shareholder and regulatory approval at the Annual and Special Meeting of Shareholders in fiscal 2020, the Company filed articles of amendment on September 24, 2020 to change its name from The Second Cup Ltd. to "Aegis Brands Inc.". As a result of this change, the parent company is now officially "Aegis Brands Inc.", though its retail brands will continue to operate under their own retail trade names.

Aegis owns brands in the food and beverage space with the mission to allow for independent entrepreneurial spirit while providing shared services that encourage unlimited growth.

The Company relocated to a new registered office in November 2022 located at 2040 Yonge Street, Suite 200B, Toronto, ON M4S 1Z9. The Company's website is www.aegisbrands.ca.

Intercorporate relationships

**AEGIS BRANDS INC.
CORPORATE STRUCTURE CHART**



GENERAL DEVELOPMENT OF THE BUSINESS

Business structure

The Company owns and operates the Bridgehead® Coffee, St. Louis Bar & Grill®, and Wing City by St. Louis™ brands. The Company, directly and through its subsidiaries, owns the trademarks, trade names, operating procedures and systems and other intellectual property used in connection with the operation of these brands in Canada.

On February 7, 2021, the Company entered into a definitive agreement to sell substantially all of the assets comprising Second Cup to an affiliate of Quebec-based Foodtastic Inc. ("Foodtastic"). The sale price was \$14,000,000 in cash received on closing (subject to customary closing adjustments) plus a post-closing earn-out based on royalties earned from certain Second Cup cafés opened following completion of the sale. The sale was approved by 99.62% of the votes cast by the Company's common shareholders at a special meeting of common shareholders on April 7, 2021 and was completed on April 23, 2021. On April 26, 2021, the Company announced that it had completed the sale of the Second Cup assets.

On July 12, 2021, the Company entered into a strategic transaction with Kiaro Holdings Corp. ("Kiario"), a TSX-V-listed cannabis retailer and wholesale distributor, pursuant to which it had agreed to sell

Hemisphere and operations in consideration for an equity stake in Kiaro. In consideration for 100% of Hemisphere's common shares, Kiaro issued 61,300,000 common shares to Aegis, plus 6,700,000 Kiaro common share purchase warrants at a strike price of \$0.16 with an expiry of September 24, 2024. Kiaro issued an additional 6,700,000 shares to Aegis upon the achievement of certain commercial milestones during Q4 2021. On September 24, 2021 the Company announced that it had completed the transaction with Kiaro.

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 unsecured subordinated debentures ("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, Form 51-102F4, in respect of the acquisition, can be found on Aegis' profile at www.sedarplus.ca.

On December 23, 2022, Aegis announced that it would exercise its right to force the conversion of the entire outstanding principal amount of the Debentures into common shares of the Company at a conversion price of \$0.485 in accordance with the terms and conditions of the Debentures. In connection with this forced conversion, the Company issued an aggregate of 51,639,175 common shares effective January 23, 2023.

On January 29, 2024, Aegis announced that it had entered into a definitive agreement to sell substantially all the assets of the Bridgehead business to an affiliate of Pilot Coffee Roasters for \$3,500,000 in cash and assumption of certain liabilities. The sale of Bridgehead closed on March 8, 2024.

Since the sale of the Bridgehead business closed on the date of this Annual Information Form, the disclosures in the description of the business, three-year history, and risk sections of this document are as of the date of this document rather than as of December 31, 2023.

BUSINESS OF AEGIS BRANDS INC.

Aegis operates brands in the food and beverage space with the mission to allow for independent entrepreneurial spirit while providing shared services that encourage unlimited growth. As at December 31, 2023, Aegis had 3 brands and 100 locations, all currently in Canada. Of Aegis' 100 locations, 78% (75 of the St. Louis brand) are operated by franchisees and 22% (all of the Bridgehead and Wing City brand and 3 of the St. Louis brand) are owned and operated corporately.

Brands:

Bridgehead

Founded in 1981, Bridgehead reflects a commitment to deliver original and premium Fairtrade coffee, with 100% of its coffee certified Fairtrade and made from organic certified green coffee. A proud Canadian company, Bridgehead has 21 company-owned coffeehouses in Ottawa, including its flagship roastery, all of which operate under the Bridgehead name. As noted in "General Development of the Business", Aegis sold substantially all the assets of Bridgehead on March 8, 2024.

St. Louis Bar & Grill ("St. Louis")

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 18 plus years of franchising, they've expanded to almost 80 locations across 6 Canadian provinces, with an aggressive national expansion now underway.

Wing City by St. Louis ("Wing City")

Wing City was created as a spin-off of St. Louis, offering a fast casual version of the St. Louis experience. Wing City locations will serve similar menu items but will be housed in much smaller footprints, with limited seating, and will cater to the take-out or diners not requiring table service. The first corporate location opened in Toronto in December 2023 and the second corporate location, also in Toronto, is under construction and will open in the second quarter of 2024.

Products and Services

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 available for purchase at selected grocery retailers in Canada and online through their App and Amazon. St. Louis has also created a smaller footprint, fast casual version of the full-service concept called "Wing City by St. Louis" that focuses on a core menu, less seating, and more takeout. It opened its first corporate location in Toronto in December 2023.

Competitive conditions

The Canadian commercial food service industry is highly competitive. Competition with Aegis' brands, in its broadest sense, may come from established chains and potential new market entrants, including restaurant chains based outside of Canada. Competition includes limited-service restaurants, full-service restaurants, take-out operations, delivery operations, and grocery stores. The principal competitors to each St. Louis location will vary from market to market and include independent operators, as well as regional and national chains.

Aegis' brands also compete with other restaurant brands for attractive real estate sites as well as for qualified individuals as potential franchisees, and potential employees. Competition for the customers is based on quality, variety, and value perception of the menu items, as well as through the perception of quality of the dining experience, including restaurant location and quality of facilities.

Environmental, Social, and Governance Practices

St. Louis Bar & Grill is proud to support Autism Awareness, promoting acceptance through education. Each year, they host annual events and fundraising activities at both a corporate and store level, raising to date over \$3 Million in support of Shining Through Centre, which is a recognized leader in the field of Autism, providing service excellence in therapy, education, research, and awareness to affected children and their families. Through their work, Shining Through Centre provides intensive, comprehensive, and individualized therapeutic and educational programs to each child, producing long-term and permanent learning. They also support Autism Nova Scotia, Autism Resource Centre, Autism Edmonton and Children at Risk, who provide services and programs to families of children diagnosed within Autism Spectrum Disorders to develop their child's behavioural, communication and social skills, and to advocate for their ongoing needs.

Number of locations

As of December 31, 2023, the Company owned and operated 21 coffeehouses in Ottawa operating under the trade name Bridgehead, 3 corporate and 75 franchised St. Louis locations across Canada, and 1 Wing City corporate location in Toronto.

