

The Fresh Factory Reports Record Year End Results

- *The Company reported record billed revenue of \$13.5M (\$17.2M CAD), representing a year-over-year increase of 57% from 2020.*
- *The Company reported record adjusted gross margins of \$4.3M (\$5.5M CAD) vs. \$3.0M (\$3.8M CAD) in 2020, representing a year-over-year increase of 43%.*
- *The Company reported a record operating profit of \$2.7M (\$3.4M CAD) vs. \$2.1M (\$2.7M CAD) in 2020, representing a year-over-year increase of 29%.*
- *The Company completed its going-public transaction, becoming a reporting issuer in certain Canadian provinces and concurrently listing on the Canadian Securities Exchange ("CSE"), and raised \$8,984,823 (\$11,519,621 CAD) in cash.*
- *The Company launched 55 new product SKUs and more than 20 new manufacturing partnerships with customers across multiple product categories.*
- *The Company purchased 1.2M lbs of produce seconds, a year-over-year increase of 33.5%.*

CAROL STREAM, IL / ACCESSWIRE / May 2, 2022 / The Fresh Factory B.C. Ltd. (CSE:FRSH)(FRA:Q4Z) ("The Fresh Factory" or the "Company"), a mission-driven company for fresh and better-for-you food and beverage brands, reports financial results for the year ending December 31, 2021.

"We are excited by our growth and continue to see strong demand for our platform and cleaner, better-for-you products," said Bill Besenhofer, Chief Executive Officer and Co-founder of The Fresh Factory. "We are receiving inbound requests from a multitude of potential new customers on a daily basis, looking to us for innovation and an opportunity to help grow their bottom line. We continue to invest in our rapid growth, recently increasing our staffing levels and buying additional equipment to increase our capacity so that we are well-positioned to participate in multiple new sales channels - the wellness-shot category and the food-pouch business, to name a few. However, in the current inflationary environment, we do expect prices to rise and anticipate a possible short-term effect on margins as these price increases tend to lag input increases. We also could see delays in our new equipment purchases as a result of supply-chain shortages. We continue to operate with financial caution and discipline while still investing in innovation and the development of our people and our facility. We have an outstanding team at The Fresh Factory, from the ground-floor associates to our management team. They continue to support our mission and vision to ensure we are well prepared to enter our next phase of growth. The Fresh Factory remains at the forefront of fresh and better-for-you products by leveraging our vertically integrated platform inclusive from product development to the end consumer."

Financial and Operational Highlights

(All figures in this press release are in US dollars unless otherwise stated.)

- Record billed revenue of \$13.5M (\$17.2M CAD) for 2021 vs \$8.6M (\$10.9M CAD) in 2020, an increase of 57% year-over-year.

- The Company completed its going-public transaction, becoming a reporting issuer in certain Canadian provinces and concurrently listing on the Canadian Securities Exchange, and raised \$8,984,823 (\$11,519,621 CAD) in cash.
- Adjusted EBITDA of (\$0.9) million for 2021 vs. (\$0.0) for 2020 primarily driven by additional public-company expenses and investments in staff and infrastructure for growth.
- Adjusted gross margins of \$4.3M (\$5.5M CAD) vs. \$3.0M (\$3.8M CAD) in 2020, representing a year-over-year increase of 43%.
- The Company commenced trading on the CSE on November 16, 2021, under the ticker symbol "FRSH" and listed on the FRA under the symbol "Q4Z".

Strategic Areas of Focus

The Fresh Factory is building a platform to service emerging food and beverage brands in the fresh-food sector with an emphasis on better-for-you brands. The Company has established four key areas of focus on which it will report on a quarterly basis moving forward:

- **Execution:** Focus on safety, high-quality operations, and strong margins
 - Maintained strong margins on a percentage basis despite a challenging inflationary environment with adjusted gross margins of 31.7% vs. 34.9% in 2020.
 - Reported record operating profit of \$2.7M (\$3.4M CAD) vs. \$2.1 (\$2.7M CAD) in 2020, representing a year-over-year increase of 29%.
 - Operating profit, on a percentage basis, fell from 23.9% to 19.7% due to the impacts of inflation on labor, cost of goods, real estate (for additional space needed to grow the operations), and utility costs. The company raised prices at year-end to account for the decrease.
 - The Company completed its annual SQF (Safe Quality Foods) audit, achieving a score of 99 out of 100. This is the fifth year the company has been SQF audited.
- **Growth:** Invest in and grow with the right brands across diversified channels
 - Revenue remains broadly diversified across direct-to-consumer, quick-service restaurants, and retail customers.
 - The Fresh Factory acquired Healthful Habits LLC ("**Phyter Bars**") and began producing refrigerated snack bars for several customers. Bars represent a significant growth area for the Company going forward.
 - The Company invested in new equipment to increase the facility's capacity and enter into new sales channels, specifically the booming wellness-shot category and the food-pouch business.
 - The Company produced 7.1M units in 2021, a 33.1% increase from 2020.
 - The Company launched 55 new product SKUs and more than 20 new manufacturing partnerships with customers across multiple product categories.
- **Brand Portfolio:** Meaningful equity participation in the sector
 - The Company continues to invest in its two wholly owned brands, Field + Farmer and Element Pressed.

