



## Freshii Inc. Announces Second Quarter 2021 Results

Strong sales recovery, with 46% year over year increase in same store sales<sup>1</sup> in Q2 2021  
Continued digital sales momentum, with Freshii mobile app sales up 105% vs Q2 2020  
6 more locations open and operating at end of Q2 2021 vs Q1 2021 with 95% of total locations now open  
Maintains strong liquidity position while continuing NCIB purchases  
Announces additional funds to support franchise partners to accelerate restaurant sales and profitability recovery  
Sees strong CPG sales trends and increasing adoption of beverage and snacking options

TORONTO, Aug. 09, 2021 (GLOBE NEWSWIRE) -- Omnichannel health and wellness brand, Freshii Inc. (TSX: FRII) (“Freshii”, the “Company” or “we”), today announced financial results for the second quarter ended June 27, 2021 (“Q2 2021”).

“In Q2, we were pleased with the sales recovery and location reopening trends experienced in our core restaurant business,” said Matthew Corrin, Chairman and Chief Executive Officer of Freshii. “In Q2, restaurant same store sales were up 46% year over year, with our traditional restaurant locations in North America improving sequentially despite a challenging start to the quarter that continued to feature strict government restrictions in key Canadian markets. The positive sales trends on the digital side of our business are also continuing, with Freshii app sales up 105% vs. Q2 2020. Our new app remains at the forefront of our digital innovation efforts and this summer, Freshii launched its first ever ‘app only’ menu item, with our ‘energii bite smoothie’ LTO made available exclusively to guests ordering through the Freshii app. We continue to work with our franchise partners to navigate the ongoing impacts of the pandemic and have made additional investments in sales driving and profitability focused store level initiatives, primarily by way of increased marketing investments and operating cost offsets. As the impacts of the COVID-19 pandemic abate, and temporarily closed locations continue to reopen, we expect our restaurant network to continue to strengthen its position.

Our CPG division continues to expand, with summer sales trends at our most significant retail partners trending positively. In particular, we have been pleased with the growth of the CPG snacking and beverage sales mix, as these longer shelf-life products help broaden the product assortment and appeal of the division overall. For example, our three flavours of energii bites, available in individual and multi-pack format, continue to perform well as CPG retailers and customers embrace this Freshii-restaurant favourite. Our nutritional supplements business line also remains an area of focus, with additional new products expected soon, adding to our current ACV gummies offering.”

### **Change in Presentation Currency**

On June 27, 2021, the Company changed its presentation currency from US Dollars to Canadian Dollars. As significant portions of the Company’s revenues, expenses, cash flows, and assets are denominated in Canadian Dollars, the Company believes that a Canadian Dollar presentation currency will provide more relevant reporting of the Company’s business activities and financial position. The Company has applied

the change retrospectively to restate comparative period amounts as if Canadian Dollars had been the Company's presentation currency for the relevant periods.

## Financial Highlights for the Second Quarter<sup>2</sup>

- Same-store sales growth was 46.7% in Q2 2021 compared to the 13-week period ended June 28, 2020 ("Q2 2020"). Compared to the 13-week period ended June 30, 2019 ("Q2 2019"), the most recent corresponding period not impacted by COVID-19, same-store sales growth for Q2 2021 was (29.4%).
- In Q2 2021, the Company opened 4 new locations, permanently closed 6 locations that had been open and operating as at the end of Q4 2020, and permanently closed an additional 15 locations previously classified as temporarily closed as of the end of Q1 2021. This resulted in 17 net closures in the quarter.
- As at the end of Q2 2021, the Company had 364 locations open and operating, representing an increase of six locations from the end of Q1 2021, and an increase of 30 locations open and operating vs the end of Q4 2020. This increase vs Q1 2021 is largely the result of the re-opening of 8 locations that had previously been classified as temporarily closed in the prior quarter.
- As at the end of Q2 2021, the Company had 20 locations categorized as temporarily closed, primarily as a result of the impact of COVID-19 pandemic restrictions. A majority of these locations have anticipated re-opening dates in the coming months.
- System-wide sales were \$38.5 million in Q2 2021, compared to \$22.2 million for Q2 2020 representing an increase of \$16.3 million. Compared to Q2 2019, system-wide sales in Q2 2021 decreased by \$27.8 million.
- Royalty revenue and coordination fees totaled \$3.7 million for Q2 2021, an increase of \$1.2 million or 48% compared to Q2 2020.
- Net loss was \$0.6 million for Q2 2021, compared to net loss of \$0.7 million in Q2 2020.
- Adjusted EBITDA was \$0.1 million for Q2 2021, compared to \$0.8 million for Q2 2020.
- Free cash flow was \$0.0 million for Q2 2021, compared to \$0.8 million for Q2 2020.

