

May 30, 2024

Dear Regional Brands Inc. Stockholders:

Regional Brands continued to generate value for shareholders in 2023. Our only subsidiary, BR Johnson LLC ("BRJ"), reported \$35.9 million of revenues and \$4.2 million of subsidiary-level EBITDA for the year. Regional Brands had \$8.6 million (approximately \$7.19 per share) in cash and short-term investments on the balance sheet at the end of 2023. During 2023, Regional Brands repurchased an additional 9,259 shares of its outstanding common stock and BRJ paid off additional debt, leaving BRJ with only \$1.1 million of external debt payable. All of these events should be accretive to longer term value.

Our cash flow from our investment in BRJ has increased value over the last several years. Additionally, we continued to see positive effects from the operational changes the new BRJ management team has put in place after stepping into their roles in 2020. The best illustration of this is by comparing BRJ's 2019 financial results the year prior to Regional Brands assuming 100% control, to recent results. In 2019, BRJ had \$40.9 million of Revenue, \$10.8 million of Gross Margin and \$2.1 million of EBITDA. In 2024, BRJ posted lower revenues (by design) of \$35.9 million, \$10.9 million of Gross Margin and \$4.2 million of EBITDA. These results illustrate the success of our new strategy as we did the same amount of Gross Margin with over 30% fewer staff, which led to a greatly enhanced EBITDA. A combination of focus on higher margin work and tight SG&A control helped push BRJ to where we thought the business could be when we acquired it. The BRJ management team are great partners with vast industry experience and they deserve credit for dealing very professionally with a number of serious headwinds since our investment in late 2016 including: 1.) A flawed growth strategy driven by our former partners (2016-2020); 2.) A global pandemic beginning right as they took over management of the business (2020-2022); 3.) Global supply chain pressures (2021-2022); and 4.) Rampant inflation (2021-2023). We saw a more normalized macro environment in 2023 which allowed us to get a look at how profitable the business is in a stable environment. Given a number of positive macro trends coming together in 2024 we are hopeful that the BRJ team can drive even better results in 2024.

We continue to see opportunities for long term growth in excess of tracking the economy. The Company's window division has seen a lack of energy efficiency projects over the last few years. With energy prices increasing and the Inflation Reduction Act incentivizing energy efficiency projects, we are beginning to see new projects in that space. We expect these trends to positively impact revenue and gross profits of the division in the coming years, as these projects are often sizable with strong margins. Additionally, Micron is locating its new mega fab less than 10 minutes from the Company's office. The impact on the local economy and the demand for BRJ's services via ancillary building and upgrades is expected to be substantial. If both of these improvement possibilities come to fruition over the next couple of years BRJ could see meaningful enhancement of its financial results.

## Key Metrics

	2017	2018	2019	2020	2021	2022	2023
Net Sales	\$36,927	\$39,988	\$40,953	\$36,977	\$28,603	\$31,960	\$35,968
Gross Profit	\$11,587	\$11,207	\$10,801	\$8,374	\$8,514	\$8,700	\$10,930
<i>Gross Profit as % of Sales</i>	31.4%	28.0%	26.4%	22.6%	29.8%	27.2%	30.4%
Operating Income (Loss)	\$1,324	\$1,496	\$94	-\$298	\$2,018	\$1,587	\$3,500
Net Income	\$861	\$1,080	\$24	\$257	\$1,981	\$1,151	\$2,808
BR Johnson EBITDA	\$3,560	\$3,359	\$2,084	\$2,119	\$3,754	\$2,273	\$4,241
<i>BR Johnson EBITDA as % of Sales</i>	9.6%	8.4%	5.1%	5.7%	13.1%	7.1%	11.8%

	Close of Transaction (11/2016)	December 31, 2023	% Improvement
Shares Outstanding	1,274,603	1,198,977	-5.9%
Regional % Ownership of BRJ	74%	100%	26.0%
Cash & STI	\$5,833,396	\$8,620,789	47.8%
Cash & STI/Share	\$4.58	\$7.19	57.1%
Net Working Capital	\$8,670,780	\$13,544,628	56.2%
Net Working Capital/Share	\$6.80	\$11.30	66.1%
Debt Outstanding	\$7,498,524	\$1,095,000	-85.4%
Tangible Book Value	\$6,356,462	\$14,625,494	130.1%
Tangible Book Value/Share	\$4.99	\$12.20	144.6%
Total Dividends Paid Since Inception	\$0	\$4,842,202	N/M
Total Dividends Paid Since Inception Per Share	0	\$4.00	N/M
Tangible Book Value Plus Dividends Paid	\$6,356,462	\$19,467,696	206.3%
<b>Tan Book Value Plus Cum Dividends Paid Per Share</b>	<b>\$4.99</b>	<b>\$16.20</b>	<b>224.8%</b>

In 2023, we continued to see success in the new strategy implemented in 2020. Revenue has declined in part by design and BRJ's gross margin percentage has increased, leading to higher profitability and better balance sheet efficiency. EBITDA was enhanced in 2023 substantially as the management team's turnaround plan began to come to fruition in a more normalized economic environment. We remain focused on maintaining BRJ's SG&A and gross margin levels while increasing revenues into the high-\$30 million range per annum. If achieved, we would expect that to drive a sustainable \$4.0-\$5.0 million per year of EBITDA. We feel BRJ is on the right course and feel very good about the strategy. Unless economic conditions deteriorate, we are hopeful that 2024 will be the second year of normalized performance for BRJ since our acquisition.

We are pleased to have paid \$4.00 per share in dividends since the acquisition. This equates to approximately 30% of the private placement price of \$13.50 per share in 2016. Considering we have an additional approximately \$8.6 million of cash and equivalents (\$7.19 per share) which may be available for distribution in the future, along with a number of profitable business lines, we feel confident that our ultimate result in this investment will be a positive one. For the time being, we are holding off on paying additional dividends while we work through some alternatives we are considering to enhance the value of the shares.

Additionally, a notable measure of value generation from a balance sheet perspective is the increase in tangible book value combined with dividends paid over the life of investment. This measures the net hard assets of the business plus dividends paid to shareholders. This combined amount has increased to \$16.20 per share from a starting point of \$4.99. Considering we hold the majority of the debt in the BRJ capital structure and did not leverage our return using a large amount of debt, we are happy with this figure.

We continue to be pleased with the management team and the entire staff at BRJ. Bill Harfosh and Mike Howard have been exactly the right team to turn the situation around and the leadership and experience they have provided has been invaluable. Meghan Larson has been a very valuable CFO and has been integral from a financial and operational perspective in making sure the company stays lean through some very difficult times. Ralph Corlis as President has taken on a more high profile role along

with more responsibilities. Ralph is a lifetime BRJ employee whose father also was a long-time BRJ staff member. He has run the aftermarket division very well for a long period of time and his knowledge and history at BRJ along with his thoughtful, charismatic personality make him a great next generation leader of the Company. We have also been extremely pleased with the efforts of divisional and functional management who all bring great skills and industry knowledge to the table that leave us in competent hands managing the day-to-day challenges of the business. We have said this in prior letters but we still feel, from a cultural standpoint, it is a great fit as the BRJ folks are all good, honest, hardworking people which is what we pride ourselves on as well. We couldn't have a better group of people to work with.

If you have any questions don't hesitate to call Fred DiSanto or Brian Hopkins at 216-825-4000.

Best,

Sanjay Singh, Chairman

Brian Hopkins, CEO

Fred DiSanto, Director

Carl Grassi, Director