

Regional Brands Shareholder Update

September 2020

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Forward-Looking Statements

This presentation contains “forward-looking statements”. All statements, other than statements of historical facts, included in this presentation may be deemed forward-looking statements. We use the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “will,” “would” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements include, but are not limited to, statements regarding Regional Brands’ and BR Johnson’s future financial and operating results, liquidity and business prospects and forgiveness of BR Johnson’s PPP loan, among others. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Specific risks and uncertainties that could cause actual results to differ materially from those expressed in our forward-looking statements include changes in market conditions, demands on Regional Brands’ and BR Johnson’s cash and liquidity, and other risks described in this presentation and our other communications with stockholders. These risks and uncertainties may cause our actual future actions or results to differ materially from those expressed in the forward-looking statements. Forward-looking statements speak only as to the date on which they are made, and, except as may be required by law, we undertake no obligation to update or revise any forward-looking statement, regardless of whether new information becomes available, future developments occur or otherwise.

Executive Summary – Regional Brands Overview

Facts & Figures

- Regional Brands is a holding company substantially owned by entities managed by Ancora Advisors
- Regional's strategy has been to explore purchasing regional companies with strong positions in their local market
- Recent developments and high prices for possible acquisitions have caused Regional to focus on managing its primary subsidiary company, BR Johnson
- The Company is led by professionals with significant private equity and cash shell experience

Management Team and Board of Directors

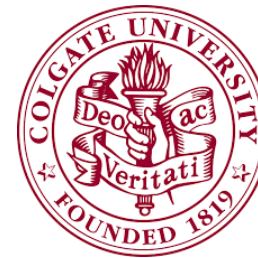
- Fred DiSanto – CEO of Regional Brands
- Carl Grassi – Chairman of Regional Brands
- Brian Hopkins – Director of Regional Brands
- Sanjay Singh – Director of Regional Brands
- C. Lee Thomas – Financial Consultant to Regional Brands

Executive Summary – BR Johnson Overview

Facts & Figures

- Founded in 1928 by Benjamin “Ben” R. Johnson as a top-notch fenestration material supplier to the construction industry.
- BRJ is based in Syracuse, N.Y., and serves upper New York state.
- Focused on installed sales and services to the commercial windows and doors industry in the state of New York
- High barriers to entry due to focus on complex, sophisticated projects that are too difficult for the average dealer.
- Work with a few core vendors and focus more on the strength of each manufacturer and building a scope of products to fit specific applications.
- Increased opportunities in the aftermarket. Servicing or replacing products across previously installed products in commercial, academic and public buildings in their core market is market in itself.

BR Johnson (“BRJ”) Customers



Supplier Relationships & Product Offerings

- BRJ is a multi line window distributor and installer of high performance architectural aluminum, clad wood, fiberglass, vinyl and steel windows
- BRJ is a multi line door distributor and installer of custom Hollow Metal Door and Frame Welding, commercial solid core wood doors, commercial and institutional hardware, specialty overhead and rolling doors
- The Specialty division within BRJ represents products and services that require a strong emphasis on architectural promotion, including space division products, smoke containment systems and gymnasium equipment
- Team of salesmen, project managers, technical services and installation personnel provide a team delivery approach to customers
- As one of the largest players in its region, BRJ has purchasing power versus many of its competitors