## Strategic Pillars

The Company continues to focus its effort on its strategic pillars, designed to help accelerate Freshii's short-term recovery and position the brand for long-term growth. As previously disclosed, Freshii's 'omnichannel expansion' has been added as a strategic pillar in 2021, given the growth the Company has seen in this aspect of our business to date as well as Freshii's view that the broader brand exposure and synergies provided by omnichannel expansion provide important ancillary benefits to our core restaurant division. As previously disclosed, our strategic pillars are:

1. Focus on Core Restaurant Business
2. Digital and Delivery Acceleration
3. Develop Dinner as a Second Daypart
4. Omnichannel Expansion

### *Focus on Core Restaurant Business*

Particularly in the early stages of Q2 2021, restaurant traffic across the industry in many of Freshii's key markets continued to be impacted by the COVID-19 pandemic and related mobility restrictions. As the pandemic abated and restrictions were lifted in key markets in the second half of Q2 2021, restaurant traffic and sales began to accelerate. Since the end of Q2 2021, this trend appears to have continued, with the Company's

North American traditional locations having recovered more than 80% of 2019 sales as of the four-week period ended July 25, 2021, as compared to the corresponding period in 2019.

The locations classified by the Company as ‘suburban’ (Freshii’s largest store type by count, consisting of stores in primarily residential areas, excluding mall or non-traditional locations) continue to outperform the rest of the network in sales recovery. In Q2 2021, suburban locations recovered, on average, more than 80% of their Q2 2019 sales levels, despite ongoing government restrictions relating to the COVID-19 pandemic in many of the Company’s largest markets in the first half of the quarter. Since the end of Q2 2021, as of the four-week period ended July 25, 2021, Freshii’s suburban locations have recovered more than 90% of 2019 sales, as compared to the corresponding period in 2019. Freshii’s mall and office locations continue to be most negatively impacted by government restrictions, with many office employees continuing to work remotely and many mall sites only recently beginning to re-open in a number of our markets.

In terms of in-restaurant progress in Q2 2021, the Company launched its innovative new tacos limited-time offer across its North American network in May. The tacos LTO, featuring cauliflower-based soft-shell tortillas, three protein options and a host of Mexican-inspired sauces and flavours, was met with a very positive response. The premium price point and significant chips and queso add-on attachment drove cheque and profitability for our restaurants. Additionally, in June, Freshii launched its evolved smoothie platform, including new flavours and add-ons, and made smoothies available in two sizes across its North American network. The new smoothies have performed well in the early days of the launch, with many guests taking advantage of the opportunity to ‘up-size’ their smoothie and to ‘add-on’ one of our premium additional ingredients.

Freshii continues to develop its elevated customer experience (“CX”) feedback program, with the information we’re receiving from our guests on an ongoing basis allowing the Company to keep customer feedback top of mind as we plan for the future of the brand and its offerings. The Company intends to continue to innovate, test and execute customer-focused menu and operational innovations going forward.

#### *Digital and Delivery Acceleration*

Freshii’s Phase 1 launch of its new mobile app, including the North American system-wide availability of in-app delivery functionality, continues to resonate with our guests. In Q2 2021, growth in sales through the Freshii mobile app continued to accelerate, increasing 105% compared to Q2 2020. North American traditional restaurant digital sales mix remained at over 40% of total restaurant sales in those locations in Q2 2021.

As noted above, the Company launched its first ‘app-only’ LTO in July. We look forward to continuing to test ways to drive guest attachment to our Freshii-owned digital channels and expand the digital touchpoints we have with our customers through innovative offers like these.

#### *Develop Dinner as a Second Daypart*

In Q2 2021, the dinner day part made up over 25% of the sales mix in restaurants open during dinner hours. This strong performance was supported by the tacos LTO, which proved popular with guests during both the lunch and dinner dayparts. Having driven a higher mix of sales at dinner and an increase in average cheque during the initial dinner plates test in Q4 2020, the Company expects that its planned launch of an evolved dinner plates platform in late 2021 will further support dinnertime sales. We remain excited about continuing to grow dinner as a second daypart.