	Bridgehead	St. Louis	Wing City
Number of locations - beginning of period	21	74	0
Acquired during the period	0	0	0
Locations opened	1	4	1
Locations closed	(1)	0	0
Number of locations - end of period	21	78	1

Geographic presence

The Company's Bridgehead coffeehouses were geographically concentrated in the province of Ontario, with 21 locations, all in the city of Ottawa. The St. Louis locations are spread across Canada, with the majority in the province of Ontario. The St. Louis locations are situated in a wide range of high-traffic, high-visibility locations, consisting predominantly of street-fronts, with some locations in shopping malls. All locations have self-contained customer seating areas and many have outdoor patios.

The Company's location selection process involves a variety of analytical techniques to evaluate factors that impact the viability of a proposed location, such as visibility, accessibility and traffic, as well as population density, household income, local competition and the proximity to major activity centres. New lease commitments are carefully screened by management using a projected return on investment analysis.

Leases

All of the Company's locations are operated in leased premises. The majority of lease agreements include renewal options over a staggered period, with an average of three leases coming up for renewal each year over the next 10-year period.

Sales

Sales of coffeehouses and other comprise the Gross Revenue reported from the Company's coffeehouses plus revenue from the e-commerce and wholesale channels. In fiscal 2023, the Company generated a total of \$16,427,000 (2022 - \$13,207,000) from all revenue sources.

St. Louis revenue is mainly comprised of royalties from franchisees, contributions from the Advertising Fund, and other franchise revenue including franchise fees and supplier contributions. Sales of corporate restaurants and other comprise the Gross Revenue reported from the Company's corporately-owned restaurants plus revenue from the wholesale channel. In fiscal 2023, the St. Louis brand generated a total of \$16,929,000 (2022 - \$1,952,000) from all revenue sources.

Wing City's first corporate location opened in December 2023 and contributed \$11,000 in revenue.

	Bridgehead	St. Louis	Wing City	Total
Royalties	\$ -	\$5,388,000	\$ -	\$ 5,388,000
Advertising Fund Revenue	-	2,595,000	-	2,595,000
Other franchise Revenue	-	7,141,000	-	7,141,000
Corporate coffeehouse and restaurants and product sales	16,427,000	1,805,000	11,000	18,243,000
Total revenue	\$ 16,427,000	\$16,929,000	\$ 11,000	\$33,367,000

Seasonality

Due to the nature of the retail foodservice industry, and the Company's extensive experience in this industry, the Company expects there to be an associated seasonality to its sales, specifically the notion that the first fiscal quarter will generate weaker revenue than other quarters due to post-holiday season habits of people eating out less.

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

% of Annual system sales of restaurants	2023
First Quarter	21.8
Second Quarter	25.9
Third Quarter	26.1
Fourth Quarter	26.2
	100.0

Since the St. Louis brand was only part of Aegis since November 17, 2022, 100% of the revenue associated to St. Louis was recorded in the Fourth Quarter.

Advertising and marketing

The St. Louis franchisees contribute to a National Advertising Fund which their marketing team uses to produce Canada-wide advertising campaigns and increase the exposure of the brand via various marketing channels. Marketing is the internal engine that drives sales, customer engagement and brand perception. The St. Louis marketing group has evolved to become a strategic, targeted and process-driven team, responsible for enhancing and elevating the brand and all advertising efforts. This industry-leading approach is achieved through partnerships, efficient media buys and a targeted consumer strategy.

Purchasing and distribution

St. Louis utilizes multiple sourcing partnerships and processing facilities to differentiate its key signature chicken wing. The development of their signature wing marinade and application to a tightly controlled quality assurance process and wing specification provides St. Louis restaurants a competitive advantage within the wing marketplace. St. Louis has developed long term strategic relationships with chicken wing providers to acquire the best in quality and flavour while maintaining competitive pricing models.

St. Louis manages both the supply arrangements with manufacturers and distribution partners to the benefit of continued supply and price for franchisee restaurants across the network. St. Louis restaurants utilize the Company's broad based distributor network to order and purchase menu specific products from St. Louis designated vendors. Their goal is to continuously develop and emphasise the multiple unique proprietary products which are available strictly to the St. Louis restaurants to further their customer brand recognition of Devilishly Good products.

Quality control

St. Louis has detailed Standard Operating Procedures (SOPs) for all areas of the business such as safe food handling, guest service, daily operating procedures and local sales building. They employ a learning management software where franchisees, managers and hourly employees can learn about the SOPs and upcoming programs. Each location has access to digital checklists so they can consistently complete and track tasks such as opening & closing procedures and for tracking temperatures of food and equipment.

St. Louis employs regional Business Consultants who conduct bi-annual Business Reviews to maintain the high standards and they are also in the restaurants conducting mini audits or providing regular coaching. The formal business review covers every aspect of the business to ensure the brand standards are adhered to. The Business Consultants also work with the franchisees to review their financial results and provide guidance on sales building and improving profitability. From a service standpoint, St. Louis uses surveys and online reviews from dine-in and off-premise guests to understand the guest sentiment and action any opportunities to improve. A monthly Store Scorecard is produced so franchisees can see a snapshot of their performance in all aspects of the business and where they rank compared to their peers.

One of St. Louis' key objectives is to develop business intelligence tools and reports that allow them to review their business holistically as well as in real-time. They work with strategic partners to analyze both internal and external sales, demographic information, and analyze customer behaviours. They continue to integrate new technologies that add to data centers as well as provide more information to all the key stakeholders.

The Trademarks

The St. Louis Trademarks are trademarks that are registered or the subject of pending applications for registration under the *Trademarks Act* (Canada), and other unregistered trademarks used by St. Louis in connection with its business in Canada.

The St. Louis Trademarks do not include the rights outside of Canada to any trademarks or trade names or any affiliated entities in its business, and in particular they do not include the rights outside of Canada to the trademarks registered or pending registration under the *Trademarks Act* (Canada).

Employees

As at December 31, 2023, the Company employed an estimated 122 individuals including staff who work for its St. Louis brand and its Wing City brand, as well as shared staff at the Home Office. Aegis' employees are not unionized, and the Company has never experienced a strike or work stoppage other than the temporary stoppage as a result of the COVID-19 pandemic. The Company believes that its relations with its employees are positive.

Government regulation

The Company's restaurants are subject to various federal, provincial, and local laws and regulations that typically apply to a Canadian foodservice operator, including regarding liquor, health, smoking, sanitation, safety, fire codes, and building matters. Developing new locations could require licenses and land use approval, and development could be delayed in any given circumstance by difficulties in obtaining such licences and approvals or by more stringent requirements of local government bodies with respect to zoning, land use, and licencing.

Food Product Regulation

The Company and its suppliers must comply with applicable federal and provincial regulations relating to the manufacturing, preparation, and labelling of food and beverage products.

Regulations Governing Alcoholic Beverages

Liquor control regulations require that St. Louis franchisees apply to a provincial or a municipal authority for a licence or permit to sell alcoholic beverages on the premises, and in certain locations, to provide service for extended hours and on Sundays. Licenses are subject to renewals, typically on an annual basis, and liquor control regulators retain the right to suspend or revoke authorizations for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of daily operations of a full-service restaurant, including the minimum age of patrons and employees, service standards, hours of operation, advertising, purchasing, inventory control and handling, storage, and dispensing of alcoholic beverages.

