



Regional Brands

August 30, 2017

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Facts & Figures

- Regional Brands (“RB”) is a publicly traded shell company controlled by entities affiliated with Ancora Advisors
- RB is seeking to acquire substantial ownership in regional companies with strong positions in their local markets and opportunities for growth
- RB will consider full buyouts and majority buyouts of target companies
- Will consider partnering with private equity in certain circumstances
- Led by professionals with significant private equity and cash shell investing experience

Management Team and Board of Directors

Fred DiSanto – CEO of Regional Brands

Carl Grassi – Chairman of the Board of Regional Brands

Brian Hopkins – Director of Regional Brands

Jeff Anderson – Director of Regional Brands

- Partnered with Lorraine Capital to acquire the assets of BR Johnson Inc. (“BRJ”) in November 2016
- BRJ is based in Syracuse, NY and is a regional distributor and installer of high quality windows, doors and specialty hardware products with a focus on complex commercial products. BRJ has been in business since 1928 and meets Regional’s acquisition requirements of being a high quality, historically profitable business with a strong position in its core markets and the ability to grow
- Regional owns 76.2% of BRJ’s common equity and Lorraine and members of senior management own the remaining 23.8%
- Regional issued and sold 894,393 shares of its common stock at \$13.50 per share for an aggregate purchase price of \$12,074,305.50 in a private placement to finance the acquisition and future acquisitions
- Carl Grassi, current Chairman of law firm McDonald Hopkins LLC, joined Regional as Chairman of the Board and Fred DiSanto, Chairman and CEO of Ancora, joined as CEO
- Brian Hopkins, former Chairman and CEO of Regional, remained on the Board of Directors, as does Jeff Anderson
- Total consideration for the transaction was approximately \$16.0 million. The EBITDA multiple based on BRJ’s last twelve months income statement amounted to 5.2x. Regional provided \$10.95 million in debt and equity financing, with the remainder coming from bank financing, a seller’s note and entities affiliated with Lorraine.

REGIONAL BRANDS FINANCIAL OVERVIEW

ANCORA

Price/Share	\$15.00
Shares Outstanding	<u>1,274,603</u>
Market Cap	\$19,119,045
Cash & ST Inv	\$5,869,436
Total Debt	\$4,810,253
<u>Total Enterprise Value</u>	<u>\$ 18,059,862</u>