BR Johnson (“BRJ”) Suppliers

Commercial Windows



Commercial Doors



Specialty Products



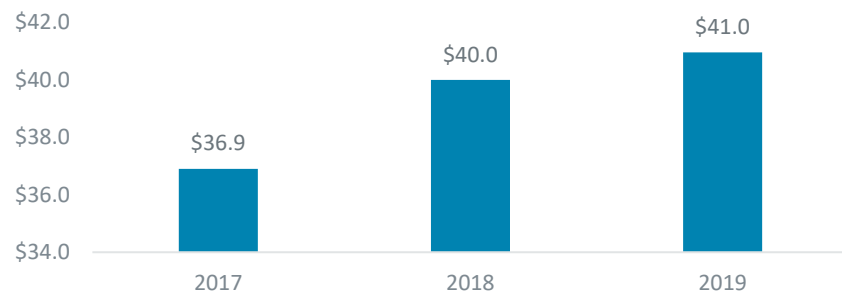
Executive Summary

- › 2020 has been a year of dramatic change at Regional and its primary subsidiary BR Johnson (“BRJ”)
- › In early 2020 Regional’s management made the determination a change was necessary due to BR Johnson’s underperformance relative to expectations
- › Regional partnered with former partners in BR Johnson, Bill Harfosh and Mike Howard in this endeavor, appointing them as Chairman and CEO, respectively and buying out Lorraine Capital’s interest in BRJ and taking control of the Board of Managers
- › This change has already yielded major dividends through a far leaner organization, better discipline on pricing of jobs and improved morale
- › Regional management views Bill, Mike and the rest of the BR Johnson management as partners and as such has installed an enhanced profit sharing and equity incentive program
- › Aided by and assuming PPP loan forgiveness, 1H 2020 results were ahead of expectations, particularly given the impacts of the pandemic (BRJ shut down for 1 month)
- › Regional has taken other actions at the holding company in order to enhance shareholder value including going dark, reducing overhead at the parent company level by \$200-\$300K, restructuring BRJ’s debt and repurchasing 3.3% of the Company’s common shares at reasonable prices
- › All of this has led to our expectation for a significant reversal in the trends of recent years

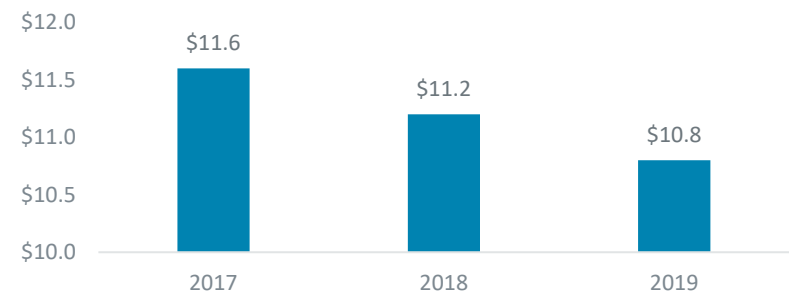
Key Business Trends Indicated Need For Change

A focus on growth at any cost and resulting lack of discipline on pricing and overhead expense led to Regional Brands taking control of the Board of BRJ and replacing management

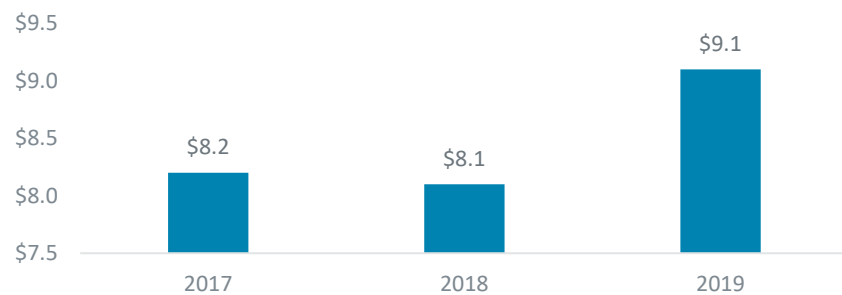
BR Johnson Revenues



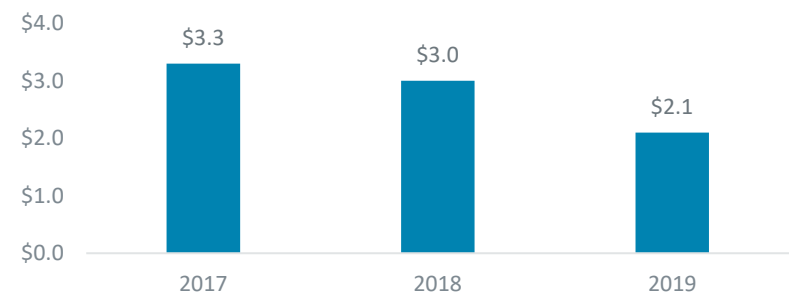
BR Johnson Gross Profit



BR Johnson SG&A Expenses



BR Johnson EBITDA



Regional Buys Out Lorraine in February 2020

The first step in our 2020 plan was for Regional to buy out Lorraine and take control of BRJ's Board of Directors in partnership with Bill Harfosh and Mike Howard. Regional paid \$1.6 million to acquire Lorraine's debt and equity position in BRJ in February 2020

