



Aegis Brands Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the 39 weeks ended September 28, 2025 and September 29, 2024

Notice to Reader

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

These unaudited condensed interim consolidated financial statements have not been reviewed by an auditor. These unaudited condensed interim consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items that management considers necessary for a fair presentation of the financial position, financial performance and cash flows.

(Signed)

Steven Pelton
President and Chief Executive Officer, Aegis Brands Inc.

(Signed)

Melinda Lee
Chief Financial Officer, Aegis Brands Inc.

October 31, 2025

Aegis Brands Inc.

Consolidated Statements of Financial Position

As at September 28, 2025 and December 29, 2024

(Unaudited, expressed in thousands of Canadian dollars)

ASSETS

	<u>September 28, 2025</u>	<u>December 29, 2024</u>
Current assets		
Cash and cash equivalents (Note 4)	\$ 1,073	\$ 1,863
Trade, notes, leases and other receivables	2,348	2,437
Prepaid expenses and other assets	321	349
Assets held for sale (Note 5)	82	883
Assets of discontinued operations held for sale (Note 2)	515	947
	<u>4,339</u>	<u>6,479</u>
Non-current assets		
Notes and leases receivable	1,804	1,834
Property and equipment	88	114
Right-of-use assets	171	233
Intangible assets	39,486	40,251
Goodwill	7,430	7,430
	<u>7,430</u>	<u>7,430</u>
Total assets	<u>\$ 53,318</u>	<u>\$ 56,341</u>

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities (Note 6)	\$ 2,102	\$ 3,109
Lease liabilities (Note 7)	814	822
Short-term debt (Note 9)	-	600
Current portion of long-term debt (Note 10)	2,702	2,841
Deferred revenue (Note 8)	1,669	1,712
Liabilities held for sale (Note 5)	-	303
Liabilities of discontinued operations held for sale (Note 2)	289	1,265
	<u>7,576</u>	<u>10,652</u>

Non-current liabilities

Provisions	462	487
Lease liabilities (Note 7)	1,964	1,918
Long-term debt (Note 10)	21,728	23,657
	<u>31,730</u>	<u>36,714</u>

Total liabilities

SHAREHOLDERS' EQUITY

Total liabilities and shareholders' equity	<u>\$ 53,318</u>	<u>\$ 56,341</u>
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See accompanying notes to the unaudited condensed interim consolidated financial statements.
Contingencies, commitments and guarantees (Note 17)

Approved by the Directors on October 30, 2025

Anthony Longo, Director

Stephen Kelley, Director

Aegis Brands Inc.

Consolidated Statements of Operations and Comprehensive Income

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

	13 weeks ended		39 weeks ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Revenue (Note 11)	\$ 3,803	\$ 4,210	\$ 12,492	\$ 14,090
Operating costs and expenses (Note 12)				
Cost of sales	-	249	-	2,007
General and administrative expenses	2,325	2,685	8,359	8,099
Depreciation of property and equipment	11	17	38	42
Amortization of right-of-use assets	20	34	61	183
Amortization of intangible assets	255	255	765	765
Total operating costs and expenses	2,611	3,240	9,223	11,096
Income from continuing operations, before other income and expenses and income taxes	1,192	970	3,269	2,994
Gain on sublease (Note 2)	-	-	353	-
Gains on disposals	-	-	-	843
Interest and financing expense (Note 13)	(483)	(657)	(1,517)	(2,097)
Restructuring costs (Note 14)	-	(613)	-	(613)
Other income	-	13	-	13
Income (loss) from continuing operations	709	(287)	2,105	1,140
Discontinued operations, net of tax				
Bridgehead (Note 2)	-	-	-	(197)
Wing City (Note 2)	(25)	(1,401)	(178)	(1,997)
Loss from discontinued operations, net of tax	(25)	(1,401)	(178)	(2,194)
Net and comprehensive income (loss) for the period	\$ 684	\$ (1,688)	\$ 1,927	\$ (1,054)
Basic and diluted earnings (loss) per share – continuing operations (Note 15)	\$ 0.01	\$ (0.00)	\$ 0.02	\$ 0.01
Basic and diluted loss per share – discontinued operations (Note 15)	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.02)
Basic and diluted earnings (loss) per share (Note 15)	\$ 0.01	\$ (0.02)	\$ 0.02	\$ (0.01)