Sales ⁽¹⁾	\$39,796,602
EBITDA ⁽¹⁾	\$3,462,672

EV/Sales	0.45x
EV/EBITDA	5.2x

⁽¹⁾ ytd 6/30/17 annualized

REGIONAL BRANDS CONSOLIDATED INCOME STATEMENT

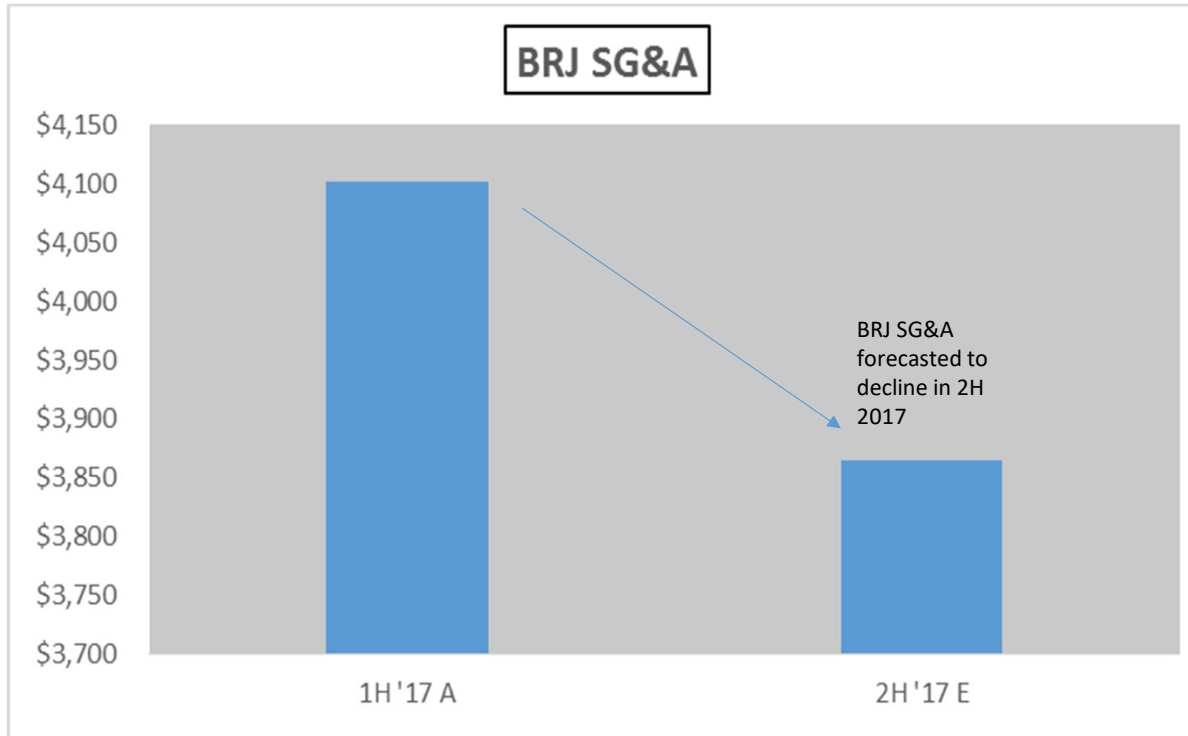
ANCORA

	For the six months ended <u>June 30, 2017</u>	B.R. Johnson, Inc. (Predecessor to Regional Brands, Inc.) For the six months ended <u>June 30, 2016</u>
Net Sales	\$ 19,898,301	\$ 17,835,664
Cost of sales	<u>13,974,339</u>	<u>12,687,111</u>
Gross profit	5,923,962	5,148,553
Operating expenses:		
Selling	2,321,745	2,016,740
General and administrative	1,969,326	1,397,875
Amortization of intangible assets	<u>1,116,667</u>	<u>3,414,615</u>
Total operating expenses	5,407,738	3,414,615
EBITDA	1,731,336	1,818,938
Operating income (loss)	516,224	1,733,938
Other income (expense):		
Other income (expense)	40,633	7,582
Interest expense	(119,433)	-
Interest income	4,365	-
	<u>(74,435)</u>	<u>7,582</u>
Income (loss) before income taxes	<u>441,789</u>	<u>1,741,520</u>
Income tax provision	437,600	-
Net income (loss)	<u>4,189</u>	<u>1,741,520</u>

REGIONAL BRANDS CONSOLIDATED BALANCE SHEET

ANCORA

	As of	
	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,166,990	\$ 4,752,462
Short-term investments	1,702,446	952,208
Accounts receivable, net of allowance for doubtful accounts	6,339,996	5,717,369
Total current assets	15,298,056	14,159,499
LT Assets	8,838,855	9,888,448
Total assets	\$ 24,136,911	\$ 24,047,947
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,524,222	\$ 467,248
Accrued expenses and other current liabilities	1,151,475	618,844
Line of credit	2,074,871	2,272,710
Total current liabilities	4,999,756	4,919,905
Senior subordinated note	235,382	222,809
Subordinated term note	2,500,000	2,500,000
Total liabilities	7,735,138	7,642,714
Total stockholders equity	16,401,773	16,405,233
Total liabilities and stockholders' equity	\$ 24,136,911	\$ 24,047,947



Facts & Figures

- Private equity investment firm committed to investing in Western New York (based in Buffalo)
- Management team and board of advisors comprised of experienced business professional leaders with deep roots in Western New York
- Core competency is providing capital to acquire businesses that require a succession plan
- Recently acquired and turned around commercial distribution business (Buffalo Hotel Supply) with a member of Lorraine acting as CEO (Richard Gioia)
- Member of Lorraine's investment team (Justin Reich) is an investor in Ancora Holdings Inc. and has a strong relationship with Ancora Inverness dating back several years



