Freshii Inc. Reports Financial Results 13 and 52 Week Periods Ended December 25, 2016

TORONTO, March 22, 2017 — Freshii Inc. (TSX: FRII) ("Freshii", the "Company", "we" or "our"), the global leader in the health-casual restaurant business, today announced financial results for its 13 and 52 week periods ended December 25, 2016. Unless otherwise indicated, all amounts are expressed in U.S. dollars. Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures. See "Non-IFRS Measures and Industry Metrics" below.

Matthew Corrin, Chairman and Chief Executive Officer of Freshii Inc., commented, "We are off to a strong start as a newly listed public company following the successful completion of our initial public offering in January. During the fourth quarter, we opened 34 net new units, our most store openings in a quarter. We also delivered system-wide same store sales growth of 7.7%, our 15th consecutive quarter of positive same store sales."

Mr. Corrin continued, "We view the initial public offering as a significant milestone for Freshii. However, it is not our finish line but rather a starting line. We are in the earliest days of what we believe is possible for the Freshii brand over time, and we believe there is a tremendous opportunity in front of us to become the global leader in healthy fast food, to help energize citizens of the world and to deliver sustainable shareholder value creation over the long term."

Highlights for the 13 week period ended December 25, 2016, compared to the 13 week period ended December 27, 2015 were as follows:

- System-wide same-store sales growth increased 7.7%.
- Opened 34 net new units for a total of 278 restaurants.
- Total revenue increased 25% to $4.0 million compared to $3.2 million in the prior year.
- Net income (loss) decreased by 138% to $(0.5) million, or $(0.02) per share, compared to net income of $1.3 million, or $0.05 per diluted share in the prior year.
- Pro Forma Adjusted Net Income decreased by 48% to $1.2 million, or $0.04 per diluted share,(1) compared to $2.3 million, or $0.09 per diluted share(1) in prior year.
- Pro Forma Adjusted EBITDA was $1.8 million compared to $1.7 million in the prior year.

Highlights for the 52 week period ended December 25, 2016, compared to the 52 week period ended December 27, 2015 were as follows:

- System-wide same-store sales growth increased 6.8%.
- Opened 100 net new units for a total of 278 restaurants.
- Total revenue increased 45% to $16.1 million compared to $11.1 million in the prior year.

- Net income was $1.6 million, or $0.06 per diluted share, compared to a net loss of $1.7 million, or $(0.07) per share in the prior year.
- Pro Forma Adjusted Net Income increased by 48% to $4.6 million, or $0.17 per diluted share,(1) compared to $3.1 million, or $0.12 per diluted share(1) in prior year.
- Pro Forma Adjusted EBITDA was $7.3 million compared to $4.7 million in the prior year.

(1) Pro Forma Adjusted Net Income per diluted share for the fourth quarter of fiscal 2016 and fiscal year is calculated by dividing Pro Forma Adjusted Net Income by the total number of outstanding shares plus the total number of dilutive share options that would be included under the treasury stock method as at December 25, 2016 (or 26,602,803 diluted shares).

The following table reconciles EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA, Adjusted Net Income and Pro Forma Adjusted Net Income to the most directly comparable IFRS financial performance measure.

	Fiscal Year Ended		**13 Week Period Ended** (in thousands)	
	December 25, 2016	**December 27, 2015**	**December 25, 2016**	**December 27, 2015**
Net income (loss)	$ 1,594	$ (1,728)	$ (491)	$ 1,341
Interest expense, net	642	88	334	59
Income tax expense (recovery)	806	(1,063)	(252)	(1,045)
Depreciation and amortization	284	155	162	40
EBITDA	**$ 3,326**	**$ (2,548)**	**$ (247)**	**$ 395**
Adjustments:				
Share-based compensation expense[1]	75	171	30	42
Contract termination fee[2]	-	4,875	-	-
Service provider commission costs[3]	-	620	-	-
Legal settlement[4]	-	1,017	-	1,017
Unrealized foreign exchange loss[5]	573	-	573	-
Transaction and other costs[6]	2,794	67	1,350	30
Adjusted EBITDA	**$ 6,768**	**$ 4,202**	**$ 1,706**	**$ 1,484**
Chicago master agreement commission costs[7]	496	531	106	200
Pro Forma Adjusted EBITDA	**$ 7,264**	**$ 4,733**	**$ 1,812**	**$ 1,684**
Net income (loss)	1,594	(1,728)	(491)	1,341
Adjustments:				
Share-based compensation expense[1]	75	171	30	42
Contract termination fee[2]	-	4,875	-	-
Service provider commission costs[3]	-	620	-	-
Unrealized foreign exchange loss[5]	573	-	573	-
Legal settlement[4]	-	1,017	-	1,017
Transaction and other costs[6]	2,794	67	1,350	30
Related tax effects[8]	(759)	(2,255)	(377)	(277)
Adjusted Net Income	**$ 4,277**	**$ 2,766**	**$ 1,085**	**$ 2,153**
Adjustments:				
Chicago master agreement commission costs[7]	496	531	106	200
Related tax effects[8]	(174)	(186)	(37)	(70)
Pro Forma Adjusted Net Income (loss)	**$ 4,599**	**$ 3,111**	**$ 1,154**	**$ 2,283**

Notes:

(1) Includes non-cash, share-based compensation. We could incur similar non-cash expenses in future periods if we grant additional share-based awards.