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

Aegis Brands Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

	Common Shares	Share Capital	Reserves	Deficit	Total
Balance, December 31, 2023	85,287,167	\$ 59,338	\$ 62,387	\$ (100,864)	\$ 20,861
Net income, continuing operations	-	-	-	1,140	1,140
Net loss, discontinued operations – Bridgehead	-	-	-	(197)	(197)
Net loss, discontinued operations - Wing City	-	-	-	(1,997)	(1,997)
Stock option expense	-	-	53	-	53
Balance, September 29, 2024	85,287,167	\$ 59,338	\$ 62,440	\$ (101,918)	\$ 19,860
Balance, December 29, 2024	85,287,167	\$ 59,338	\$ 62,448	\$ (102,159)	\$ 19,627
Net income, continuing operations	-	-	-	2,105	2,105
Net loss, discontinued operations - Wing City	-	-	-	(178)	(178)
Stock option expense	-	-	34	-	34
Balance, September 28, 2025	85,287,167	\$ 59,338	\$ 62,482	\$ (100,232)	\$ 21,588

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

Aegis Brands Inc.

Consolidated Statements of Cash Flow

For the 39 weeks ended September 28, 2025 and September 29, 2024

(Expressed in thousands of Canadian dollars)

CASH PROVIDED BY (USED IN)	39 weeks ended September 28, 2025	39 weeks ended September 29, 2024
Operating activities		
Net Income (loss) for the period	\$ 1,927	\$ (1,054)
<i>Adjusted for:</i>		
Net loss from discontinued operations	178	2,194
<i>Items not involving cash</i>		
Depreciation of property and equipment	38	42
Amortization of right-of-use assets	61	183
Amortization of intangible assets	765	765
Amortization of financing costs	17	16
Stock option expense	34	53
Interest expense – lease liabilities (Note 13)	193	272
Interest income – lease receivable (Note 13)	(175)	(220)
Gain on sublease/disposals	(353)	(843)
Changes in non-cash working capital (Note 16)	(1,054)	(40)
Cash provided by operating activities – continuing operations	1,631	1,368
Cash used in operating activities – discontinued operations	(70)	(2,470)
Cash provided by (used in) operating activities	1,561	(1,102)
Investing activities		
Proceeds on sale of property and equipment	1,179	795
Acquisition of property and equipment	(671)	(164)
Cash provided by investing activities – continuing operations	508	631
Cash provided by investing activities – discontinued operations	-	3,029
Cash provided by investing activities	508	3,660
Financing activities		
Proceeds of short-term debt (Note 9)	400	-
Repayment of debt (Notes 9 and 10)	(3,085)	(1,667)
Lease payments, net	(80)	(200)
Cash used in financing activities – continuing operations	(2,765)	(1,867)
Cash used in financing activities – discontinued operations	(94)	(593)
Cash used in financing activities	(2,859)	(2,460)
Increase (decrease) in cash and cash equivalents during the period, continuing operations	(626)	132
Decrease in cash and cash equivalents during the period, discontinued operations	(164)	(34)
Increase (decrease) in cash and cash equivalents during the period	(790)	98
Cash and cash equivalents – Beginning of the period	1,863	1,257
Cash and cash equivalents – End of the period (Note 4)	\$ 1,073	\$ 1,355
Supplementary information		
Interest paid	\$ 1,534	\$ 2,360
Income taxes paid	\$ -	\$ -

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

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

1. Organization and nature of business

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

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

As of September 28, 2025, the Company had 81 franchised St. Louis locations, all which operate under the St. Louis Bar & Grill brand.

On March 8, 2024, the Company closed the sale of substantially all the assets of the Bridgehead business. The operations of Bridgehead have been presented as discontinued operations.

On August 21, 2024, management closed the Wing City businesses and is actively trying to sell the fixed assets of the business and exit the leases. During the quarter, an agreement to sublease was signed for one of the leases. The operations of Wing City have been presented as discontinued operations.

2. Held for Sale and Discontinued Operations

On March 8, 2024, the Company sold substantially all the assets of the Bridgehead business to an affiliate of Pilot Coffee Roasters Inc. (“Pilot”) for \$3,500,000 in cash payable on closing (subject to customary closing adjustments).

