

April 13, 2023

Dear Regional Brands Inc. Stockholders:

Regional Brands continued to generate value for shareholders in 2022. Our only subsidiary, BR Johnson (“BRJ”), reported \$32.0 million of revenues and \$2.3 million of subsidiary-level EBITDA. Regional Brands had \$6.2 million (approximately \$5.13 per share) in cash and short-term investments on the balance sheet at the end of 2022. We were happy to pay out a \$1.50 per share special cash dividend in Q1 2023 with some of this excess cash. In addition, during 2022 we repurchased an additional approximately 3,000 shares of our outstanding common stock and BRJ paid off additional debt, leaving BRJ with only \$1.75 million of external debt payable. All of these events should be accretive to longer term value.

Our investment of cash flow from BRJ has increased value over the last several years. Additionally, we continued to see positive effects of the operational changes the new BRJ management team began to put in place upon taking over in 2020. A combination of focus on higher margin work and tight SG&A control counterbalanced a very difficult supply chain environment which resulted in a number of job delays. 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 control of the business (2020-2022); 3.) Global supply chain pressures (2021-2022); and 4.) Rampant inflation (2021-present). We see a number of positive macro trends coming together in 2023 and are hopeful that as a more normalized business environment returns, the BRJ team can drive even better results. Management is focused on holding the line on margins and executing jobs effectively in 2023.

We believe management has been successful in returning BRJ to what it was 6 years ago – a high quality, customer oriented, highly profitable business with real expertise in its core divisions. The next step is to optimize the performance of each division. While BRJ’s aftermarket and specialty divisions have been largely optimized, the door division and window division both have upside. The door division has historically run at very low gross margin and 2022 was again no exception as gross margins came in at 20%, well below the company average. Multiple initiatives are in place that suggest that number will improve. First, the division has been focused on operational improvements that we believe will begin to bear fruit in 2023. Additionally, the division has been more selective in taking on jobs, and new contracts are being signed only if they have attractive pricing. The window division improvement is more of an external issue regarding the 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. If both of these improvement possibilities come to fruition over the next couple of years we could see meaningful improvement in our financial results.

Key Metrics

	2017	2018	2019	2020	2021	2022
Net Sales	\$36,927	\$39,988	\$40,953	\$36,977	\$28,608	\$31,960
Gross Profit	\$11,587	\$11,207	\$10,801	\$8,374	\$8,514	\$8,700
<i>Gross Profit as % of Sales</i>	31.4%	28.0%	26.4%	22.6%	29.8%	27.2%
Operating Income (Loss)	\$1,324	\$1,496	\$94	-\$298	\$2,018	\$2,068
Net Income	\$861	\$1,080	\$24	\$257	\$1,981	\$1,647
BR Johnson EBITDA	\$3,560	\$3,359	\$2,084	\$2,119	\$3,754	\$2,273
<i>BR Johnson EBITDA as % of Sales</i>	9.6%	8.4%	5.1%	5.7%	13.1%	7.1%

	Close of Transaction (2016)	December 31, 2022	% Improvement
Shares Outstanding	1,274,603	1,208,236	-5.2%
Regional % Ownership of BRJ	74%	100%	26.0%
Cash & STI	\$5,833,396	\$6,200,065	6.3%
Cash & STI/Share	\$4.58	\$5.13	12.1%
Net Working Capital	\$8,670,780	\$11,309,893	30.4%
Net Working Capital/Share	\$6.80	\$9.36	37.6%
Debt Outstanding	\$7,498,524	\$1,750,000	-76.7%
Tangible Book Value	\$6,356,462	\$11,855,434	86.5%
Tangible Book Value/Share	\$4.99	\$9.81	96.8%
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	\$16,697,636	162.7%
Tan Book Value Plus Cum Dividends Paid Per Share	\$4.99	\$13.82	177.1%

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 down in 2022 but the decline was primarily due to the lack of PPP proceeds in 2022. Excluding the PPP gains realized in 2021, EBITDA would have been up year over year. We remain focused on maintaining BRJ's SG&A and gross margin levels while increasing revenues back into the mid-\$30 million range per annum. If achieved, we would expect that to drive a sustainable \$2.5-\$3.5 million per year of EBITDA. While persistent supply chain issues were problematic in 2022, we feel BRJ is on the right course and feel very good about the strategy. Supply chain issues recently have eased across much of the business. Unless economic conditions deteriorate, we are hopeful that this will be the first normalized environment for BRJ since our acquisition.

We are happy to have announced an additional \$1.50 per share dividend in January 2023. This takes the total amount of dividends paid since the acquisition of BRJ to \$4.00 per share. This equates to approximately 30% of the private placement price of \$13.50 per share in 2016. Considering we have an additional approximately \$6.0 million of cash and equivalents (as of the date of this letter - \$4.97 per share) which could theoretically be paid out down the road, along with a number of profitable business lines, we feel confident that our ultimate result in this investment will be a positive one.

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 \$13.82 per share from a starting point of \$4.99. The IRR on that growth works out to approximately 18.5% per year. 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 Corliss 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, including Ron Fiorentino, Jerry Anderson, Jason Dutton and Andy Armstrong 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. We continue to believe we will have a strong, long-term partnership with this management team.

Sanjay Singh has been working with members of the BRJ management team throughout 2022 to bring some new thoughts to the challenges at BRJ's door division. Sanjay has enjoyed these sessions and believes they will begin to have some impact in 2023. His insight and thoughtfulness is a great resource for BRJ and should continue to add value for the BRJ team in 2023.

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