



# *goodfood*

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JULY 11, 2019

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS



This presentation may include forward-looking statements regarding Goodfood, its business, operations or results. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from expectations expressed in, or implied by, such forward-looking statements. These statements also involve known and unknown risks, uncertainties and other factors, including factors that are beyond Goodfood's control, that may cause actual results or events to differ materially from those expressed in such forward-looking statements. Forward looking statements reflect Goodfood's then current views with respect to future events based on certain material facts and assumptions. Although Goodfood believes that the assumptions on which such forward-looking information is based are reasonable at the time they are made, there can be no assurance that such facts or assumptions will prove to be correct and undue reliance should, therefore, not be placed on any forward looking information. Forward-looking events and circumstances may not occur at all or by specified or anticipated dates. Events and/or results could differ materially as a result of known and unknown risks and uncertainties affecting Goodfood, including, without limitation, risks regarding the food industry, economic factors, the equity markets generally, changes in regulatory environment or law, failure to obtain required approvals and risks associated with growth and competition in addition to other risks identified in publicly filed documents under Goodfood's profile at [www.sedar.com](http://www.sedar.com) as well as other unknown risks. Forward-looking statements speak only as of the date on which they are made and Goodfood undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

# METRICS AND NON-IFRS FINANCIAL MEASURES



Goodfood reports its financial results in accordance with International Financial Reporting Standards ("IFRS"). Goodfood also uses non-IFRS measures in this presentation that do not have any standardized meaning prescribed by IFRS, including gross merchandise sales, gross merchandise sales run-rate, adjusted gross profit, adjusted gross margin, and EBITDA. These non-IFRS measures may not be comparable to similar measures presented by other companies. For further details of these non-IFRS measures, including a reconciliation to the most directly comparable IFRS financial measures, refer to Goodfood's Management's Discussion and Analysis.

Metrics	Definition
Active Subscribers	An account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle. Active subscribers exclude cancelled accounts. While Active subscribers is not an IFRS or Non-IFRS Financial Measure, and therefore, does not appear in, and cannot be reconciled to, a specific line item in our consolidated financial statements, we believe that Active subscribers is a useful metric for investors because it is indicative of future revenues. The Company reports the number of Active subscribers at the beginning and end of the period, rounded to the nearest thousand.

Non-IFRS Financial Measures	Definition
Gross Merchandise Sales	Gross merchandise sales ("GMS") measures the total retail value of goods sold by the Company and is calculated before taking into account all incentives and credits included in revenue. Incentives and credits, presented at retail value, are principally comprised of sign-up inducements, which typically provide new Active subscribers with a discount on their first delivery.
Gross Merchandise Sales Run-rate	Calculated as gross merchandise sales for the four-week period ended as at the date indicated multiplied by thirteen.
Adjusted Gross Profit & Adjusted Gross Margin	Adjusted gross profit and Adjusted gross margin measure gross profit and gross margin on a retail value basis. Adjusted gross profit is calculated by subtracting the cost of goods sold from GMS. Adjusted gross margin is expressed in percentage terms and calculated as Adjusted gross profit divided by GMS.
EBITDA	EBITDA is defined as net income or loss before net finance expenses (income), depreciation and amortization expense and income tax expense.
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA excluding share-based compensation expenses as they are an equity compensation item and other items that we believe do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance.

# TYPICAL SEASONALITY PATTERNS



	Q1 Sept-Oct-Nov	Q2 Dec-Jan-Feb	Q3 Mar-Apr-May	Q4 June-July-Aug
Marketing campaigns	Higher	Higher	Medium	Low
Order rates	Higher	High	Medium/High	Low
New subscribers	Higher	High	Medium/High	Low
Margins	Higher	Lower	Higher	Lower
Cash flow from operations target	Positive for the period			Negative
Comments	Strong quarter with critical back-to-school period	January and February are traditionally strong-demand months with a slow down in December due to the Holiday Season	March is typically impacted by Spring break, April is strong and May depends heavily on weather	Summer months are slow given vacation time and nicer weather

## Q3-19 KEY HIGHLIGHTS



1

Subscribers<sup>(1)</sup> and revenue more than doubled year-over-year to 189,000 and \$49.9M respectively

2

GMS<sup>(1)</sup> more than doubled year-over-year to \$61.2M and GMS run-rate<sup>(1)</sup> increased to \$257M as at May 31, 2019

3

Adjusted gross margin<sup>(1)</sup> reached a record 41.6% while gross margin reached an all-time high at 28.3%

4

After nine months, cash provided by operations of \$3.9M and cash used in investing for CAPEX of \$4.9M

5

Strong financial position to pursue growth with \$50M in cash and cash equivalents at May 31, 2019

