



Regional Brands

Dear Regional Brands Inc. Stockholders:

Regional Brands Inc. (“Regional Brands”) recently filed its Form 10-K for 2018. As a result, we felt it would be a good time to give you an update on the progress of our underlying operating business, BR Johnson (“BRJ”). BRJ produced another strong year of EBITDA and value creation, reporting close to \$40 million of revenues and \$3.4 million of subsidiary-level EBITDA for the year-ended December 31, 2018. Regional Brands continued to generate cash flow from the investment and now have close to \$6 per share in cash and short-term investments on the balance sheet at the end of 2018. Additionally, in the approximately 2 years we have owned the business tangible book value has grown from \$5.77 per share to \$9.26 per share, close to 30% per year.

The outlook for BRJ for the next several years is strong as well. The current backlog is near its highs and bidding activity is substantial in our core markets. We expect 2019 to be another year of value creation at the company. The launch of an Enterprise Resource Planning system shortly by BRJ is both a risk and an opportunity. The team has spent a great deal of time rolling out and testing the ERP system and we are hopeful it will lead to increased productivity for years to come.

Due to the illiquid nature of our stock, a recent sale of 400 shares has resulted in a decline in the share price. We don’t believe this is related to anything fundamental at the company. In any illiquid security one buyer or one seller can create volatility that does not necessarily reflect what is actually occurring in the business. We believe that to be the case here.

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

Best,

Carl Grassi
Chairman

Fred DiSanto
CEO

Note regarding forward-looking statements:

This letter contains statements about future events and expectations that are characterized as “forward-looking statements.” Forward-looking statements are based upon management’s beliefs, assumptions, and expectations. Forward-looking statements involve risks and uncertainties, including those described in Regional Brands’ Form 10-K and other filings with the SEC, that may cause Regional Brands’ actual results, performance, and financial condition to be materially different from the expectations of future results, performance, and financial condition expressed or implied in such forward-looking statements. You are cautioned to not put undue reliance on forward-looking statements. We disclaim any intent or obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

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