#### *Omnichannel Expansion*

The Company continues to dedicate effort to the growth of its health and wellness business lines generally, as a complement to its core business of providing great tasting, ‘better-for-you’, restaurant service. Following the Company’s in-store launch of its on-trend Freshii Apple Cider Vinegar

(“ACV”) gummies in Q1 2021, in Q2 2021 the Company made these nutritional supplements available to consumers for delivery directly online. Freshii continues to work on innovation in its new nutritional supplement business line and plans to bring additional products to market this year.

In Q2 2021, the Company’s CPG business continued to work on expanding its points of distribution and refining its product offerings. The Company has generally seen sales acceleration through Q2 2021 and to date, with customers and retailers alike continuing to adopt Freshii’s beverage and snacking products as a larger percentage of the overall sales mix. These snacking and beverage products have a longer shelf life, broaden the overall appeal of our product set and encourage multi-product purchases. An example of the growth in the snacking product set is the recent expansion of both the flavours and the pack-size availability of Freshii’s energii bites, with multi-packs selling well. Energii bites also continue to be an area in which the Company intends to pursue flavour innovation, and Freshii anticipates launching new seasonal bite flavours in the coming periods.

As we continue to increase the channels through which Freshii customers can engage with the brand, we believe that each business line will benefit from the heightened awareness and relevance of the brand as a trusted source of all things health and wellness. For example, we plan to offer Freshii loyalty benefits across all business lines, driving increased brand dedication across categories. We also expect that our increased distribution potential will allow us to negotiate more favourable supply costing structures given the economies of scale that the expanding Freshii brand, with its multiple distribution lines, can offer, benefitting both our franchise partners and guests.

### **Franchisee Incremental Investment Program**

In Q2 2021, Freshii made further funds available to its franchisee investment program to help accelerate the sales recovery and profitability of our restaurants through and beyond the COVID-19 period. The Company announced to our franchise partners it will be making an additional investment in the system of approximately \$1 million in Q2 and through the second half of 2021. Through this extended investment program, the Company will continue to support our restaurant network in the following areas:

- Promoting guest adoption of Freshii’s new mobile app;
- incremental marketing and loyalty investments;
- operating cost offsets;
- the engagement of an enhanced customer experience program; and
- direct support for restaurants through sales driving and profit protecting initiatives.

The Company intends to continue to deploy resources to these areas, partially funded by the Company’s cost management initiatives, to continue to support our franchise partners and enable our brand to emerge from the COVID-19 pandemic in a position of strength.

### **Cost Base Management and Liquidity**

We have maintained a strong, stable cash position through the pandemic to date, with \$38.1 million on hand as at June 27, 2021. As previously disclosed, we are committed to maintaining adequate liquidity and financial flexibility throughout the COVID-19 pandemic and coming out of it, while also investing in strategic priorities across our restaurant, CPG and other divisions. We intend to continue to make efforts in order to maintain our strong cash position in the coming quarters while still reinvesting for growth across our business.

The Company also continues to assist franchise partners in managing their restaurant level cost base. In addition to offering certain of its franchise locations a limited, more streamlined, menu, that allows for improvement in food, labour and operational costs, the Company has implemented inventory management system improvements and labour productivity tools to help partners reduce waste and manage costs. Assisting our restaurants in controlling costs, while still delivering the quality service and products that our guests have come to expect, is key to protecting franchise partner profitability as the COVID-19 pandemic continues to challenge consumer traffic throughout 2021.

### **Normal Course Issuer Bid Program**

In Q1 2021, the Company announced that the Toronto Stock Exchange (the “TSX”) had accepted the notice filed by the Company to make a normal course issuer bid (“NCIB”). The Company sought and received approval from the TSX to establish a normal course issuer bid to purchase up to 2,582,944 of its Class A subordinate voting shares, commencing on March 2, 2021. As of August 6, 2021, the Company has purchased 899,616 Class A subordinate voting shares since the commencement of the NCIB, at an average share price of \$2.07.