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

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

The result of the discontinued operations are as follows:

	13 weeks ended		39 weeks ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Revenue	\$ -	\$ -	\$ -	\$ 2,832
Expenses	-	-	-	(3,203)
Gain on Sale	-	-	-	174
Impairment	-	-	-	-
Loss from discontinued operations	\$ -	\$ -	\$ -	\$ (197)

On August 21, 2024, management closed the Wing City businesses. During the second quarter of 2025, the Corporation negotiated a modification of one of the leases and the resulting change in the remeasurement of the ROU liability was an adjustment to the ROU asset. Subsequently, the Corporation entered into a sublease, derecognizing the related ROU asset and recognizing an investment in sublease. The difference between the ROU asset and the net investment in the sublease has been recognized as a gain on sublease in continuing operations in the current period.

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

In accordance with IFRS 5, the Company classified this disposal group of assets as held for sale on the consolidated statement of financial position at December 29, 2024 and has presented the after-tax loss from discontinued operations as a single amount in the current and comparative consolidated statement of operations and comprehensive loss.

The Corporation had measured the disposal group classified as held for sale at the lower of its carrying amount and fair value less costs of \$907,000. The following table summarizes management's best estimate of the net realizable value of the net assets of the Wing City businesses at September 28, 2025:

	September 28 2025	December 29 2024
Prepaid expenses and other assets	\$ 94	\$ 90
Property and equipment	150	150
ROU assets	271	707
Assets of discontinued operations held for sale	\$ 515	\$ 947
Accounts payable and accrued liabilities	\$ -	\$ 30
Lease liabilities	297	1,235
Liabilities of discontinued operations held for sale	\$ 297	\$ 1,265
Net assets of discontinued operations held for sale	\$ 218	\$ (318)

The results of the discontinued operations are as follows:

	13 weeks ended		39 weeks ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Revenue	\$ -	\$ 91	\$ -	\$ 355
Impairment charge	-	(1,109)	-	(1,109)
Expenses	(25)	(383)	(178)	(1,243)
Loss from discontinued operations	\$ (25)	\$ (1,401)	\$ (178)	\$ (1,997)

3. Material accounting policies

a. Basis of preparation

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

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

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

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

b. Segmented information and reporting

The Company's retail brands operate as independent brands. Financial results and business performance indicators are provided to the Chief Executive Officer for each brand, and hence each brand represents its own reportable segment. The financial results of the brands are reported on a consolidated basis in these unaudited condensed interim consolidated financial statements, with the Wing City and Bridgehead segments presented as discontinued operations.

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

c. Basis of consolidation

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

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

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

Consolidation of a subsidiary begins on the date that control is acquired by the Corporation over the subsidiary and ceases when the Corporation loses control of the subsidiary. The income and expenses of new subsidiaries acquired or disposed during the year, as well as new subsidiaries incorporated during the year under Aegis Brands, are included in profit or loss from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

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

d. Discontinued operations

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

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

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

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

e. Comparative information

During the current period, management reclassified gains on disposals of \$nil (2024 - \$843,000) from operating costs and expenses to other income and expenses as this is more reflective of the nature and frequency of these transactions. There was no change to income from continuing operations.

4. Cash and cash equivalents

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

Cash and cash equivalents is comprised of the following:

	September 28 2025	December 29 2024
Cash	\$ 566	\$ 1,011
Term deposits	22	22
Segregated cash	485	830
Total Cash	<u>\$ 1,073</u>	<u>\$ 1,863</u>

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

5. Assets Held for Sale

The Company, through its wholly-owned subsidiary 2707048 Ontario Corporation, acquires restaurant businesses and renovates them to resell as St. Louis Bar & Grill locations. In accordance with IFRS 5, the Company classified this group of assets as held for sale on the consolidated statements of financial position at September 28, 2025 and December 29, 2024. The Company has also signed an offer to lease for a potential St. Louis location which is expected to be transferred to a franchisee. The current period's assets held for sale relate to minimal expenses incurred to date relating to this location.

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

	September 28 2025	December 29 2024
Prepaid expenses and other assets	\$ 82	\$ 3
Property and equipment	-	571
ROU assets	-	309
Assets held for sale	<u>\$ 82</u>	<u>\$ 883</u>
Lease liabilities	-	(303)
Net assets held for sale	<u>\$ 82</u>	<u>\$ 580</u>

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of:

	September 28 2025	December 29 2024
Accounts payable – trade ⁽¹⁾	\$ 1,308	\$ 1,725
Accrued liabilities	336	926
Deferred share unit plan liabilities	18	63
Accrued salaries, wages, benefits and incentives	431	314
Other payables	9	81
	<u>\$ 2,102</u>	<u>\$ 3,109</u>