Lorraine Capital Portfolio Companies

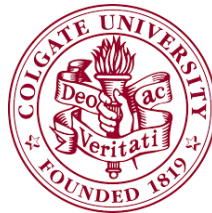


**Cellular
Preservation
Technologies LLC**

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 has longstanding relationships with key industry suppliers
- BRJ is a multi line window distributor and installer of:
 - High performance architectural aluminum
 - Clad wood
 - Fiberglass
 - Vinyl
 - Steel
- 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



Accomplished:

- Implemented new organizational structure in June 2017 to improve communication between divisions
- Instituted sales forecasts, budgets, goals and ability to measure performance by division and employee
- Hired new CFO, Mark Hall, in January 2017
- Hired new Director of Operations, Adam Dean, in June 2017
- Lorraine partners Bill Maggio and Richard Gioia acting as co-CEO's until position filled

To Do List:

- Hire permanent CEO
- Hire Director of Sales
- Operational efficiencies (ongoing)
- Growth into Buffalo
- Acquisitions

- Missing 3 largest markets in Upstate New York
- Pursuing acquisitions around Upstate New York growth areas
- Also evaluating acquisition opportunities outside Upstate
- Review of detailed acquisition target list



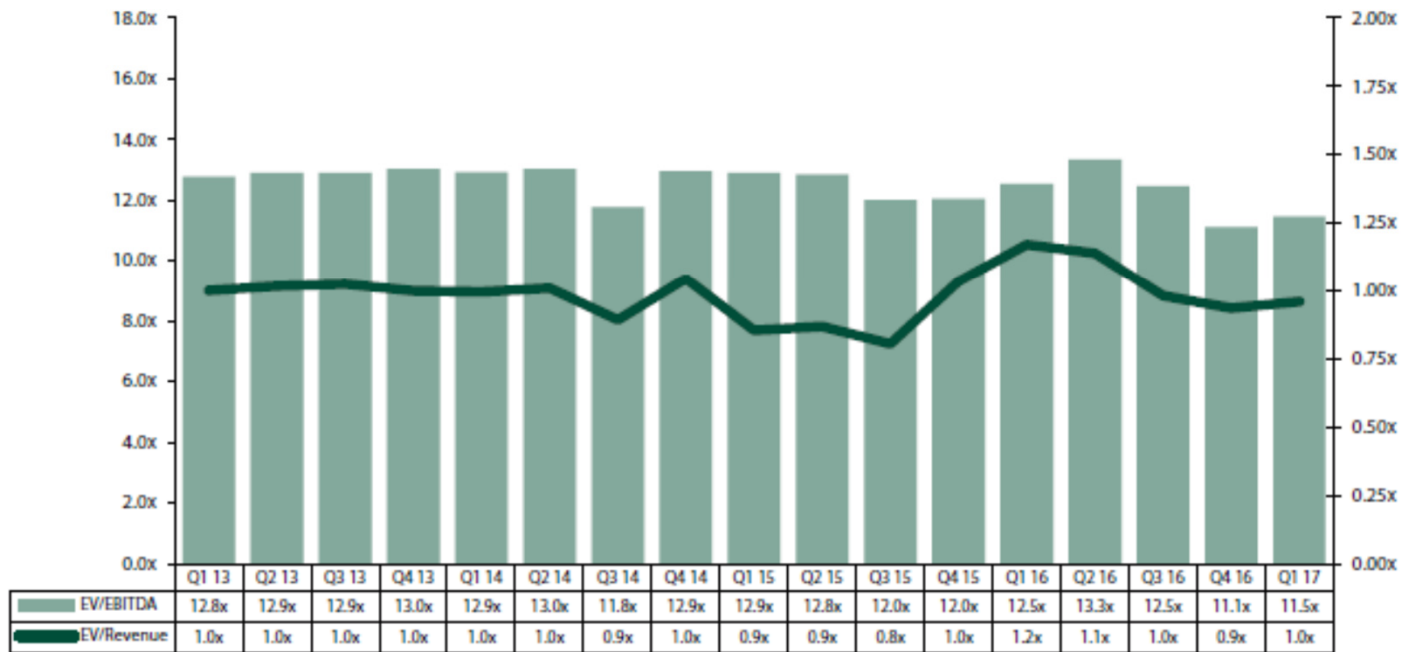
BUILDING PRODUCTS DISTRIBUTION TRANSACTION MULTIPLES

ANCORA

(\$ in millions)