Regional Acquisition of Lorraine Interest in BRJ Overview

Sources:

Regional Brands Balance Sheet Cash	\$1,642,238
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Uses:

Purchase of Lorraine's BRJ Note Interest	\$291,776
Purchase of Lorraine's BRJ Member Interest	\$1,350,462
Total Uses	\$1,642,238

BR Johnson Board Before/After Regional Acquisition of Lorraine's Member Interest

Prior Board

Name	Associated Entity
Bill Maggio*	Lorraine
Justin Reich	Lorraine
Richard Gioia	Lorraine
Fred DiSanto	Regional
Lou Joseph	Regional

Post Board

Name	Associated Entity
Bill Harfosh*	Management
Mike Howard	Management
Brian Hopkins	Regional
Fred DiSanto	Regional
Lou Joseph	Regional

* Denotes Chairman

Regional & Harfosh/Howard Overhaul BRJ Management

Most major tactical and strategic decisions were being made by Lorraine's Bill Maggio & former CEO Mark Hall. Regional partnered with a new team that adopted a committee structure that is proving effective as all members are industry veterans, resulting in total industry experience of the team involved in making key decisions going from 6 years to over 200 years

BR Johnson Management Decision Making Structure Before/After Regional Acquisition of Lorraine's Interest

Prior Management

<u>Name</u>	<u>Title</u>	<u>Years in Industry</u>
Bill Maggio	Chairman	3
Mark Hall	CEO	3
	Total	6

Post Management

<u>Name</u>	<u>Title</u>	<u>Years in Industry</u>
Mike Howard	CEO	45
Bill Harfosh	Chairman	25
Meghan Larson	CFO	10
Adam Dean	Head of Ops	4
Ron Fiorentino	Head of Specialty	34
Ralph Corliss	Head of Aftermarket	25
Jerry Anderson	VP Windows	38
Jason Dutton	Head of Doors	20
	Total	201

BRJ Cost Restructuring

The first order of business for the new Board of Directors and Management of BRJ was to dramatically reduce the overhead cost structure and refocus the culture of the firm around jobs that have high margins given the premium nature of the service. This resulted in the firm shutting down its Buffalo operation and reducing headcount by 15%. Annual savings should amount to over \$1 million per year and do not account for improved gross margins

Actual SG&A through August:

Annualized Actual SG&A through June	8,385,264
Annualized Actual SG&A for July & August	7,506,720
Difference	878,544

Payroll Comparisons:

	January 2020	August 2020	Change	
Base Pay	508,642	428,958	-79,684	
Overtime Pay	6,012	5,662	-350	
Sales Commissions	42,353	48,000	5,647	
Totals	557,007	482,620	-74,387	-13.4%
Head Count	102	86	-16	-15.7%

PPP Loan

- › Shortly after taking control of the Company, new management and the Board was faced with a difficult challenge. BRJ was dramatically impacted by the pandemic as operations were completely shutdown in April for a month and it took time to recover and put in procedures after re-start of operations
- › In order to respond to the risk of the pandemic, the Board of BRJ made the decision to pursue a PPP loan
- › The loan amount to BRJ was approximately \$1.5 million
- › Subject to SBA and lender approval, BRJ management expects at least \$1.1 million of this loan will be forgiven but it could amount to up to \$1.3 million

BRJ Executive & Employee Incentive Compensation Plan

- › Previously, BRJ’s year-end bonus plan was subjective and did not have any objective elements
- › Regional and BRJ’s senior leadership have agreed upon a plan that will provide management with aligned interest and a clear understanding of their upside in being partners with Regional
- › The plan includes:
 - › A percentage of EBITDA less capital expenditures to be paid out at year-end so long as free cash flow reflects the EBITDA generated
 - › A 10% value appreciation rights pool that will be issued to a group of senior management and other individuals within the organization who drive value. These appreciation rights provide potential upside similar to stock options with a “strike price” equal to the value at which Regional bought out Lorraine
- › Regional’s board believes this structure reflects our intention which is to form an ongoing partnership with BRJ’s management and employees