⁽¹⁾ This amount includes short-term provisions

7. Lease liabilities

The following table outlines the total contractual discounted real estate lease liabilities as at September 28, 2025 and December 29, 2024:

	September 28 2025	December 29 2024
Year 1	\$ 1,043	\$ 1,047
Year 2	774	818
Year 3	567	509
Year 4	510	385
Year 5	325	267
Thereafter	147	322
Less: future interest expense	(588)	(608)
Less: lease liabilities – current	(814)	(822)
Lease liabilities- non-current	<u>\$ 1,964</u>	<u>\$ 1,918</u>

8. Deferred revenue

The movement of deferred revenue for the 39-week period ended September 28, 2025 is presented in the table below:

	Gift cards and loyalty program	Other franchise revenue	Advertising fund	Total
As at December 29, 2024	\$ 107	\$ 1,180	\$ 425	\$ 1,712
Additions	544	1,709	2,320	4,573
Recognition into revenue	(391)	(1,508)	(2,717)	(4,616)
As at September 28, 2025	<u>\$ 260</u>	<u>\$ 1,381</u>	<u>\$ 28</u>	<u>\$ 1,669</u>

9. Short-term debt

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

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024 (Expressed in Canadian dollars, except tabulated amounts, which are expressed in thousands of Canadian dollars)

	September 28 2025	December 29 2024
Short-term debt, beginning of period	\$ 600	\$ -
Proceeds of Credit Facility	400	600
Repayment of Credit Facility	(1,000)	-
Short-term debt, end of period	<u>\$ -</u>	<u>\$ 600</u>

10. Long-term debt

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

On November 17, 2022, the Corporation drew \$30,000,000 from the DLOC to partially fund the acquisition of St. Louis. The loan is non-revolving, with an interest rate of prime + 2.75% and was interest-only for the first six months after disbursement. The term of the loan is 60 months, and consists of 59 monthly, consecutive and equal blended payments with one final balloon payment based on a 120-month amortization.

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

The following table outlines the balances in long-term debt at September 28, 2025 and December 29, 2024:

	September 28 2025	December 29 2024
Long-term debt, beginning of period	\$ 26,498	\$ 28,880
Deferred financing costs	17	21
Principal repayments	(2,085)	(2,403)
Long-term debt, end of period	<u>24,430</u>	<u>26,498</u>
Less current portion	(2,702)	(2,841)
	<u>\$ 21,728</u>	<u>\$ 23,657</u>

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

Year 1	\$ 2,727
Year 2	2,937
Year 3	3,164
Thereafter	15,684
Total	<u>\$ 24,512</u>

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

11. Revenue

Franchise Revenue

	13 weeks ended		39 weeks ended	
	September 28 2025	September 29 2024	September 28 2025	September 29 2024
Royalties	\$ 1,423	\$ 1,520	\$ 4,302	\$ 4,426
Advertising fund revenue	532	730	2,635	2,122
Other franchise revenue	1,848	1,756	5,555	5,472
Corporate store revenue	-	204	-	2,070
	<u>\$ 3,803</u>	<u>\$ 4,210</u>	<u>\$ 12,492</u>	<u>\$ 14,090</u>

12. Operating costs and expenses

	13 weeks ended		39 weeks ended	
	September 28 2025	September 29 2024	September 28 2025	September 29 2024
Cost of Sales				
Cost of product sales	\$ -	\$ 95	\$ -	\$ 816
Labour and related expenses	-	85	-	699
Overhead and other	-	69	-	492
	<u>-</u>	<u>249</u>	<u>-</u>	<u>2,007</u>
General and administrative expenses				
Labour and related expenses	1,203	1,356	3,796	4,094
Advertising fund expenses	532	730	2,635	2,162
Overhead and other	590	599	1,928	1,843
	<u>2,325</u>	<u>2,685</u>	<u>8,359</u>	<u>8,099</u>
Other				
Depreciation and amortization	11	17	38	42
Amortization of right-of-use assets	20	34	61	183
Amortization of intangible assets	255	255	765	765
	<u>286</u>	<u>306</u>	<u>864</u>	<u>990</u>
	<u>\$ 2,611</u>	<u>\$ 3,240</u>	<u>\$ 9,223</u>	<u>\$ 11,096</u>

13. Interest and financing expense

	13 weeks ended		39 weeks ended	
	September 28 2025	September 29 2024	September 28 2025	September 29 2024
Interest expense – lease liabilities	\$ 70	\$ 72	\$ 193	\$ 272
Interest expense	483	670	1,516	2,088
Interest income – leases	(65)	(68)	(175)	(220)
Interest income	(5)	(17)	(17)	(43)
	<u>\$ 483</u>	<u>\$ 657</u>	<u>\$ 1,517</u>	<u>\$ 2,097</u>

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

14. Restructuring costs

On September 27, 2024, the Company approved a plan to restructure its business, including reduction of headcount. The restructuring began in the third quarter during which the Company recognized a restructuring expense of \$613,000. The September 28, 2025 balance is in Accrued Liabilities.

