



Freshii Announces Agreement to Acquire Majority Control of Natura Market, a rapidly growing Canadian health and wellness ecommerce retailer

10/14/2021

- Freshii agrees to acquire majority control of one of Canada's leading online health and wellness retailers, and upon closing will have rights to acquire 100% of the business through Q1 2025
- Transaction marks a significant milestone in Freshii's omnichannel expansion strategy and ensures Freshii is well-positioned in the rapidly evolving ecommerce wellness channel
- On closing, the transaction will have an immediate material impact to Freshii's top-line revenue and increase digital transactions significantly
- Natura Market has grown rapidly since inception in late 2016 to \$19M in revenue in trailing 12-month period as at September 30, 2021
- Natura Market is a founder-led Canadian business with a Freshii-aligned mission, strong customer reviews and loyalty as well as expertise in health trend identification, supply chain management and digital advertising
- Natura Market's founder, Shakhzod Khabibov, will continue as President of Natura Market which will be run as a standalone business unit with shared services support
- Funded with cash-on-hand while allowing Freshii to maintain adequate liquidity for ongoing operations

TORONTO, Oct. 14, 2021 (GLOBE NEWSWIRE) -- Omnichannel health and wellness brand, Freshii Inc. (TSX: FRII) ("Freshii", the "Company" or "we"), today announced that it has signed a definitive agreement to acquire a majority stake in the rapidly growing online health and wellness product retailer, Natura Market ECommerce Inc. ("Natura" or "Natura Market"), and upon closing will have rights to acquire 100% of the business through Q1 2025.

FRESHII EXPANDS OMNICHANNEL FOOTPRINT WITH ACQUISITION OF A MAJORITY STAKE IN HEALTH AND WELLNESS ECOMMERCE RETAILER

"Today is an exciting day for Freshii as we continue our growth as an omnichannel health and wellness leader by adding Natura Market Ecommerce to our group of businesses. Natura Market is a rapidly growing, self-funded and founder-led online retailer with an aligned mission of making on-trend, healthy products available at scale across Canada. We are pleased to be adding this high-growth platform to the channels where Freshii customers can get the latest and greatest in better-for-you food, beverages, snacks and more. The way people access health and wellness is evolving and the acquisition of Natura Market ensures that Freshii is well-positioned to meet the next generation of customers where they are," said Matthew Corrin, Founder and CEO of Freshii.

"Natura Market, a business with over \$19M in sales over the last 12 months and no debt, will make an immediate positive impact on our overall business and significantly expands Freshii's presence and capability in the delivery and digital commerce spaces," added Corrin.

NATURA MARKET - A FAST-GROWING PLAYER IN THE HEALTH AND WELLNESS ECOMMERCE SCENE

Natura Market, launched in late 2016 by Shakhzod Khabibov, has enjoyed rapid growth without external investment, gained customer confidence and loyalty and become a market leader in identifying cutting edge health and wellness products and making them available to Canadian consumers.

With a 4.8-star rating on Google Reviews, it's clear that Natura's growing customer base loves its evolving and innovative product line-up (which is presented not only by product category but also by dietary preferences, including keto, paleo, kosher, gluten-free and others) as well as its efficient delivery experience and strong customer service.

"Natura has built an organization with best-in-class logistics and supply chain capabilities, digital marketing presence and product selection expertise. The rest of the Freshii leadership team and I look forward to continuing to work with Shakhzod, who will remain at the helm of Natura as its President, to drive the brand through its next phase of growth, innovation and expansion," said Corrin.

While the Freshii and Natura Market businesses will be run separately, each company looks forward to taking advantage of the synergies that exist between them. For example, Freshii plans to use the insight that Natura's sales data will provide to help the company identify early-stage food and beverage trends that can be used to inform Freshii's restaurant and consumer-packaged goods (CPG) product innovation. Natura will also benefit from access to Freshii's shared-service infrastructure.

General oversight of the Natura business will be provided by a board comprised of the senior management of Freshii and Natura. Matthew Corrin will Chair this board.

"We are really pleased with today's announcement and welcome the entire Natura team to Freshii," said Daniel Haroun, Chief Financial Officer at Freshii. "The company's leadership demonstrates entrepreneurship at its finest. Over a short period of time, Natura has become a true Canadian success story, with revenue doubling in 2020 vs 2019, and continuing to demonstrate strong double-digit growth in 2021. Natura Market has built strong customer loyalty and a relevant Canadian brand in just five short years, positioning itself a leading wellness ecommerce retailer. We have watched and admired Natura Market's growth for the last two years and respect the work Shakhzod and his team have done to build and grow their business," added Haroun.