Share Repurchase

- › In June and July 2020 Regional Brands agreed to repurchase 42,606 shares from a pair of shareholders
- › The repurchase price was \$17.25 per share
- › This repurchase reduced the number of shares outstanding by approximately 3.3%
- › If the new management team and board is successful with its new strategy, we expect this repurchase to be very accretive to shareholders
- › With a balance sheet of over \$6 million in cash, Regional would consider repurchasing additional shares as they become available

BR Johnson Debt Restructuring

Regional's Term Debt and the Seller's Note to BRJ from the 2016 acquisition were scheduled to mature in November 2021. Regional and the Sellers (including Harfosh and Howard) agreed to extend maturities an additional 3 years to allow BRJ additional financial flexibility

B.R.Johnson

Scheduled Debt Payments

\$7.5 million Senior Term Note Payable to Regional Brands (Senior Term)

\$2.5 million Subordinated Term Note payable to sellers of the business (Seller Note)

	Original Terms			Modified Terms		
	Senior Term	Seller Note	Total	Senior Term	Seller Note	Total
Amount outstanding at December 31, 2019	\$ 6,100,000	\$ 2,187,500	\$ 8,287,500	\$ 6,100,000	\$ 2,187,500	\$ 8,287,500
Remaining scheduled maturities						
2020	\$ 700,000	\$ 250,000	\$ 950,000	\$ 700,000	\$ 250,000	\$ 950,000
2021	5,400,000	1,937,500	7,337,500	700,000	250,000	950,000
2022				700,000	250,000	950,000
2023				700,000	250,000	950,000
2024				3,300,000	1,187,500	4,487,500
Total Scheduled Maturities	\$ 6,100,000	\$ 2,187,500	\$ 8,287,500	\$ 6,100,000	\$ 2,187,500	\$ 8,287,500

Regional Brands Cost Restructuring & Going Dark

Given Regional is focused on its primary subsidiary, a determination was made when Covid hit that the Company should focus on profitability and halt investments in being a public Company. As a result in May 2020 the Company ceased its filings with the SEC and is no longer publishing 10-Q's and 10-K's although it will continue to make financial information available on its website. Going dark and additional focus on parent company expense should reduce costs by up to \$200K per year

- › After going dark Regional has focused on the following cost cuts:
 - › Insurance
 - › Filing
 - › Audit/Tax
 - › Legal
 - › Franchise Tax
 - › Board Fees

BR Johnson Historical Financials

Income Statement

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	
	2020	2019	2020	2019	2019	2018
Net sales	\$ 9,689,625	\$ 11,926,358	\$ 18,150,223	\$ 19,041,327	\$ 40,952,599	\$ 39,987,861
Cost of sales	7,561,394	8,536,691	13,472,044	13,595,733	30,151,651	28,780,366
Gross profit	2,128,231	3,389,667	4,678,179	5,445,594	10,800,948	11,207,495
Operating expenses:						
Selling	1,094,853	\$ 1,219,061	2,280,401	2,325,242	4,896,566	4,508,387
General and administrative	993,452	\$ 1,148,563	1,912,231	2,097,402	4,173,467	3,557,549
Amortization of intangible assets	300,000	\$ 300,000	600,000	600,000	1,200,000	1,251,022
PPP Loan Forgiveness	(1,056,000)	\$ -	(1,056,000)	-	-	-
Operating expenses	1,332,305	2,667,624	3,736,632	5,022,644	10,270,033	9,316,958
Operating income	795,926	722,043	941,547	422,950	530,915	1,890,537
Other income (expense):						
Other income (expense)	10,148	\$ 52,452	6,306	46,452	57,089	17,985
Interest expense	(53,490)	\$ (71,130)	(126,199)	(131,007)	(304,583)	(263,548)
Interest expense-intercompany	(91,000)	\$ (95,434)	(180,227)	(187,173)	(374,409)	(409,223)
Other (expense)	(134,342)	(114,112)	(300,120)	(271,728)	(621,903)	(654,786)
Net income (loss)	\$ 661,584	\$ 607,931	\$ 641,427	\$ 151,222	\$ (90,988)	\$ 1,235,751

EBITDA

Net income (loss)	\$ 661,584	\$ 607,931	\$ 641,427	\$ 151,222	\$ (90,988)	\$ 1,235,751
Interest	144,490	166,564	306,426	318,180	678,992	672,771
Depreciation and amortization	84,133	73,886	169,607	130,864	296,311	200,424
Amortization of intangibles	300,000	300,000	600,000	600,000	1,200,000	1,251,022
EBITDA	\$ 1,190,207	\$ 1,148,381	\$ 1,717,460	\$ 1,200,266	\$ 2,084,315	\$ 3,359,968