Restructuring charges and their utilization are summarized in the table below:

	<u>Employee - related</u>
Liability, December 30, 2024	\$ 530
Charged	-
Payments	<u>(282)</u>
Liability, September 28, 2025	<u>\$ 248</u>

15. Basic and diluted earnings (loss) per share

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

	13 weeks ended		39 weeks ended	
	September 28 2025	September 29 2024	September 28 2025	September 29 2024
Basic				
Net income (loss) from continuing operations	\$ 709	\$ (287)	\$ 2,105	\$ 1,140
Weighted average number of shares issued and outstanding	<u>85,287,167</u>	<u>85,287,167</u>	<u>85,287,167</u>	<u>85,287,167</u>
Basic earnings (loss) per share from continuing operations	\$ 0.01	\$ (0.00)	\$ 0.02	\$ 0.01
Net loss from discontinued operations	\$ (25)	\$ (1,401)	\$ (178)	\$ (2,194)
Weighted average number of shares issued and outstanding	<u>85,287,167</u>	<u>85,287,167</u>	<u>85,287,167</u>	<u>85,287,167</u>
Net loss per share from discontinued operations	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.02)
Total basic earnings (loss) per share	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ (0.01)</u>
Diluted				
Weighted average number of shares issued and outstanding	85,287,167	85,287,167	85,287,167	85,287,167
Effect of stock options and DSUs	305,000	385,000	305,000	319,963
Weighted average number of shares (diluted)	<u>85,592,167</u>	<u>85,672,167</u>	<u>85,592,167</u>	<u>85,607,130</u>
Diluted earnings (loss) per share from continuing operations	\$ 0.01	\$ (0.00)	\$ 0.02	\$ 0.01
Diluted loss per share from discontinued operations	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.02)
Total basic and diluted earnings per share	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ (0.01)</u>

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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

16. Supplemental cash flow information

	39 weeks ended	
	September 28 2025	September 29 2024
Changes in non-cash working capital of continuing operations:		
Trade, and other receivables	\$ 39	\$ 936
Inventories	(12)	17
Prepaid expenses and other assets	(15)	(192)
Accounts payable and accrued liabilities	(999)	(282)
Provision	(25)	-
Deferred revenue	(42)	(519)
	<u>\$ (1,054)</u>	<u>\$ (40)</u>

17. Contingencies, commitments and guarantees

The Company is involved in litigation and other claims arising in the normal course of business. Judgement is used to determine whether or not a claim has any merit, the amount of the claim and whether to record a provision, which is dependent on the potential success of the claim. It is believed that no significant losses or expenses above the amounts provided for in the unaudited condensed interim consolidated financial statements will be incurred with such claims. However, there can be no assurance that unforeseen circumstances will not result in significant costs. The outcome of these actions is not determinable at this time, and adjustments, if any, will be recorded in the period of settlement.

18. Segmented reporting

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

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

Aegis (Corporate)

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

St. Louis

The Corporation owns 100% of the partnership interest of the St. Louis brand, which has 81 franchised locations Canada-wide. St. Louis products, such as sauces and frozen food products, are also sold in a growing number of grocery stores across Canada.

Discontinued Operations:

Bridgehead

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

Wing City

The Corporation owns 100% of the partnership interest of the Wing City brand, which had 2 corporate locations in Toronto, Ontario. On August 21, 2024, management closed the Wing City businesses, has sublet 1 location, and is actively trying to sell the assets and exit the remaining lease and as a result, has classified this disposal group of assets and liabilities as held for sale in the financial statements.

Aegis Brands Inc.