Franchise legislation

Certain provinces have enacted laws and regulations that require certain disclosure to be made with respect to the offer, sale, and renewal of franchises. These laws require that St. Louis furnish prospective and renewing franchisees with a disclosure document containing information prescribed by these laws.

Employment regulations

Aegis and franchisees of St. Louis are subject to provincial labour and employment laws that govern their relationship with associates, such as minimum wage requirements, overtime and working conditions.

Regulations Governing Smoking

St. Louis locations are subject to various laws that prohibit or limit smoking on the premises and that impose fines for failure to adhere to such laws. These laws prohibit the smoking of both cannabis and tobacco, as well as the use of electronic cigarettes, in a number of places, including enclosed public spaces and the reserved seating areas.

Menu Labelling

In Ontario, many locations are subject to menu labelling legislation that has the effect of requiring those brands to list the calorie content of its standard food items on all menus and certain advertising.

Multi-Brand Strategy Provides Diversification

Aegis is just at the beginning of its growth in the foodservice space. In 2022, to complement Bridgehead, St. Louis was added to the Aegis family of brands, providing diversification of revenues, customers, dayparts, and price points. This diversification allowed Aegis to operate multiple brands in the same markets without directly competing against each other. The addition of St. Louis has also enabled Aegis to expand its geographical base outside of Ottawa, with St. Louis locations across Ontario and in 4 other provinces. In 2023, the decision was made to divest the Bridgehead business as Aegis' strategy shifted to focus on the restaurant space. The launch of the Wing City brand in 2023 further advances this strategy.

Scale and Shared Services Infrastructure

Aegis aims to provide its brands with competitive advantages that are not available to independent operators. Functions that are not brand-specific are centralized, providing significant opportunities to leverage Aegis' expertise and relationships to reduce operating expenditures and improve profitability. As Aegis continues to add more brands, its corporate stores and franchisees will benefit from further synergies.

Retail Line

St. Louis has had a limited retail line offering in prior years but since the acquisition by Aegis, has plans to grow the number of products sold through grocery stores and retail outlets. Aegis will leverage the St. Louis brand to expand its retail food program across Canada and believes it will not compete, but complement, the core menu items offered in the St. Louis Bar & Grill locations.

The retail food program provides Aegis with the opportunity to generate additional revenue outside of the restaurant experience and provides an additional marketing channel for brand awareness.

Acquisitions

Aegis Management will opportunistically pursue new concepts and acquisitions of brands that complement Aegis' existing brands, are appropriately valued, and provide an opportunity to realize additional synergies.

RISK FACTORS

This section is qualified by the section “FORWARD-LOOKING STATEMENTS” at the beginning of this Annual Information Form.

An investment in the Shares involves a number of risks. In addition to the other information contained in this Annual Information Form, investors and prospective investors should give careful consideration to the following risk factors.

Risks related to the businesses of St. Louis and Wing City

The casual dining industry is a very competitive environment, with many direct competitors in both the casual restaurant space and the wing and bar space. Competitors include other national chains operating across Canada, regional players, as well as independent restaurants.

The Canadian restaurant industry is also affected by changes in demographic trends, traffic patterns, and the type, number, and locations of competing restaurants. The Company is impacted by general economic conditions including inflation, increased food, and labour costs, and the availability of experienced management and hourly employees which may adversely affect the restaurant industry in general and the Company in particular.

Competition with Other Franchisors

The growth of St. Louis is dependent upon the ability of the Company to (1) maintain and grow the current system of franchised restaurants, (2) execute its current strategy for growth, (3) locate new retail sites in prime locations, and (4) obtain qualified operators to become franchisees. The Company competes with other companies, including other well-capitalized franchisors with extensive financial, technological, marketing, and personnel resources and high brand name recognition and awareness. There can be no assurance that the Company will be able to respond to various competitive factors affecting the franchise operations of the Company.

Franchisee Relations

The Company’s success is 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. For certain franchisees, the Company acts as the head lessee under the lease for the restaurant. A default by the franchisee under the lease could result in increased costs and could have a negative effect on the Company’s business and operations and could result in litigation claims.

Quality Control and Health Concerns

The Company’s business can be materially and adversely affected by publicity resulting from illness, injury, cleanliness, poor food quality, or safety and any other health concerns or operating issues. The Company has a number of procedures in place for managing food safety and quality but all risk cannot be completely eliminated.

Security Breaches of Confidential Guest Information

The Company’s business requires the collection, transmission, and retention of large volumes of guest and employee data, including credit and debit card numbers and other personally identifiable information, in various information technology systems that the Company maintains and in those maintained by third parties with whom the Company contracts to provide services. The integrity and

protection of that data is critical to the Company and the guests and employees have a high expectation that the Company and its service providers will adequately protect their personal information.

The information, security, and privacy requirements imposed by governmental regulation are increasingly demanding. The Company's systems may not be able to satisfy these changing requirements and guest and employee expectations, or may require significant additional investments or time in order to do so. Any breach could lead to an interruption in the operation of its systems, resulting in a loss of revenues or profits, fines, legal claims or proceedings, and reputational damage, any of which could have a material adverse effect on the Company's financial condition and results of operations.

Ability to Open New Profitable Restaurants

Growth of the restaurant network depends on the Company's ability to secure and build desirable locations. Both brands face competition for locations from its competitors and operators of other businesses. 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. Also, there is no guarantee that the property leases in respect of the current locations will be renewed or suitable alternative locations will be obtained and, in such event, restaurants could be closed. It is possible that the current locations or economic conditions where 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.

Availability and Quality of Raw Materials, Reliance on Suppliers

Sales are dependent upon the availability and quality of the raw materials, food, services, and products used in the products sold in the restaurants. The availability and price of these commodities are subject to fluctuation and may be affected by a variety of factors affecting the supply and demand of the raw materials used in these products.

Enforcement and Maintenance of the Trademarks

The profitability and growth of both businesses will depend on its ability to capitalize on the brands. A failure to enforce or maintain any of the intellectual property rights may result in the deterioration of brand equity. If any Trademarks are successfully challenged, this may have an adverse impact on sales in the restaurants, and ability to attract qualified franchisees.

The Company owns the Trademarks in Canada. Third parties may use such trademarks in jurisdictions other than Canada in a manner that diminishes or enhances the value of such trademarks.

Government Regulation

The Company is subject to various federal, provincial and local laws affecting their business including laws involving product liability, labour and employment, anti-trust and competition, food safety, intellectual property, privacy, environmental, and other. Each individual location is subject to licensing and regulation by a number of governmental authorities, which may regulate among other things, food inspection, health, employee and public safety, zoning, smoking laws and fire prevention. Ongoing operations as well as new location development could be temporarily or permanently delayed as a result of failure to obtain the required licences or approvals, and or violation of laws.