### **Earnings Conference Call and Audio Webcast:**

A conference call to discuss Q2 2021 financial results is scheduled for August 10, 2021, at 8:30 a.m. Eastern Time. The conference call can be accessed live over the phone by dialing 1-877-425-9470 (U.S. and Canada), or 1-201-389-0878 (International). An audio replay will be available from 11:30 a.m. Eastern Time on Tuesday, August 10, 2021 through Tuesday, August 17, 2021. To access the replay, please call 1-844-512-2921 (U.S. & Canada) or 1-412-317-6671 (International) and enter confirmation code 13721337. The call will also be webcast live from Freshii’s investor relations website at [www.freshii.com](http://www.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 an omnichannel health and wellness brand on a mission to help citizens of the world live better by making healthy eating and overall wellness convenient and affordable. 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’s restaurant division caters to every taste and dietary preference. Freshii’s expansion into the consumer-packaged goods (CPG) and, most recently, nutritional supplements spaces have increased the touchpoints that Freshii has with its customers.

Since it was founded in 2005, Freshii has opened 384 restaurants in 14 countries around the world, has expanded its CPG lineup across hundreds of major retailer points of distribution and now offers nutritional supplement products in-store and directly to consumers via its online retail site. Now, guests can energize with Freshii’s products anywhere from cosmopolitan cities and fitness clubs to sports arenas and airplanes, as well as in major retail outlets and, in some cases, directly from home.

Inquire about how to join the Freshii family: <https://www.freshii.com/ca/en-ca/franchise>.

Learn more about investing in Freshii: <http://www.freshii.com>

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", "Adjusted EBITDA on a constant currency basis", "free cash flow", "free cash flow conversion" and "Adjusted Net Income". This news release also makes reference to "system-wide sales", "system-wide stores", "same-store sales growth", and "digital sales" 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. Our 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 executive 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 "Non-IFRS Financial Measures and Industry Metrics" section of the Company's Management's Discussion and Analysis dated August 9, 2021, which is incorporated by reference into this news release and available on SEDAR at [www.sedar.com](http://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, same-store sales growth, the recovery of the Company's franchise system (including that stores currently categorized as temporarily closed will re-open on the timelines anticipated or at all and that they will achieve the sales level anticipated), that healthy eating trends will continue, the Company's strategic pillars, the timelines for and effectiveness of new menu rollouts and operational innovations, the Company's plans with respect to its Franchisee Incremental Investment Program, the ability of the Company to generally maintain its existing cash position and to reinvest, the growth of and investment in the dinner daypart (including the timing of the Company's planned launch of an evolved dinner plates platform), the Company's plans with respect to its CPG business line (including energii bites flavour innovation and seasonal offerings), the Company's nutritional supplement business line, any future offering of Freshii loyalty benefits, the Company's provision of assistance to its franchise partners, and the extent of the expected impact of the COVID-19 pandemic and associated government regulation on Freshii's business, operations and financial performance (including that the impacts of COVID-19 will continue to abate and that the Company's work with its franchise partners to mitigate the ongoing impacts will have the intended results on the timelines anticipated or at all). Wherever used, the words "may", "will", "anticipate", "intend", "estimate", "expect", "plan", "believe", "lead", "continue", "plan", "design", "likely" 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. In particular, the Company notes that the dynamic nature of the COVID-19 pandemic and the events and circumstances resulting from or associated with that pandemic mean that management can offer no assurance such forward-looking information or forward-looking statements will occur or be accurate in the circumstances.

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 belief with respect to future strategies, prospects, events, performance and results. These estimates, opinions and assumptions include that the COVID-19 pandemic and associated government regulation, expected consumer behaviour and other matters will not have a materially different impact on the business, operations or financial performance than currently anticipated by management, the continued availability of food commodities used by Freshii locations at stable prices, the availability and timely receipt of funds expected by management to be received in connection with applicable government relief