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

a) Segmented Operations 2025

Segmented Operations – 13 weeks ended September 28, 2025

	Corporate	Bridgehead	St. Louis	Wing City	Total
Revenue from external customers	\$ -	\$ -	\$ 3,803	\$ -	\$ 3,803
Cost of sales	-	-	-	-	-
Other amounts in loss	-	-	(1,616)	-	(1,616)
Corporate overhead	(1,478)	-	-	-	(1,478)
Net income (loss) before income taxes	(1,478)	-	2,187	-	709
Income tax recovery	-	-	-	-	-
Net income (loss) from continuing operations	(1,478)	-	2,187	-	709
Discontinued operations after income taxes	-	-	-	(25)	(25)
Net income (loss)	\$ (1,478)	\$ -	\$ 2,187	\$ (25)	\$ 684

Segmented Operations – 39 weeks ended September 28, 2025

	Corporate	Bridgehead	St. Louis	Wing City	Total
Revenue from external customers	\$ -	\$ -	\$ -	\$ -	\$ -
			12,492		12,492
Cost of sales	-	-	-	-	-
Other amounts in loss	(4,808)	-	(5,932)	-	(10,740)
Gain on sublease	353				353
Corporate overhead	-	-	-	-	-
Net income (loss) before income taxes	(4,455)	-	6,560	-	2,105
Income tax recovery	-	-	-	-	-
Net income (loss) from continuing operations	(4,455)	-	6,560	-	2,105
Discontinued operations after income taxes	-	-	-	(178)	(178)
Net income (loss)	\$ (4,455)	\$ -	\$ 6,560	\$ (178)	\$ 1,927

b) Segmented Operations 2024

Segmented Operations – 13 weeks ended September 29, 2024

	Corporate	Bridgehead	St. Louis	Wing City	Total
Revenue from external customers	\$ -	\$ -	\$ 4,210	\$ -	\$ 4,210
Cost of sales	-	-	(249)	-	(249)
Other amounts in loss	-	-	(1,882)	-	(1,882)
Corporate overhead	(2,366)	-	-	-	(2,366)
Net income (loss) before income taxes	(2,366)	-	2,079	-	(287)
Income tax recovery	-	-	-	-	-
Net income (loss) from continuing operations	(2,366)	-	2,079	-	(287)
Discontinued operations after income taxes	-	-	-	(1,401)	(1,401)
Net income (loss)	\$ (2,366)	\$ -	\$ 2,079	\$ (1,401)	\$ (1,688)

Aegis Brands Inc.

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

Segmented Operations – 39 weeks ended September 29, 2024

	Corporate	Bridgehead	St. Louis	Wing City	Total
Revenue from external customers	\$ -	\$ -	\$ 14,090	\$ -	\$ 14,090
Cost of sales	-	-	(2,007)	-	(2,007)
Other amounts in loss	-	-	(5,229)	-	(5,229)
Gain on disposals	-	-	843	-	843
Corporate overhead	(6,557)	-	-	-	(6,557)
Net income (loss) before income taxes	(6,557)	-	7,697	-	1,140
Income tax recovery	-	-	-	-	-
Net income (loss) from continuing operations	(6,557)	-	7,697	-	1,140
Discontinued operations after income taxes	-	(197)	-	(1,997)	(2,194)
Net income (loss)	\$ (6,557)	\$ (197)	\$ 7,697	\$ (1,997)	\$ (1,054)

c. Segmented net assets at September 28, 2025

	Cash & Cash Equivalents	Right-of-Use Assets	Property & Equipment	Intangible Assets & Goodwill	Other Assets	Total
St. Louis	\$ 941	\$ -	\$ 69	\$ 46,916	\$ 3,602	\$ 51,528
Wing City	-	271	150	-	94	515
Aegis	132	171	19	-	953	1,275
	1,073	442	238	46,916	4,649	53,318
Less: Assets of Discontinued Operations	-	(271)	(150)	-	(94)	(515)
Less: Assets Held for Sale	-	-	-	-	(82)	(82)
Total	\$ 1,073	\$ 171	\$ 88	\$ 46,916	\$ 4,473	\$ 52,721

	Accounts Payable & Accruals	Lease Liabilities	Other Liabilities	Total
St. Louis	\$ 887	\$ 1,895	\$ 1,670	\$ 4,452
Wing City	-	289	-	289
Aegis	1,215	883	24,891	26,989
	2,102	3,067	26,561	31,730
Less: Liabilities of Discontinued Operations	-	(289)	-	(289)
Less: Liabilities Held for Sale	-	-	-	-
Total	\$ 2,102	2,778	\$ 26,561	\$ 31,441

d. Segmented net assets at December 29, 2024

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

Aegis Brands Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the 13 and 39 weeks ended September 28, 2025 and September 29, 2024

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