St. Louis is particularly impacted by regulations governing the sale of alcoholic beverages as a significant portion of franchisees' revenue, and the related franchise fees and vendor rebates, are attributable to the ability to sell alcohol. The ability to serve these beverages is also a very important factor in attracting

customers. Alcoholic beverage control regulations relate to numerous aspects of daily operations of restaurants including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control, and handling and storage and dispensing of alcoholic beverages. The failure of the Company to retain licenses to serve liquor could adversely affect the restaurants' operations and reduce the Company's revenue. Changes to laws regulating alcoholic beverages may also adversely affect operations of restaurants and reduce the Company's revenue by increasing costs, reducing the potential customer base, or reducing the hours of operation of such restaurants.

Employees

The operations of the restaurants are subject to minimum wage laws governing such matters as working conditions, overtime, and tips. Many employees in the restaurants are paid at rates related to the minimum wage and, accordingly, further increases in the minimum wage could increase the labour costs.

The success of the Company is dependent on certain key personnel, the personal efforts of senior management, and their ability to retain and attract employees and franchisees. The loss of the services of such key personnel could have a material effect on the operations of the Company.

Reliance on Information Technology

The Company relies heavily on information systems, including point-of-sale processing in its coffeehouses and restaurants, for accounting, payment of obligations, collection of cash, credit and debit card transactions, corporate record keeping and communications, and other processes and procedures. The Company's ability to efficiently and effectively manage its business depends significantly on the reliability and capacity of these systems. If the Company's information technology systems fail and its disaster recovery plans are not adequate to address such failures, or if the Company's business interruption insurance does not sufficiently compensate the Company for any losses that it may incur, the Company's revenue and profit could be reduced and its business could be materially adversely affected. In addition, remediation of such problems could result in significant, unplanned capital expenditures.

Potential Litigation

The Company and the franchisees may, from time to time, become the subject of litigation relating to customer allegations of food related illness, injuries suffered on the premises or other food quality, health or operational concerns. Adverse publicity resulting from such allegations may adversely affect the business, regardless of whether such allegations are true or whether the Company is ultimately held liable. The Company could also be subject to a variety of other claims arising in the ordinary course of its business including personal injury claims, contract claims, claims from franchises, and claims alleging violations regarding workplace and employment matters, discrimination, and similar matters. Historically, the Company's involvement in such litigation has not been material to the operation of the business, however, management cannot be certain that a substantial claim may not arise in the future that would be material to the Company.

Risks related to the Company's operating structure and strategy

Potential Inability to Consummate Acquisitions

The Company does not currently have any agreement or commitment to acquire any businesses. However, the Company continues to pursue its strategy to seek opportunities to acquire or invest in businesses that could expand, complement or otherwise relate to its current or future portfolio of brands

as part of its strategy and operating structure. The Company may also consider, from time to time, opportunities to engage in business collaborations with third parties to address particular purchasing requirements. The pursuit of these activities may divert the attention of management and cause the Company to incur various expenses in identifying, investigating and pursuing suitable acquisitions or business arrangements, whether or not they are consummated. The Company may also be precluded from pursuing such transactions as a result of financial or other covenants in agreements to which it is a party.

Integration of Acquisitions and Brand Expansion

The consummation of an acquisition, investment or other business collaboration may create risks such as: (i) the need to integrate and manage the businesses, brands and/or products acquired with the Company's business, brands and products, (ii) additional demands on the Company's resources, systems, procedures and controls, (iii) disruption of the Company's ongoing business, (iv) adverse effects on the Company's existing business relationships, and (v) potential loss of key employees. There is an enhanced level of risk and uncertainty related to the operation and expansion of the Company's brands, and any future-acquired brands. These brands and business ventures may have not yet proven their long-term viability or growth potential and will continue to be subject to the risks that accompany any new brand or new business initiative.

Moreover, an acquisition, investment or other business collaboration could involve: (i) substantial investment of funds or financings by issuance of debt or equity securities, (ii) substantial investment with respect to technology transfers and operational integration, and (iii) the acquisition or disposition of product lines or businesses. Also, such activities could result in one-time charges and expenses and have the potential to either dilute the interests of the Company's Shareholders or result in the issuance of, or assumption of, debt. Such acquisitions, investments or other business collaborations may involve significant commitments of the Company's financial and other resources. Any such activity may not be successful in generating revenue, income or other returns to the Company.

Additionally, if the Company is unable to access capital markets on acceptable terms or at all, the Company may not be able to consummate acquisitions, or may have to do so on the basis of a less than optimal capital structure. The Company's inability to (i) take advantage of growth opportunities for its business or its products, or (ii) address risks associated with acquisitions or investments in businesses, may negatively affect its operating results. Finally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges to earnings associated with any acquisition or investment activity, may materially reduce the Company's earnings which, in turn, may have a material adverse effect on the price of its Shares. If the Company does complete such transactions, it cannot be sure that it will ultimately strengthen its competitive position or that it will not be viewed negatively by customers, security analysts or investors.

Counterparty and Liquidity Risks

The Company may be exposed to counterparty risks and liquidity risks including, but not limited to: (i) through suppliers of the Company which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those suppliers' ability to perform their obligations under agreements with the Company; (ii) through financial institutions that may hold the Company's cash and cash equivalents; (iii) through companies that will have payables to the Company; (iv) through the Company's insurance providers; and (v) through the Company's lenders.

The Company will also be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's

operations could be adversely impacted and the price of the Company's Shares could be adversely affected.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Shares. The summary below of the rights, privileges, restrictions and conditions attaching to the Shares is subject to, and qualified in its entirety by reference to, the Company's articles and by-laws, which are available on SEDAR at www.sedarplus.ca.

Shares

Each Share entitles the holder thereof to one (1) vote at all meetings of Shareholders, except where holders of another class are entitled to vote separately as a class as provided by law or the rules of any applicable stock exchange. Subject to the rights of the holders of any other class of shares ranking senior to the Shares, the holders of Shares are entitled to such dividends as the board of directors of the Company (the "Board") may declare from time to time, which dividends are payable in money or property or by issuing fully paid Shares of the Company.

Subject to the prior rights of the holders of any other class of shares, in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its Shareholders for the purpose of winding-up its affairs, the holders of Shares are entitled to receive the remaining property and assets of the Company.

The Company has adopted an amended and restated stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire Shares of the Company. The maximum number of Common Shares reserved for issuance of Options that may be granted under the plan is 10% of the issued and outstanding Shares. The Options granted can be exercised for a maximum of 8 or 10 years and vest as determined by the Board of Directors. As of December 31, 2023, there were 1,510,000 options outstanding to purchase 1,510,000 Shares.

In November 2022, in connection with the St. Louis acquisition, the Company issued 10,417,765 shares through a Private Placement for gross proceeds of \$3,375,000.

In January 2023, in connection with the forced conversion of the Debentures, the Company issued 51,639,175 common shares.