"My team and I launched Natura Market in the Canadian ecommerce space five years ago as we sought to make emerging health brands and products more widely available through our retail site. Today's announcement is a testament to the incredible dedication and work this group has put in and the strong reputation we have built with Canadian consumers," said Khabibov. "This acquisition will allow us to continue to grow rapidly, to benefit from the expertise and brand recognition that Freshii brings to the table and continue to exceed customer expectations in a rapidly evolving retail climate."

TRANSACTION DETAILS

Freshii has agreed to acquire 60% of Natura Market's outstanding shares at closing with rights to purchase the remaining 40% of Natura's shares through Q1 2025. Freshii will pay \$5.7M (as well as a potential earnout payment subject to Natura meeting certain performance metrics in 2022) in return for this initial 60% tranche of shares, with the price for the remaining 40% of Natura's shares to be determined based on the company's EBITDA performance through the relevant period. The \$5.7M in initial consideration is based on an enterprise valuation of \$9.6M, reflecting approximately 0.5x of Natura Market's trailing twelve months revenue of \$19M as at September 30, 2021.

The transaction is expected to be financed entirely through Freshii's available cash on hand.

Subject to customary closing conditions, the transaction is expected to close in Freshii's fiscal fourth quarter. Stikeman Elliott LLP served as legal counsel to Freshii Inc. and Fasken Martineau DuMoulin LLP served as legal counsel for Natura Market Ecommerce Inc.

FRESHII'S OMNICHANNEL GROWTH STORY

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 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.

Today, with the exciting announcement of the acquisition of a majority stake in Natura Market, one of Canada's fast-growing health and wellness ecommerce retailers, Freshii continues to pursue its mission by opening-up yet another channel through which its customers can access the latest in healthy products in an efficient and cost-effective way. Freshii continues to redefine what it means to be an omnichannel health and wellness brand and position itself at the forefront of this rapidly evolving industry.

"Bringing in Natura Market marks another significant step in our omnichannel journey and allows Freshii to continue to diversify our offerings and channels in order to meet the needs of today's health and wellness shoppers," added Corrin.

For more information, please contact: natura@freshii.com

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.inc>

Find your nearest Freshii: <http://www.freshii.com>.

Follow Freshii on Twitter and Instagram: @freshii

ABOUT NATURA MARKET

Natura Market believes that clean eating should be easy and effortless... so why isn't it? Anyone with dietary restrictions knows how hard it is sometimes to find the right ingredients you need to make your favourite meals diet-friendly. Well, Natura got tired of that too. The days of having to search and scour are over!

That's why Natura is dedicated to offering its customers a unique food shopping experience, without the hassle of sorting through hundreds of products. Don't sweat it; Natura has already done the work for you! Natura has talked to suppliers, read the labels, and carefully sorted its products into easy to browse categories.

Visit Natura Market: www.naturamarket.ca

Non-IFRS Measures and Industry Metrics

We 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 the Company uses; and (ii) a reconciliation of these non-IFRS measures, please 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 available on SEDAR at www.sedar.com.

Forward-Looking Information

Certain information in this news release contains forward-looking information and forward-looking statements under applicable securities laws. Particularly, statements which reflect the current view of management with respect to expected benefits of the transaction, the closing of the transaction, including the anticipated timing thereof, the satisfaction of all conditions to closing the transaction including, without limitation, obtaining all necessary consents and approvals, the ability of the Company to leverage the synergies that may exist between the Company and Natura, the Company's objectives, plans, goals, strategies, outlook, results of operations, financial and operating performance, prospects and opportunities, including the Company's strategic pillars (specifically its omnichannel expansion), the ability of the Company to generally maintain its existing cash position and to reinvest, and the Company's plans with respect to its CPG and nutritional supplement business lines (including product innovation) constitute forward-looking information. In many but not necessarily all cases, 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.

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 Company and Natura will be able to satisfy all conditions to

closing the transaction; 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 of the Company and Natura than what is currently anticipated by management; the continued availability of food commodities used by Freshii and access to supply channels by Natura (in each case at stable prices); the availability and timely receipt of funds expected by management to be received in connection with applicable government relief programs; 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; 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); the recovery of Freshii's franchise system occurs on the timelines and in the manner anticipated; healthy eating trends continue in the manner anticipated; 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.

Forward-looking information is subject to inherent risks and uncertainties surrounding future expectations generally, including, among other things, 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, the potential disruption of management's attention from the Company's ongoing business operations as a result of the transaction, and the impact of the announcement of the transaction on the Company's business, changes in market and competition, governmental or regulatory developments and a change in overall economic conditions generally. Such risks and uncertainties also include, but are not limited to, those described in the "Risk Factors" section of the Company's Annual Information Form dated March 26, 2021, 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. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

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. There can be no assurance that such information will prove to be accurate, as actual results and future events can differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. 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.

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Source: Freshii Inc.