Financial Metric Improvements Since Inception

Profitability over the last 3+ years has allowed Regional and BRJ to dramatically improve balance sheet metrics, deepen ownership in BRJ, reduce shares outstanding of Regional and enhance the asset base of BRJ. The analysis below understates the level of improvement given the vagaries of GAAP accounting and does not fully reflect the impact of Regional going from 74% to 100% ownership of BRJ. The improvement in these metrics suggest meaningful value creation since our acquisition.

	Close of Transaction	June 30, 2020
Cash & Short Term Investments	\$5,833,396	\$6,115,781
Accounts Receivable	\$7,760,772	\$7,595,420
Inventories	\$1,350,855	\$1,568,099
Costs & Estimated Earnings in Excess of Billing	\$656,987	\$2,714,358
Prepaid Expenses	\$328,438	\$291,585
Total Current Assets	\$15,930,448	\$18,285,243
PP&E	\$447,712	\$1,022,562
Intangible Assets	\$9,938,288	\$4,645,481
Other Assets	\$96,666	\$1,752,224
Total Assets	\$26,413,114	\$25,705,510
Line of Credit & Work Cap Liability	\$4,639,828	\$3,080,323
Accounts Payable	\$1,129,762	\$1,754,860
Accrued Expenses	\$955,635	\$455,215
Billings in Excess of Costs	\$534,443	\$315,270
Other Liabilities	\$0	\$887,786
Total Current Liabilities	\$7,259,668	\$6,493,454
Senior Sub Note	\$358,696	\$0
Subordinated Term Note	\$2,500,000	\$2,062,500
Other Liabilities	\$0	\$462,819
Total Liabilities	\$10,118,364	\$9,018,773
Stockholders Equity	\$16,294,750	\$16,686,737

Key Metric Changes (Inception to Date)

	Close of Transaction	June 30, 2020	% Improvement
Regional Shares Outstanding	1,274,603	1,231,997	-3.3%
Regional % Ownership of BRJ	76%	100%	31.6%
Cash & STI	\$5,833,396	\$6,115,781	4.8%
Cash & STI/Share	\$4.58	\$4.96	8.5%
Net Working Capital	\$8,670,780	\$11,791,789	36.0%
Net Working Capital/Share	\$6.80	\$9.57	40.7%
Debt Outstanding	\$7,498,524	\$5,142,823	-31.4%
Tangible Book Value	\$6,356,462	\$12,041,256	89.4%
Tangible Book Value/Share	\$4.99	\$9.77	96.0%

BR Johnson 2020 Budget

	ACTUAL RESULTS six months 6/30/2020	REVISED BUDGET Q3	REVISED BUDGET Q4	PROJECTED 2020 RESULTS
Net Sales	18,150,223	12,500,000	11,300,000	41,950,223
Cost of Sales	13,472,044	9,062,500	8,136,000	30,670,544
Gross Profit	4,678,179	3,437,500	3,164,000	11,279,679
Gross Profit %	25.8%	27.5%	28.0%	26.9%
Operating Expenses:				
Selling, General & Administrative	4,192,632	1,900,000	1,850,000	7,942,632
Amortization of Intangibles	600,000	300,000	300,000	1,200,000
PPP Loan Forgiveness*	-1,056,000		-150,400	-1,206,400
Total Operating Expenses	3,736,632	2,200,000	1,999,600	7,936,232
Operating Income	941,547	1,237,500	1,164,400	3,343,447
Other Income	6,306	5,000	5,000	16,306
Interest Expense	-306,426	-153,000	-153,000	-612,426
Net Income	641,427	1,089,500	1,016,400	2,747,327
EBITDA:				
Net Income per above	641,427	1,089,500	1,016,400	2,747,327
Interest Expense	306,426	153,000	153,000	612,426
Depreciation & Amortization	169,606	85,000	85,000	339,606
Amortization of Intangibles	600,000	300,000	300,000	1,200,000
EBITDA	1,717,459	1,627,500	1,554,400	4,899,359

* Estimate