Shares outstanding at the fiscal year ended December 31, 2023 are 85,287,167 (2022 - 33,647,992).

Convertible Unsecured Subordinated Debentures

In November 2022, in connection with the St. Louis acquisition, the Company issued 11% convertible unsecured subordinated debentures ("the Debentures") through a Private Placement for gross proceeds of \$25,045,000. The Debentures had a maturity date of November 2027 and were convertible into Common Shares at the holder's option at any time prior to the close of business on the maturity date at a conversion price of \$0.485. Pursuant to the terms of the Debentures, the Company had a forced conversion right if the weighted average trading price for the Common Shares on the TSX for 20 consecutive trading days, ending on and including the fifth trading day before the date on the notice to convert exceeded 125% of the conversion price of \$0.485. As described below in the Management of Capital section, the Company exercised this forced conversion right.

MANAGEMENT OF CAPITAL

On December 7, 2020, the Company entered into a loan agreement with CWB Franchise Finance, a division of the Canadian Western Bank Financial Group (“CWB”), consisting of a revolving credit facility (the “CWB Credit Facility”) of \$4,000,000 at the financing rate of Prime + 3.20%. The continuance of the CWB Credit Facility will be reviewed on an annual basis. The CWB Credit Facility was secured by the assets of the Bridgehead business and is to be used for general corporate purposes. Changes to the CWB Credit Facility in 2021 and 2022 resulted in the available limit of the facility being decreased to \$3,000,000. The CWB Credit Facility was available for a period of 24 months until its maturity on December 7, 2022 and was renewed in November 2022 under the same terms. In connection with the sale of the Bridgehead business, CWB released the Bridgehead assets as security, replaced it with the assets of the St. Louis and Wing City corporate stores, and reduced the available credit to \$2,000,000.

On December 7, 2021, the Company finalized a development line of credit (DLOC) with CWB for \$28,000,000 to continue the Company’s growth in the foodservice industry through acquisition. The DLOC is available for 36 months and is subject to a variable interest rate of Prime + 2.75%. Changes to the DLOC in 2022 resulted in the available limit of the facility being increased to \$30,000,000.

On November 17, 2022, The Company drew \$30,000,000 on its DLOC with to partially fund the acquisition of St. Louis. The loan is non-revolving, 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.

As described above, on November 17, 2022, the Company also issued, through a Private Placement, 10,417,765 shares for gross proceeds of \$3,375,000 and convertible unsecured subordinated debentures for gross proceeds of \$25,045,000. The Debentures bear 11% interest per annum and have a maturity date of sixty (60) months from the closing of the Offering.

On December 23, 2022, Aegis announced that it would convert the entire outstanding principal amount the Debentures into common shares of the Company at a conversion price of \$0.485 per common share in accordance with the terms and conditions of the Debentures. In connection with this forced conversion, the Company issued an aggregate of 51,639,175 common shares effective January 23, 2023, bringing Aegis’ total number of common shares outstanding to 85,287,167.

At March 8, 2024, the CWB Credit facility had not been drawn upon, leaving Aegis with \$2,000,000 in available credit for short-term operating needs and long-term growth.

DIVIDENDS

The Company does not currently pay dividends on the Shares and has no present intention of resuming the payment of dividends. Any decision to pay dividends on the Shares in the future will be at the discretion of the Board and will depend on, among other things, the Company’s earnings, financial requirements, debt covenants, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other conditions existing at such time that the Board may consider relevant.

DIRECTORS AND OFFICERS

Directors

The current directors of the Company are set forth below. Each director will hold office until the close of the Company's next annual meeting of Shareholders or until such director resigns, is removed or ceases to be qualified to act as a director.

<u>Name, Position being nominated for and Municipality of Residence⁽¹⁾</u>	<u>Present Office</u>	<u>Principal Occupation (Preceding 5 Years)</u>
STEVE PELTON Director, Oakville, Ontario, Canada Non-Independent	Director since June 5, 2019	President and Chief Executive Officer of the Company from June 2019 to present. Senior Vice President at Recipe Unlimited Corporation (formerly Cara Operations Limited) from 2015 to 2019. Co-founder and former CEO of the Landing Group of restaurants until its acquisition in 2015 by Cara Operations Limited.
MICHAEL BREGMAN⁽²⁾⁽³⁾ Chair of the Board, Toronto, Ontario, Canada Independent	Director since December 20, 2013	Principal and Chief Executive Officer of Tailwind Capital Inc., a Toronto-based investment management firm, from 2003 to present. Chairman of Clairvest Group Inc.
STEPHEN KELLEY⁽²⁾ Director, Kitchener, Ontario, Canada Independent	Director since August 1, 2019	Principal of LaGrange Point. Former Chief Executive Officer of Stocom Research Trading & Investments Ltd., an investment firm, from 2004 to 2023. Director of Wind Athletes Canada and Chartight Air Group Inc.
ALTON McEWEN⁽³⁾ Director, Carmel, California, USA Independent	Director since December 20, 2013	Former Chief Executive Officer of Distant Lands Coffee Company and former executive of companies with brands such as The Second Cup, Gloria Jeans Coffee, and Laura Secord. Former Director of Swiss Water Decaffeinated Coffee Company, Inc. and Canadian Coffee Association.
MICHAEL SERRUYA⁽²⁾ Director, Toronto, Ontario, Canada Independent	Director since August 10, 2017	Mr. Serruya was the Co-CEO, Chairman of the Board, and a Director of Kahala Corp. in August 2013. Shortly thereafter, Mr. Serruya was the CEO of Kahala Corp. on November 1, 2013 up to July 2016. Mr. Serruya has been the President of MOS Holdings Inc. in Ontario, Canada from 2000 to the present. Mr. Serruya is also one of the managing directors of the family-managed venture group, Serruya Private Equity Inc., since September 2014.
AARON SERRUYA Director, Toronto, Ontario, Canada Independent	Director since August 10, 2017	Since December 2015, Mr. Serruya has been President of Pinkberry Canada. Mr. Serruya has been President and a Director of Yogen Früz Canada Inc., since July, 1989. Mr. Serruya is also one of the managing directors and Secretary of the family-managed venture group, Serruya Private Equity Inc., since September 2014.

Notes:

- (1) Information furnished by the Nominees.
- (2) Member of the Audit Committee.
- (3) Member of the Governance Committee.

The following is a summary biography of each of the directors of the Company, except for Steve Pelton, whose biography is included under the section “DIRECTORS AND OFFICERS – Officers” below.

Michael Bregman

Mr. Bregman is the Principal and Chief Executive Officer of Tailwind Capital Inc., which operates an investment fund. He is the Chairman of Clairvest Group Inc., and Aegis Brands. Michael Bregman was former Chairman and CEO of The Second Cup Ltd. Purchasing the company in 1988, he took the company public in 1993, and successfully sold the company in 2002. Michael has one son and three daughters. Michael serves various charitable organizations including United Jewish Appeal (2002 Campaign Co-Chair), Birthright Israel, Friends of Simon Wiesenthal and Baycrest. He is a 2002 recipient of the Yakir Award. Mr. Bregman is a past Maccabi Games gold medalist in triathlon and is an active swimmer, cyclist and skier. Mr. Bregman earned an MBA from the Harvard Business School after receiving his undergraduate degree from the Wharton School of Business at the University of Pennsylvania.

