The Fresh Factory Reports Record Positive EBITDA in Q3; Revenue Increases 39% Year-Over-Year

- *The Company achieved a record EBITDA of $0.7M (CAD $0.9M) in Q3 2024, marking its third consecutive quarter of positive EBITDA.*
- *Quarterly billed revenue was $8.1M (CAD $11.1M) and YTD revenue was $23.9M (CAD $32.7M), representing a 39% increase both YoY and YTD.*
- *The Company produced a record-breaking 9.1 million units, representing a 186% increase compared to Q3 2023.*
- *The Company reported a net income of $56k (CAD $78k) in Q3 2024, marking a significant turnaround from a net loss of ($472k) (CAD ($647k)) in Q3 2023.*
- *During the quarter, the Company commenced construction on its newly leased facility in Downers Grove, Illinois, which will include an expanded R&D space to drive new product development and increase production capacity.*

CAROL STREAM, IL / ACCESSWIRE / November 28, 2024 – The Fresh Factory B.C. Ltd. (**TSXV: FRSH**) (**FRA: Q4Z**) ("**The Fresh Factory**" or the "**Company**"), a mission-driven company for fresh, clean-label, and better-for-you food and beverage brands, reports financial results for the third quarter ending September 30, 2024 ("**Q3 2024**").

Bill Besenhofer, Chief Executive Officer and co-founder of The Fresh Factory commented: "Achieving our third consecutive quarter of positive EBITDA marks a pivotal milestone in our journey of strategic growth and operational excellence. This quarter's record-breaking performance reflects the strength of our team and our unwavering commitment to growing alongside our customers. With expanded capabilities and our new Downers Grove facility set to come online in early 2025, we are well-positioned to meet increasing demand while maintaining strong financial results. We look forward to the opportunities ahead as we continue to scale and execute our vision for sustainable growth."

Financial and Operational Highlights: Q3 2024 vs. Q3 2023

- Billed Revenue: $8.1M (CAD $11.1M) in Q3 2024 vs. $5.7M (CAD $7.8M) in Q3 2023, a 39% increase.
- YTD Billed Revenue: $23.9M (CAD $32.7M) YTD, reflecting a 39.2% increase from $17.2M (CAD $23.5M) YTD in 2023.
- EBITDA: $0.7M (CAD $0.9M) in Q3 2024 vs. ($0.09M) (CAD ($0.13M)) in Q3 2023.
- Net Income: $55,766 in Q3 2024 compared to a net loss of ($472,005) in Q3 2023.
- Adjusted Gross Margins: $3.1M (CAD $4.3M) in Q3 2024, a 77% increase from $1.8M (CAD $2.4M) in Q3 2023.

Strategic Areas of Focus

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

Execution: Focus on safety, high-quality operations, and strong margins.

- The Company recorded positive EBITDA for the third consecutive quarter, ending Q3 2024 with $0.7M (CAD $0.9M).
- Adjusted Gross Margins increased to $3.1M (CAD $4.3M) for Q3 2024, compared to $1.7M (CAD $2.4M) in Q3 2023.
- Adjusted Gross Margins, on a percentage basis, were 38.5% in Q3 2024, compared to 30.2% in Q3 2023.
- Operating profit on a dollar basis increased by $0.9M ($1.2M CAD) for Q3 2024, compared to Q3 2023.
- Operating profit on a percentage basis increased to 19.0% in Q3 2024, compared to 11.3% in Q3 2023, driven by increased sales volume and production efficiencies.

Growth: Invest in and grow with the right brands across diversified channels.

- Billed revenue for Q3 2024 was $8.1M (CAD $11.1M), compared to $5.8M (CAD $8.0M) in Q3 2023.
- The Company's Q3 2024 revenue grew 39% YoY, driven by increased sales to strategic partners across a variety of categories.

- The Company produced 9.1M units in Q3 2024, a 186% increase from Q3 2023.
- The Company introduced production capabilities for filled snack bites, expanding its offerings in a very high-demand category.
- The Company also started construction work for the previously leased new site, including an expanded R&D lab and a capacity-building expansion for their snack bars line.

Sustainability: Become a market leader in sustainability.

- The Company upgraded rooftop heating units to new high-efficiency models, approved a new building layout featuring high-efficiency refrigeration systems, and implemented energy-saving measures by optimizing cooling schedules to avoid unnecessary room cooling.
- The Company continues to compost 100% of its food waste and donates 100% of produce extras.
- The Company continues to enhance the efficiency and performance of its advanced FOG (fats, oils, and grease) mitigation system, further reducing environmental waste and supporting sustainable operations.

The Company also announces that today the board of directors granted an aggregate of 2,701,000 stock options (the **"Options"**) to purchase common shares of the Company (**"Shares"**) to certain directors, officers, and consultants of the Company. The Options vest immediately and are exercisable for a period of five years from the date of grant at an exercise price of $1.00 per Share. In addition, 2,071,572 Options expired on November 5, 2024, with and an additional 971,000 Options set to expire on December 31, 2024. Following the grant of the new Options today together with the recently expired Options and the expiring Options in December, this adjustment represents a net decrease of 331,000 options outstanding as of December 31, 2024.

This earnings news release should be read in conjunction with the Company's audited financial statements for the third quarter ending September 30, 2024 (the "**Audited Financial Statements**") and the related Management's Discussion and Analysis (the "**MD&A**"); both documents are available to download on The Fresh Factory's profile on SEDAR+ at www.sedarplus.ca.

For conversion purposes, this release used $0.73 as the conversion rate from CAD to USD.

All figures in this news release are in US dollars unless otherwise stated.

About The Fresh Factory B.C. Ltd.

The Fresh Factory is a vertically integrated company focused on accelerating the growth of fresh, clean-label, better-for-you food and beverage brands of tomorrow. The Fresh Factory owns or partners with emerging brands 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 United States. As a public benefits corporation, The Fresh Factory is committed to sustainability, striving 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.

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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.

Forward-Looking Statements

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.sedarplus.ca*. 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.*

Neither the TSXV nor its Regulation Services provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.