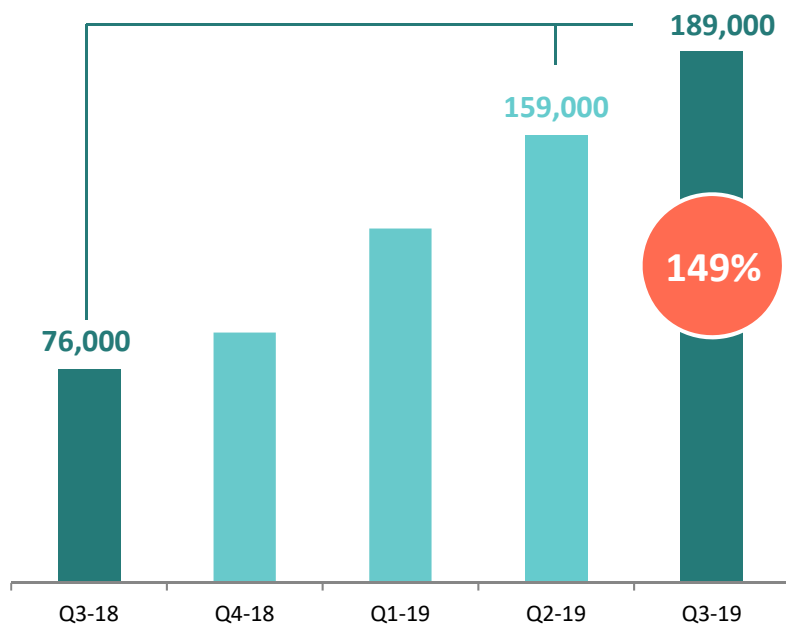
<sup>(1)</sup> This is a non-IFRS measure. Please refer to page 3 of this presentation for more details.

# Q3-19 – SUBSCRIBERS<sup>(1)</sup> AND REVENUE

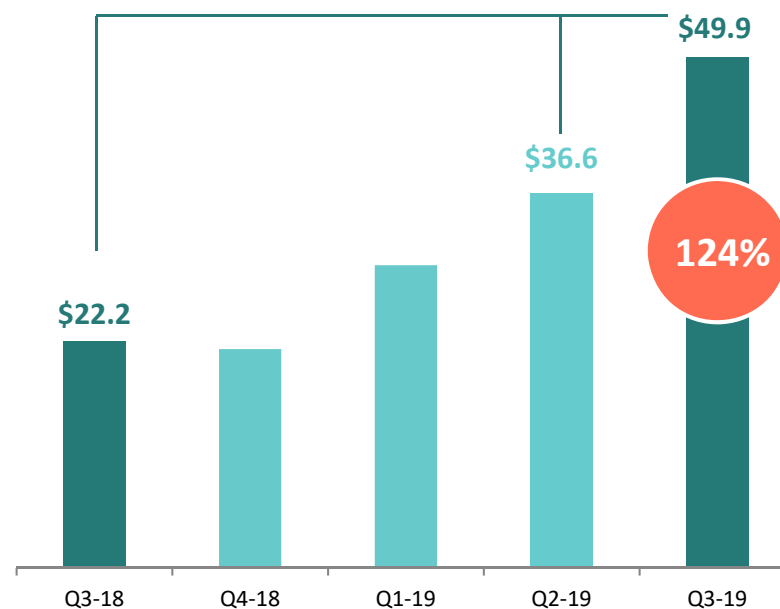


Continue to deliver strong triple digit growth in subscribers<sup>(1)</sup> and revenue in Q3-19

**Active Subscribers<sup>(1)</sup>**  
End of period



**Revenue**  
C\$ millions



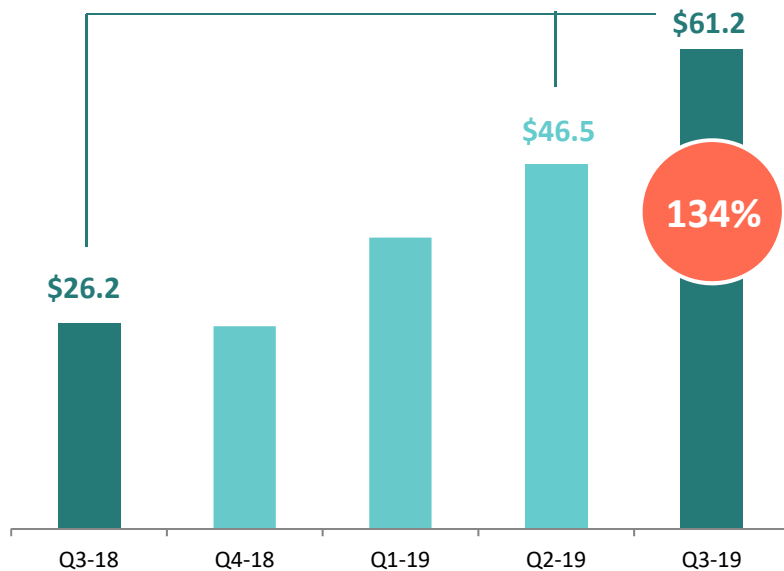
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# Q3-19 – GROSS MERCHANDISE SALES<sup>(1)</sup>