Stephen Kelley

Mr. Kelley is the Principal of LaGrange Point, a wealth management consulting company. He served as the Chief Executive Officer of Stocom Research Trading & Investments Ltd., an investment firm, from 2004 to 2023. He was first appointed to the Board in October 2012 and is also currently a director of Wind Athletes Canada and Chartight Air Group. Mr. Kelley holds an Honours Bachelor of Science, Applied Mathematics degree from the University of Western Ontario.

Alton McEwen

Alton McEwen held the position of Chief Executive Officer at Distant Lands Coffee until he retired in February 2015. From 2004 to July 2011, Mr. McEwen was retired. From 1988 to 1996, Mr. McEwen was President and Chief Operating Officer of The Second Cup Ltd (now Aegis Brands Inc.). From 1997 to 1999, Mr. McEwen was President of Gloria Jeans Coffee in the US, which was owned by Second Cup. Mr. McEwen also held executive positions at mmmuffins, Michel’s Baguette bakery cafés, Rowntree MacIntosh Canada and Laura Secord Candy stores.

Michael Serruya

Mr. Serruya was the Co-CEO, Chairman of the Board, and a Director of Kahala Corp. in August 2013. Shortly thereafter, Mr. Serruya was the CEO of Kahala Corp. on November 1, 2013 up to July 2016. Mr. Serruya has been the President of MOS Holdings Inc. in Ontario, Canada from 2000 to the present. Mr. Serruya is also one of the co-founders of Yogen Früz and has been actively involved in its development since its inception in 1986. Mr. Serruya is also one of the managing directors of the family-managed venture group, Serruya Private Equity Inc., since September 2014.

Aaron Serruya

Since December 2015, Mr. Serruya has been President of Pinkberry Canada. Mr. Serruya has been President and a Director of Yogen Früz Canada Inc., since July, 1989. Mr. Serruya is a co-founder of Yogen Früz and has been actively involved in its development since its inception in 1986. Mr. Serruya is also one of the managing directors and Secretary of the family-managed venture group, Serruya Private Equity Inc., since September 2014.

Officers

The names and municipalities of residence of the persons who are the current executive officers of the Company are as follows:

Name	<u>Position with Aegis Brands Inc.</u>
Steven Pelton..... <i>Oakville, Ontario</i>	President and Chief Executive Officer
Melinda Lee, CPA, CA, ICD.D <i>Halifax, Nova Scotia</i>	Chief Financial Officer
Tara Ramsay <i>Tottenham, Ontario</i>	Vice President, People

The following is a summary biography of each of the members of the senior management team of Aegis Brands Inc.

Steven Pelton - President and Chief Executive Officer

Mr. Pelton was appointed as President and Chief Executive Officer and a member of the Board in June of 2019. Prior to joining the Company, Mr. Pelton was one of the co-founders and Chief Executive Officer of the Landing Group, until its acquisition in 2015 by Cara Operations Limited (since renamed 'Recipe Unlimited Corporation'). Following the acquisition of the Landing Group, Mr. Pelton joined Recipe Unlimited Corporation from 2015 to 2019 as the Senior Vice President overseeing a portfolio of brands including the Landing Group, Milestones and the Bier Markt.

Melinda Lee - Chief Financial Officer

Ms. Lee joined the Company as a member of the Board in March 2018 and resigned from that position to become Chief Financial Officer in June 2021. Ms. Lee has been a self-employed financial consultant, has held senior management roles at both a publicly-traded and a private investment firm, and has previously served on the Board of Directors for six other publicly-traded companies. Ms. Lee holds a business degree from St. Francis Xavier University, earned her Chartered Accountant designation in 1999 and her ICD.D designation in 2019. Ms. Lee is also a Board member of Fortune Bay Corp., a TSX-V listed company.

Tara Ramsay - Vice President, People

Ms. Ramsay joined the Company as Vice President, People in September of 2019. Prior to joining the Company, Ms. Ramsay held various progressive roles including Director, People Experience at the Woodbine Entertainment Group from January 2016 to September 2019, and Manager, Human Resources at Maple Leaf Sports & Entertainment from January 2014 to January 2016. Prior to that, Ms. Ramsay held various positions in Human Resources as part of the Canadian Broadcasting Corporation team.

As of March 8, 2024, the directors and executive officers of the Company held 7,480,913 Shares, representing approximately 8.8% of the Company's issued and outstanding Shares.

AUDIT COMMITTEE INFORMATION

As required by applicable securities laws, the Company has established an audit committee (the “**Audit Committee**”) to monitor the Company’s financial reporting, accounting systems and internal controls, and to liaise with the Company’s external auditors. The Audit Committee is required to consist of at least three directors, each of whom must be “independent” within the meaning of National Instrument 52-110 - *Audit Committees*, subject to the provisions of such instrument. The Chair of the Audit Committee receives compensation of \$5,000 per year for such role.

Charter of the Audit Committee

The charter of the Audit Committee is attached to this Annual Information Form as Schedule A.

Composition of the Audit Committee

Presently, the Audit Committee consists of Messrs. Stephen Kelley, Michael Bregman and Michael Serruya. Mr. Kelley was appointed to the Board and the position of the Chair of the Audit Committee on August 1, 2019. All members of the Audit Committee are independent and financially literate, as such terms are defined under National Instrument 52-110 - *Audit Committees*. See “Directors and Officers” for a summary of the education and experience of each member of the Audit Committee.

Pre-approval policies and procedures

There have been no recommendations of the Audit Committee to nominate or compensate an external auditor which have not been adopted by the Board. In accordance with the Company’s Audit Committee charter, all non-audit services to be provided to the Company or any of its affiliates by the external auditor or any of their affiliates are subject to pre-approval by the Audit Committee. The Audit Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditor, which policies and procedures: (i) shall include reasonable detail with respect to the services covered; (ii) shall require that the Audit Committee be informed of each non-audit service; and (iii) shall not include delegation of the Audit Committee’s responsibilities to management.

Audit fees

Baker Tilly WM LLP currently serves as the auditor of the Company. Fees paid or payable for the 2023 and 2022 fiscal years, excluding tax and other fees, are \$240,000 and \$350,885, respectively to Baker Tilly WM LLP. Fees for tax services in 2023 are payable to Baker Tilly Nova Scotia Inc. These fees are detailed below:

	2023 Fiscal Year	2022 Fiscal Year
Audit fees	\$ 230,000	\$ 200,000
Tax fees	35,000	26,755
All other fees	10,000	124,130
	\$ 275,000	\$ 350,885

The nature of each category of fees paid or accrued is described below.