Date	Target	Acquirer	Transaction		Total Enterprise Value /		LTM EBITDA
			Value	Revenue	EBITDA	margin	
Jun-16	Rugby IPD Corp.	Hardwoods Distribution Inc.	\$ 119	0.38	9.4	4.4%	
Dec-15	Stock Building Supply Holdings, Inc.	Building Materials Holding Corp.	\$ 558	0.42	13.7	3.1%	
Aug-15	Interline Brands Inc.	The Home Depot Supply, Inc.	\$ 1,625	0.96	11.3	8.5%	
July-15	ProBuild Holdings, Inc.	Builders FirstSource, Inc.	\$ 1,820	0.41	9.6	4.3%	
July-14	West Orange Lumber Co., Inc.	Builders FirstSource, Inc.	\$ 10	0.65	NA	NA	
June-14	Sloan Lumber Co., Inc.	Builders FirstSource, Inc.	\$ 9	0.51	NA	NA	
April-13	ABC Supply Co. (36.8% interest)	ABC Supply Holding Corp.	\$ 3,805	0.82	9.9	8.3%	
Feb-13	SRS Distribution	Berkshire Partners	\$ 645	0.96	11.6	8.3%	
June-12	Cassady Pierce Co.	Beacon Roofing Supply Inc.	\$ 50	0.96	NA	NA	
May-12	Roofing Supply Group	Clayton, Dubilier & Rice	\$ 707	0.74	7.5	9.9%	
Nov-11	Fowler & Pelh, Inc.	Beacon Roofing Supply Inc.	\$ 37	0.61	NA	NA	
Oct-11	Lyman Lumber Company	US LBM Holdings, LLC	\$ 24	0.24	NA	NA	
Sep-11	Frank Paxton Lumber Co. LLC	Hardwoods Distribution Inc.	\$ 14	0.31	NA	NA	
May-11	Enercon Products Ltd	Beacon Roofing Supply Inc.	\$ 40	0.88	NA	NA	
Feb-10	Broadleaf Logistics Co.	CanWel Building Materials Group	\$ 81	0.14	9.0	1.6%	
Aug-07	Owens Corning - Norandex Distribution	Sain Gobain	\$ 371	0.40	9.5	4.2%	
Feb-07	Aljoma Lumber, Inc.	Universal Forest Products Inc.	\$ 54	0.24	NA	NA	
Feb-06	Builders FirstSource, Inc.	JLL Partners; Warburg Pincus LLC	\$ 1,038	0.44	7.2	6.2%	
Oct-05	Shelter Distribution, Inc.	Beacon Roofing Supply Inc.	\$ 153	0.52	12.9	4.1%	
Dec-04	JGA-Beacon, Inc.	Beacon Roofing Supply Inc.	\$ 30	0.87	NA	NA	
Sep-04	Eagle Supply Group Inc.	Gulfside Supply, Inc.	\$ 61	0.22	10.2	2.4%	
May-04	Georgia Pacific sub Bluelinx Holdings	Cerberus Capital Management, L.P.	\$ 824	0.19	7.5	2.5%	
				Mean	0.54	9.9	5.2%
				Median	0.48	9.6	4.3%

Building Products Distributors



Brown Gibbons Lang & Company – May 2017 industry update

- Add-on acquisitions for BR Johnson
- Continue to look for unique opportunities to invest excess cash
- Identify other BR Johnson type opportunities in the Midwest and upstate/western New York that offer similar attributes