- The Company's Field + Farmer brand, which produces plant-based dressings, dips, juices, and bars made with farm-fresh ingredients, reported strong year-to-date revenue growth of 70%.
- **Sustainability:** Become a market leader in sustainability
 - The Company continues to develop a multi-year plan toward increased sustainability and other green initiatives.
 - The Company purchased 2.8M lbs of produce in 2021, a 34.4% year-over-year increase, and 1.2M lbs of produce seconds, a 33.5% year-over-year increase.
 - The Company continues to compost 100% of their food waste and donate 100% of produce extras.
 - The Company has expanded its full-time employees in 2021 by 31.3% to help with the growth.
 - The team is diverse, with 45% identifying as women, up 9.8% year-over-year, and 88% as PoC (people of color), a 2.4% year-over-year increase.
 - 50% of the ingredients purchased for the Field + Farmer brand was local to their facility in Carol Stream.
 - The Company's Field + Farmer brand donated 1% of sales each month.

The financial statements of The Fresh Factory for the three- and twelve-month period ending December 31, 2021, can be found on the Company's issuer profile on SEDAR at www.sedar.com.

For purposes of conversion, this release used \$0.79 as the conversion rate from CAD to USD.

About The Fresh Factory B.C. Ltd.

The Fresh Factory is a vertically integrated company focused on accelerating the growth of the fresh, clean-label, plant-based food and beverage brands of tomorrow. The Fresh Factory owns or partners with emerging brands in the plant-based space to develop, manufacture, and sell products made from fresh produce and recognizable ingredients. It operates from its centrally located manufacturing facility near Chicago, serving customers across the US. As a public-benefits corporation, The Fresh Factory is ESG-focused, driven to make a lighter, greener impact on the environment and a stronger, positive impact on local communities and the food system as a whole. Learn more about The Fresh Factory at www.thefreshfactory.co and find The Fresh Factory on social media at [Instagram](#), [Twitter](#), and [LinkedIn](#). To receive news and updates about The Fresh Factory, visit their website at www.thefreshfactory.co.

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Non-IFRS Measures

There are measures included in this news release that do not have a standardized meaning under international financial reporting standards (IFRS) and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures because it believes certain investors use them as a means of assessing financial performance. Billed revenue, adjusted gross margin, operating profit, EBITDA, and adjusted EBITDA are financial measures that do not have a standardized meaning under IFRS. EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA refers to earnings before interest, taxes, depreciation, amortization, stock-based compensation, one-time transaction expenses, and change in fair value of derivative liabilities. Adjusted gross margin is defined as billed revenue minus food, packaging, and labor (i.e., COGs). Operating profit is adjusted gross margin less utilities, facilities, and maintenance costs. Billed revenue is a financial measure defined as the revenue billed to customers as opposed to total revenue, which represents billed revenue less trade and variable selling and any production credits and samples.

We prepare and release quarterly unaudited and annual audited financial statements prepared in accordance with IFRS. We also disclose and discuss certain non-GAAP (Generally Accepted Accounting Principles) financial information used to evaluate our performance in this and other earnings releases and investor conference calls as a complement to results provided in accordance with IFRS. We believe that current shareholders and potential investors in the Company use non-GAAP financial measures, such as billed revenue, adjusted gross margin, operating profit, EBITDA, and adjusted EBITDA in making investment decisions about the Company and measuring its operational results.

Management believes that investors and financial analysts measure our business on the same basis, and we are providing the billed revenue, adjusted gross margin, operating profit, EBITDA, and adjusted EBITDA as financial metrics to assist in this evaluation and to provide a higher level of transparency into how we measure our own business.

This news release contains "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "forward-looking statements") within the meaning of applicable Canadian securities legislation. All statements that address activities, events, or developments that the Company expects or anticipates will, or may, occur in the future, including statements about the Company's new product offerings, its ability to execute on its goals, general macro and micro economic impacts of inflation on the business and operation of the Company, the timing pertaining to these goals and receipt of applicable consents and approvals, and Company's business prospects, future trends, plans, and strategies. In some cases, forward-looking statements are preceded by, followed by, or include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "proposes", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", "anticipate" or the negative of those words or other similar or comparable

words. Although the management of the Company believes that the assumptions made and the expectations represented by such statements are reasonable, there can be no assurance that a forward-looking statement herein will prove to be accurate. Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Although management of 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. Risks and uncertainties applicable to the Company, as well as trends identified by the Company affecting its industry, can be found in the final long-form prospectus of the Company dated November 10, 2021, and the Company's continuous disclosure record available on SEDAR at www.sedar.com. Such cautionary statements qualify all forward-looking statements made in this news release. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.

SOURCE: The Fresh Factory B.C. Ltd.