programs, that Freshii will be able to continue to effectively assist its franchise partners, that the recovery and re-opening of the economies in Canada and the United States and elsewhere will occur in the manner and on the timelines anticipated by management, the continued access by the Company and its franchise partners to a pool of suitable workers at reasonable wage levels, that the foreign exchange rates may continue to fluctuate (in particular, that the value of the Canadian dollar will continue to fluctuate against the US dollar and other currencies), that the recovery of Freshii's franchise system occurs on the timelines and in the manner anticipated, that healthy eating trends continue in the manner anticipated, that the Company's strategic pillars, the timelines for new menu rollouts and operational innovations, the rollout of the Company's new app and any future phases of the rollout, the planned launch of the loyalty benefits program, the Company's partnerships with Walmart Canada and other major grocery retailers and investments in its CPG business line, the implementation of the Company's Franchisee Incremental Investment Program, the anticipated growth in the dinner daypart (and launch of the Company's evolved dinner plates platform), the Company's ability to successfully develop new products in its nutritional supplements business line, and the development of strategies to drive down costs with franchise partners and cost control activities at the corporate level will each have the anticipated effect on the Company's business, operations and financial performance and will proceed on the timelines and in the manner currently anticipated by management, and are subject to inherent risks and uncertainties surrounding future expectations generally, including that such estimates, opinions and assumptions may not be accurate, particularly given the dynamic nature of the COVID-19 pandemic and the events and circumstances resulting from or associated with that pandemic. Such risks and uncertainties include, but are not limited to, those described in "Forward-Looking Statements" which are described in the Company's Management's Discussion and Analysis dated August 9, 2021 and in the Company's other filings, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Readers are urged to consider these 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.

### Selected Quarterly Consolidated Information

The following table summarizes our results of operations for the 13 and 26 week periods ended June 27, 2021 and June 28, 2020, respectively:

(in thousands)	For the 13 weeks ended			
	June 27, 2021		June 28, 2020	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>Revenue</b>				
Franchise revenue	\$ 5,008	89%	\$ 3,381	95%
Company-owned revenue	628	11	194	5
<b>Total revenue</b>	<b>5,636</b>	<b>100</b>	<b>3,575</b>	<b>100</b>
<b>Costs and expenses</b>				
Cost of sales	481	9	203	6
Selling, general and administrative	4,298	76	2,528	71
Depreciation and amortization	392	7	679	19

Share based compensation expense	827	15	598	17
<b>Total costs and expenses</b>	<b>5,998</b>	<b>107</b>	<b>4,008</b>	<b>113</b>
<b>Loss before interest, foreign exchange &amp; income taxes</b>	<b>(362)</b>	<b>(7)</b>	<b>(433)</b>	<b>(13)</b>
Interest income, net	2	-	20	1
Foreign exchange loss (gain)	39	1	287	8
<b>Loss before income tax expense</b>	<b>(403)</b>	<b>(8)</b>	<b>(740)</b>	<b>(22)</b>
Income tax expense (recovery)	223	4	(14)	-
<b>Net loss</b>	<b>(626)</b>	<b>(11)</b>	<b>(726)</b>	<b>(22)</b>
Currency translation adjustment	24	-	6	-
<b>Comprehensive income (loss)</b>	<b>\$ (602)</b>	<b>(11%)</b>	<b>\$ (720)</b>	<b>(20%)</b>

(in thousands)	For the 26 weeks ended			
	June 27, 2021		June 28, 2020	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>Revenue</b>				
Franchise revenue	\$ 8,363	90%	\$ 8,831	91%
Company-owned revenue	937	10	834	9
<b>Total revenue</b>	<b>9,300</b>	<b>100</b>	<b>9,665</b>	<b>100</b>
<b>Costs and expenses</b>				
Cost of sales	748	8	727	8
Selling, general and administrative	8,150	88	9,723	101
Depreciation and amortization	788	8	3,029	31
Share based compensation expense	1,515	16	1,531	16
<b>Total costs and expenses</b>	<b>11,201</b>	<b>120</b>	<b>15,010</b>	<b>156</b>
<b>Income (loss) before interest, foreign exchange &amp; income taxes</b>	<b>(1,901)</b>	<b>(20)</b>	<b>(5,345)</b>	<b>(56)</b>
Interest income, net	7	-	(52)	(1)
Foreign exchange loss (gain)	210	2	(447)	(5)
<b>Income (loss) before income tax expense</b>	<b>(2,118)</b>	<b>(22)</b>	<b>(4,846)</b>	<b>(50)</b>
Income tax expense (recovery)	(168)	(2)	(745)	(8)

<b>Net loss</b>	<b>(1,950)</b>	<b>(21)</b>	<b>(4,101)</b>	<b>(42)</b>
Currency translation adjustment	45	-	(51)	(1)
<b>Comprehensive income (loss)</b>	<b>\$ (1,905)</b>	<b>(20%)</b>	<b>\$ (4,152)</b>	<b>(43%)</b>

The following table summarizes our Consolidated Statement of Balance Sheet Information as at June 27, 2021 and June 28, 2020:

<b>(in thousands)</b>		<b>As at June 27, 2021</b>		<b>As at December 27, 2020</b>
Cash	\$	38,059	\$	40,569
Total assets		58,569		63,238
Equity		39,530		41,475

The following table shows our cash flows information for the 13 and 26 week periods ended June 27, 2021 and June 28, 2020, respectively:

<b>(in thousands)</b>	<b>For the 26 weeks ended</b>			
		<b>June 27, 2021</b>		<b>June 28, 2020</b>
Net cash provided by operations	\$	(690)	\$	(114)
Net cash used in investing		(111)		(455)
Net cash used in financing		(1,662)		(224)
<b>Net increase (decrease) in cash</b>	<b>\$</b>	<b>(2,463)</b>	<b>\$</b>	<b>(793)</b>

The following table reconciles EBITDA, Adjusted EBITDA, free cash flow, free cash flow conversion, Adjusted Net Income to the most directly comparable IFRS financial performance measure:

<b>(in thousands)</b>	<b>For the 13 weeks ended</b>		<b>For the 26 weeks ended</b>	
	<b>June 27, 2021</b>	<b>June 28, 2020</b>	<b>June 27, 2021</b>	<b>June 28, 2020</b>
Net loss	\$ (626)	\$ (726)	\$ (1,950)	\$ (4,101)
Interest income, net	2	20	7	(52)
Income tax expense (recovery)	223	(14)	(168)	(745)

Depreciation and amortization	392	679	788	3,029
<b>EBITDA</b>	<b>(9)</b>	<b>(41)</b>	<b>(1,323)</b>	<b>(1,869)</b>
Adjustments:				
Share-based compensation expense <sup>(1)</sup>	827	598	1,515	1,531
Foreign exchange (gain) loss	39	287	210	(447)
Other adjustments <sup>(2)</sup>	(740)	-	(740)	2,121
<b>Adjusted EBITDA</b>	<b>117</b>	<b>844</b>	<b>(338)</b>	<b>1,336</b>
Constant currency remeasurement	-	(88)	-	(143)
<b>Adjusted EBITDA on a constant currency basis</b>	<b>\$ 117</b>	<b>\$ 756</b>	<b>\$ (338)</b>	<b>\$ 1,193</b>
Less capital expenditures	78	51	153	480
<b>Free cash flow</b>	<b>\$ 39</b>	<b>\$ 793</b>	<b>\$ (491)</b>	<b>\$ 856</b>
<b>Free cash flow conversion</b>	<b>33.3%</b>	<b>94.0%</b>	<b>n/a</b>	<b>64.1%</b>
Net loss	(626)	(726)	(1,950)	(4,101)
Adjustments:				
Share-based compensation expense <sup>(1)</sup>	827	598	1,515	1,531
Foreign exchange (gain) loss	39	287	210	(447)
Other adjustments <sup>(2)</sup>	(740)	-	(740)	2,121
Related tax effects <sup>(3)</sup>	(33)	(235)	(261)	(849)
<b>Adjusted Net Income (Loss)</b>	<b>\$ (533)</b>	<b>\$ (76)</b>	<b>\$ (1,226)</b>	<b>\$ (1,745)</b>

## Notes:

(1) In the 26 week periods ended June 27, 2021 and June 28, 2020, the Company granted RSUs to executive officers, management, and employees of the Company in conjunction with an annual employee grant.

(2) For the 13 and 26 week periods ended June 27, 2021, represents franchise fee revenue, net of related commissions, resulting from a change in the Company's estimated future performance obligations. The inclusion of this revenue is a one-time occurrence and so has been removed for purposes of calculating Adjusted EBITDA. For the 26 week period ended June 28, 2020, represents certain professional fees associated with one-time investments in the Company's growth strategy.

(3) Related tax effects are calculated at statutory rates in Canada or U.S. depending on the adjustment.

The Company's condensed consolidated interim financial statements for the 13 and 26 week periods ended June 27, 2021 and June 28, 2020 and the relevant Management's Discussion and Analysis documents, are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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Source: Freshii Inc.

<sup>1</sup> This is a non-IFRS measure. Please refer to the “Non-IFRS Measures and Industry Metrics” section at the end of this press release.

<sup>2</sup> System-wide sales, same-store sales growth, EBITDA, Adjusted EBITDA and free cash flow 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. See “Non-IFRS Measures and Industry Metrics” and the table reconciling such measures to the most directly comparable IFRS financial performance measure, included later in this news release.