Audit fees: Audit fees and audit-related fees were paid for professional services rendered for the audit of the Company's annual financial statements, reading of the Company's quarterly reporting, and services that are normally provided in connection with the statutory and regulatory filings or engagements.

Tax fees: Tax fees were paid for professional services rendered for the preparation of the Company's annual income tax returns, specified procedures pertaining to tax provisions, and advice associated therewith.

All other fees: The Company engaged Baker Tilly WM LLP in 2022 for tax planning assistance in connection with the St. Louis acquisition as well as auditing the historical carve-out financial statements of St. Louis Franchise Limited for inclusion in the Business Acquisition Report. The Company will engage Baker Tilly WM LLP to prepare 2023 carve-out financial statements of SLF Operations LP for inclusion in the St. Louis Franchise Disclosure Document.

Insider reporting

Each of the directors and senior officers of the Company is an "insider" of the Company and, as such, will have reporting obligations as insiders under the securities laws of the various provinces and territories of Canada, including the obligation to file "insider trading reports" under those laws.

MARKET FOR SECURITIES

Trading price and volume

The outstanding Shares of the Company are listed and posted for trading on the TSX under the symbol "AEG". The following table shows the closing price ranges and daily volumes traded of the Shares for each month of 2023.

Month	Trading Price Range	Trading Volume
January	\$0.56 - \$0.74	167,223
February	\$0.47 - \$0.63	355,262
March	\$0.37 - \$0.54	268,989
April	\$0.40 - \$0.48	113,848
May	\$0.37 - \$0.50	135,000
June	\$0.31 - \$0.45	197,856
July	\$0.33 - \$0.42	136,749
August	\$0.31 - \$0.40	61,686
September	\$0.27 - \$0.41	186,255
October	\$0.21 - \$0.35	794,843
November	\$0.27 - \$0.39	162,417
December	\$0.23 - \$0.32	247,353

The number of Shares outstanding at the fiscal year ended December 31, 2023 were 85,287,167.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not involved in any litigation or regulatory proceedings which, if determined adversely, would be material to the Company, and no such proceedings are known to the Company to be contemplated. See "Risk factors" in the Audited Consolidated Financial Statements of Aegis for the fiscal year ended December 31, 2023.

The Company is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against the Company since December 31, 2023, nor has the Company entered into any settlement agreements before a court or with a securities regulatory authority since December 31, 2023.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario.

MATERIAL CONTRACTS

On February 7, 2021, the Company entered into a definitive agreement (the "Purchase Agreement") to sell all or substantially all of the assets comprising Second Cup to an affiliate of Montreal-based Foodtastic Inc. The transaction was approved by Aegis shareholders and the transaction closed on April 23, 2021.

On July 15, 2021, the Company announced a strategic transaction with Kiaro Holdings Corp., a TSX-V listed cannabis retailer and wholesale distributor, pursuant to which it agreed to sell its subsidiary, Hemisphere., in consideration for a substantial equity stake in Kiaro. The transaction with Kiaro closed on September 24, 2021.

On November 17, 2022, Aegis completed the acquisition of 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 and a private placement offering of \$25,045,000 of convertible unsecured subordinated debentures and \$3,375,000 of equity.

On January 29, 2024, Aegis announced Bridgehead had entered into an agreement of purchase and sale with Pilot Coffee Group of Companies to sell the assets of its roasting, wholesale, and coffeehouse business, excluding certain specified assets, for a purchase price of \$3,500,000 in cash and the assumption of certain liabilities. The sale of Bridgehead closed on March 8, 2024.

See "Management of Capital" for a summary of the CWB Credit Facility and the CWB DLOC facility, including recent amendments.

The above material contracts are available on the Company's SEDAR profile at www.sedarplus.ca.

EXPERTS

The Company's auditor is Baker Tilly WM LLP, Chartered Professional Accountants and Licensed Public Accountants, which has prepared an independent auditor's report dated March 8, 2024 in respect of the Company's consolidated financial statements with accompanying notes for the 2023 and 2022 fiscal years. Baker Tilly WM LLP has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company may be obtained on request from the administrative office of the Company at 2040 Yonge Street, Suite 200B, Toronto, ON M4S 1Z9 or may be found on SEDAR at www.sedarplus.ca. Additional information, including with respect to directors' remuneration

and indebtedness and principal holders of the Shares of the Company is contained in the Company's information circular for its 2023 annual general meeting of Shareholders dated May 8, 2023.

Additional financial information is provided in the Audited Consolidated Financial Statements and notes to the Audited Consolidated Financial Statements of the Company and MD&A for the 53-week period ended December 31, 2023.

SCHEDULE A: CHARTER OF THE AUDIT COMMITTEE

AEGIS BRANDS INC. AUDIT COMMITTEE CHARTER

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Charter of the Audit Committee

The term "Corporation" herein shall refer to Aegis Brands Inc. and the term "Board" shall refer to the Board of Directors of the Corporation. "The term "Management" herein shall refer to senior management of the Corporation.

PURPOSE

The Audit Committee (the "Committee") is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

- recommend to the Board of Directors:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
 - (b) the compensation of the external auditor.
- oversee the work of the Corporation's external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- pre-approve all non-audit services to be provided to the Corporation by the Corporation's external auditor.
- oversee the integrity and effectiveness of the Corporation's financial statements and financial reporting process, including the audit process and the Corporation's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditor;
- review the audit plan and assess the reasonableness of the audit fee;
- monitor the execution of the audit plan;
- oversee the annual work of the external auditor;
- review and evaluate the auditor's findings;
- conduct an annual assessment; and
- provide an avenue of communication between the external auditor, the Board and Management.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members: (i) to plan or conduct audits; (ii) to determine that the Corporation's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards ("IFRS"); or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee and its Chair are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Corporation and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.

The Corporation is responsible for the preparation, presentation and integrity of the Corporation's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations,

the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.

The external auditor is responsible for planning and carrying out an audit of the Corporation's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditor

1. The external auditor is ultimately accountable to the Committee and the Board as the representatives of the Shareholders of the Corporation and shall report directly to the Committee and the Committee shall so instruct the external auditor. The Committee shall evaluate the performance of the external auditor and make recommendations to the Board on the reappointment or appointment of the external auditor of the Corporation to be proposed in the Corporation's proxy circular for Shareholder approval and shall have authority to terminate the external auditor. If a change in external auditor is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditor and enquire on the qualifications of the proposed auditors before making its recommendation to the Board. The Board is responsible for selecting the external auditor to be proposed in the Corporation's proxy circular for Shareholder approval and appointment.
2. The Committee shall review and recommend to the Board for approval the terms of engagement and the compensation to be paid by the Corporation to the external auditor with respect to the conduct of the annual audit.
3. The Committee shall review the independence of the external auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor. In connection with such review, the Committee shall:
 - (a) discuss with the external auditor all relationships or services that may impact the objectivity and independence of the external auditor;
 - (b) require that the external auditor submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation, on the one hand, and the external auditor and its affiliates on the other hand;
 - (c) require that: (i) both the lead audit partner and the partner responsible for performing a second review respecting the audit be rotated at least every seven years and be subject to a five-year time out; and (ii) all other partners on the audit engagement team who provide more than 10 hours of audit, review or attest services with respect to the Corporation's financial statements or who serve as the lead partner in connection with any audit or review related to financial statements of a subsidiary whose assets or revenues constitute at least 20% of the assets or revenues of the Corporation be rotated at least every seven years and be subject to a two-year time out;
 - (d) consider whether there should be a regular rotation of the external audit firm itself; and