(2) Represents a non-recurring fee related to the termination of a service provider contract. For more details, see note 8 to our audited comparative consolidated financial statements for the 52 week period ended December 25, 2016 ("audited consolidated financial statements").

(3) Represents non-recurring payments to a former service provider throughout each fiscal year, which ceased upon the termination of the contract referred to in note (2) above.

(4) Represents non-recurring costs and expenses related to a legal settlement. For more details, see note 26 to our audited consolidated financial statements.
(5) Represents non-recurring unrealized foreign exchange loss on the Credit Facility. The Credit Facility was repaid subsequent to year end. For more details on the Credit Facility and subsequent payment see notes 14 and 28 respectively to our audited consolidated financial statements .
(6) Represents expenses relating to the Company's initial public offering completed subsequent to year end (that relate to the selling shareholders) and other expenses such as reorganization and restructuring costs, including in respect of the Recapitalization (as defined herein).
(7) Represents commission costs paid under the Chicago master franchise agreement for which the Company intends to exercise its buyback provision.
(8) Related tax effects are calculated at statutory rates in Canada or U.S. depending on adjustment.

Fiscal Year 2017 Outlook:

Management is targeting the following for 2017:

- Increasing our store count by 150 to 160 net new franchised stores in fiscal 2017 to reach 430 to 440 system-wide stores by the end of fiscal 2017; and
- Annual same-store sales growth for all system-wide stores in the range of 3.0% to 4.0%.

The foregoing outlook is based on management's current strategies and its assessment of its business and the restaurant industry as a whole and is considered to be forward-looking information for purposes of applicable Canadian securities laws. Readers are cautioned that actual results may vary. See "Forward-Looking Information" below for a description of the risks and uncertainties that impact Freshii's business and that could cause actual results to vary.

Earnings Conference Call and Audio Webcast:

The Company will host a conference call to discuss the fourth quarter and fiscal year 2016 financial results on March 22, 2017, at 8:00 a.m. ET. The conference call can be accessed live over the phone by dialing (877) 425-9470, or for international callers (201) 389-0878. A replay will be available from 11:00 a.m. ET on March 22, 2017 through March 29, 2017, and can be accessed by dialing (844) 512-2921, or for international callers (412) 317-6671, and entering replay passcode 13657360.

The call will also be webcast live from the Company's investor relations website at http://ir.freshii.com. Following completion of the call, a recorded replay of the webcast will be available on the website.

About Freshii

Eat. Energize. That's the Freshii mantra. Freshii is a health-casual restaurant brand that serves fresh food designed to energize people on the go. With a diverse and completely customizable menu of breakfast, soups, salads, wraps, bowls, burritos, frozen yogurt, juices and smoothies served in an eco-friendly environment, Freshii caters to every taste and dietary preference.

Since it was founded in 2005, Freshii has opened hundreds of restaurants in cities and countries around the world. Freshii can be found in all location types from cosmopolitan cities, college campuses, suburban neighborhoods and malls to fitness clubs, airports and small towns.

Inquire about how to join the Freshii family: https://freshii.com/us/franchising.
Learn more about investing in Freshii: http://ir.freshii.com.
Learn about the Freshii brand: https://vimeo.com/195658178.
Find your nearest Freshii: http://www.freshii.com.

Follow Freshii on Twitter and Instagram: @freshii.

Non-IFRS Measures and Industry Metrics

This news release makes reference to certain non-IFRS measures including key performance indicators used by management and typically used by our competitors in the restaurant industry. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "EBITDA", "Adjusted EBITDA", "Pro Forma Adjusted EBITDA", "free cash flow", "free cash flow conversion", "Adjusted Net Income" and "Pro Forma Adjusted Net Income". This news release also makes reference to "system-wide sales" and "same-store sales growth" which are commonly used operating metrics in the restaurant industry but may be calculated differently by other companies in the restaurant industry. These non-IFRS measures and restaurant industry metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures, including restaurant industry metrics, in the evaluation of companies in the restaurant industry. The Company's management also uses non-IFRS measures and restaurant industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. For a: (i) detailed definition of each of the non-IFRS measures and industry metrics referred to; and (ii) reconciliation of these non-IFRS measures refer to the Company's Management's Discussion and Analysis dated March 22, 2017, which is available on SEDAR at www.sedar.com.

Forward-Looking Information

Certain information in this news release contains forward-looking information and forward-looking statements which reflect the current view of management with respect to the Company's objectives, plans, goals, strategies, outlook, results of operations, financial and operating performance, prospects and opportunities, including statements relating to store count and same-store sales growth. Wherever used, the words "may", "will", "anticipate", "intend", "estimate", "expect", "plan", "believe" and similar expressions identify forward-looking information and forward-looking statements. Forward-looking information and forward-looking statements should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved. All of the information in this news release containing forward-looking information or forward-looking statements is qualified by these cautionary statements.

Forward-looking information and forward-looking statements are based on information available to management at the time they are made, underlying estimates, opinions and assumptions made by management and management's current good faith belief with respect to future strategies, prospects, events, performance and results, and are subject to inherent risks and uncertainties surrounding future expectations generally. Such risks and uncertainties include, but are not limited to, those described in "Risk Factors" which are described in the Company's annual information form dated March 22, 2013 filed on www.sedar.com.

Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and forward-looking statements and are cautioned not to place undue reliance on such information and statements. The Company does not undertake to update any such forward-looking information or forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws.

Source: Freshii Inc.

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