- (e) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
4. All non-audit services to be provided to the Corporation or any of its affiliates by the external auditor or any of its affiliates shall be subject to pre-approval by the Committee. The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditor, which policies and procedures: (i) shall include reasonable detail with respect to the services covered; (ii) shall require that the Committee be informed of each non-audit service; and (iii) shall not include delegation of the Committee's responsibilities to management.
 5. The Committee shall establish and monitor clear policies for the hiring by the Corporation of partners, employees and former partners and employees of the external auditor.
 6. The Committee shall require the external auditor to provide to the Committee, and the Committee shall review and discuss with the external auditor, all reports which the external auditor is required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditor, and any other reports the Committee may require. Such reports shall include:
 - (a) a description of the external auditor's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with any such issues; and
 - (b) a report describing: (i) all critical accounting policies and practices used in the preparation of the Corporation's financial statements; (ii) alternative treatments of financial information within IFRS related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; (iii) other material written communication between the external auditor and Management, such as any management letter or schedule of unadjusted differences; and (iv) disagreements between Management and/or the internal auditors and the external auditor regarding financial reporting.
 7. The Committee is responsible for settling any unresolved disagreements between Management and the external auditor regarding financial reporting.

Oversight of Internal Audit Function

8. The Committee shall determine the appropriate internal audit function for the Corporation and oversee its processes, reports and the terms of compensation for any individuals engaged in such function, if any.

Oversight and Monitoring of Audits

9. The Committee shall review with the external auditor and Management the audit function generally, the objectives, staffing, locations, co-ordination, reliance on Management, any internal audit and general audit approach and scope of proposed audits of the financial statements of the Corporation, the overall audit plans, the responsibilities of Management and

the external auditor, the audit procedures to be used and the timing and estimated budgets of the audits.

10. The Committee shall discuss with the external auditor any difficulties or disputes that arise with Management or any internal auditors during the course of the audit and the adequacy of Management's responses in correcting audit related deficiencies.
11. The Committee shall review with Management the results of internal and external audits.
12. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

13. The Committee shall, as it deems necessary, oversee, review and discuss with Management, the external auditor and any internal auditors:
 - (a) the quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new or unusual transactions or events;
 - (b) all significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including the effects of alternative methods within IFRS on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) disagreements between Management and the external auditor or any internal auditors regarding the application of any accounting principles or practices;
 - (d) any material change to the Corporation's auditing and accounting principles and practices as recommended by Management, the external auditor or any internal auditors or which may result from proposed changes to applicable IFRS;
 - (e) the effect of regulatory and accounting initiatives on the Corporation's financial statements and other financial disclosures;
 - (f) any reserves, accruals, provisions, estimates or management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect on the financial statements of the Corporation;
 - (g) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Corporation's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Corporation's financial statements;
 - (h) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations;

- (i) the use of any “pro forma” or “adjusted” information not in accordance with IFRS; and
- (j) Management’s determination of the impairment of any of the Corporation’s assets, if any, as required by applicable accounting standards.

Oversight and Monitoring of Internal Controls

- 14. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with Management and the external auditor:
 - (a) the adequacy and effectiveness of the Corporation’s internal accounting and financial controls based on recommendations of Management and the external auditor for the improvement of accounting practices and internal controls;
 - (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
 - (c) Management’s compliance with the Corporation’s processes, procedures and internal controls.

Communications with Others

- 15. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the anonymous submission of concerns regarding questionable accounting or auditing matters and review periodically with Management, and senior finance officers of the Corporation responsible for any internal audit function, these procedures and any significant complaints received.

Oversight and Monitoring of the Corporation’s Financial Disclosures

- 16. The Committee shall:
 - (a) review with the external auditor and Management and recommend to the Board for approval the audited financial statements and the notes and Management’s Discussion and Analysis accompanying such financial statements, the Corporation’s annual report, the financial information of the Corporation contained in any prospectus or information circular or other disclosure documents or regulatory filings of the Corporation; and
 - (b) review with the external auditor, if required, and Management and approve for recommendation to the Board each set of interim financial statements and the notes and Management’s Discussion and Analysis accompanying such financial statements and any other disclosure documents including press releases or regulatory filings of the Corporation containing or accompanying financial information of the Corporation.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

- 17. The Committee shall review all financial statements and material change reports prepared for the Corporation.
- 18. Prior to their distribution and filing, the Committee shall review and discuss financial information provided to analysts and ratings agencies. The Chair of the Committee may

perform this review function, on behalf of the Committee, as is required. Such discussions may, at the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and the Committee need not discuss in advance each instance in which the Corporation discloses financial information if it has reviewed and approved the Corporation's policies and procedures with respect to such matters.

19. The Committee shall meet with Management to review and assess the processes and systems in place for the review of public disclosure documents that contain audited and unaudited financial information and their effectiveness.
20. As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of (i) the President or Chief Executive Officer and (ii) the Chief Financial Officer of the Corporation to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.
21. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditor.

Oversight of Finance Matters

22. The Committee shall meet periodically with Management to review and discuss the Corporation's major financial risk exposures and the policy steps Management has taken to monitor and control such exposures.
23. The Committee shall meet periodically with the Secretary of the Corporation to review issues arising out of compliance activities, as well as assess contingent legal and regulatory risks.

Committee Reporting

24. As required by applicable laws or regulations or stock exchange requirements, the Committee shall review and approve the information required to be reported to Shareholders and others in its Annual Information Form, and for such purposes, each member of the Committee shall provide information respecting that member's education and experience that relate to his or her responsibilities as a Committee member.

Insider Trading

25. The Committee shall prepare and revise as necessary a policy on insider trading respecting the Corporation's securities. Such policy shall impose trading blackouts, policies and procedures respecting trades in the Corporation's securities.
26. The Committee shall periodically review Management's systems and practices for ensuring that all directors, officers and other reporting insiders of the Corporation who are required to do so file insider reports in connection with any trade of securities of the Corporation or any derivative transaction, which results in the effective disposition of the individual's economic interest in a security of the Corporation within the shortest period of time in which such reports are required to be filed.

Additional Responsibilities

27. Each new member of the Committee shall receive such training as may be approved by the Chair of the Committee. Training should cover the requirements and obligations of audit committees, issues of accounting principles, auditing standards, risk management and ethical compliance. Each Committee member should attend refresher training as may be deemed appropriate from time to time.
28. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure this Charter or a summary of it, which has been approved by the Committee, is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Corporation.