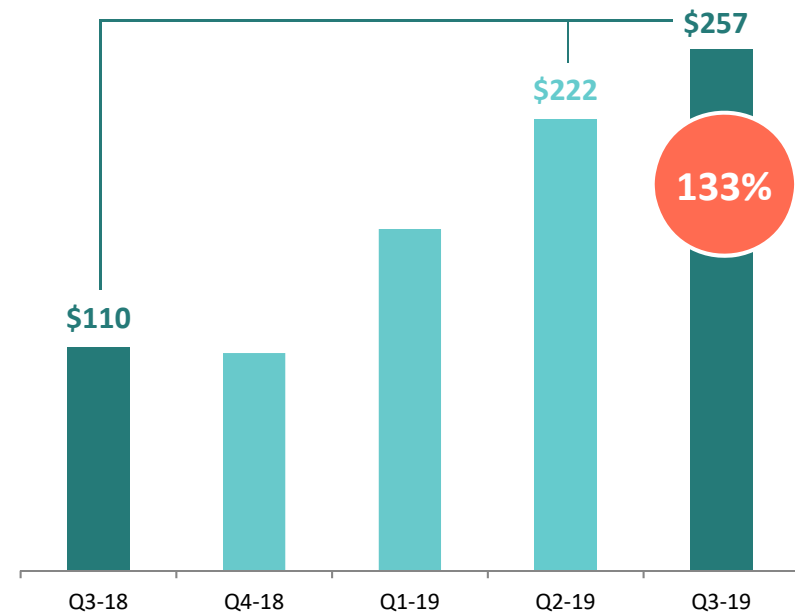


The **GMS run-rate<sup>(1)</sup>** reached an all-time high, surpassing the **\$250M** mark at the end of Q3-19

**Gross Merchandise Sales<sup>(1)</sup>**  
C\$ millions



**GMS Run-rate<sup>(1)</sup>**  
C\$ millions



<sup>(1)</sup> This is a non-IFRS measure. Please refer to page 3 of this presentation for more details.

# Q3-19 OPERATIONAL HIGHLIGHTS



## Breakfast meal solutions launched across Canada

- Launched our 1<sup>st</sup> breakfast solution for ready-to-blend smoothies with 16 original internally developed flavors
- Achieved \$10 million in annualized gross merchandise sales<sup>(1)</sup> in less than 6 months
- Signed an agreement for a 20,000 square-foot Montreal production facility dedicated entirely to breakfast solutions with a production capacity of \$100M

## Other meal solutions

- Clean15 meal-kit plan launched in January 2019 and continues to exceed expectations with a high order rate and strong growth
- Ready-to-eat meals in pilot testing stage in Quebec, with plans to extend to other Canadian provinces in the near-term, promising initial results and increasing subscribers' ratings



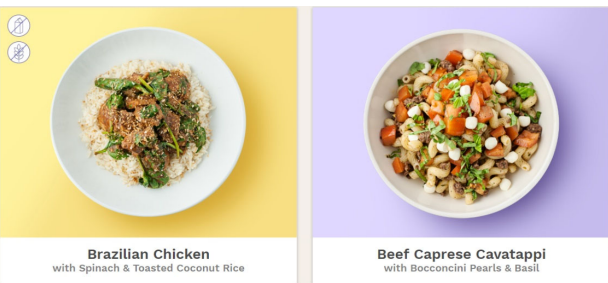
## Now offering 29 original internally developed meal-kit recipe options on a weekly basis

### Soft launch of yum.m.ca

- Marketing campaign strategically planned in upcoming months
- 6 meal-kit recipe options starting at \$6.99 per serving, the lowest cost available in Canada

## Capacity expansion

- Eastern Canada facility expansion significantly completed in Q3 2019
- Calgary facility expansion and increase in production capacity to be completed for back to school
- Signed an agreement for an 84,000 square-foot production facility in Vancouver to unlock operational savings and add annual production capacity of \$50M
- Meal-kits total production capacity will increase from \$300M to \$650M



## Continuing to invest in world class automation eco-system

<sup>(1)</sup> See the non-IFRS measures section on page 3

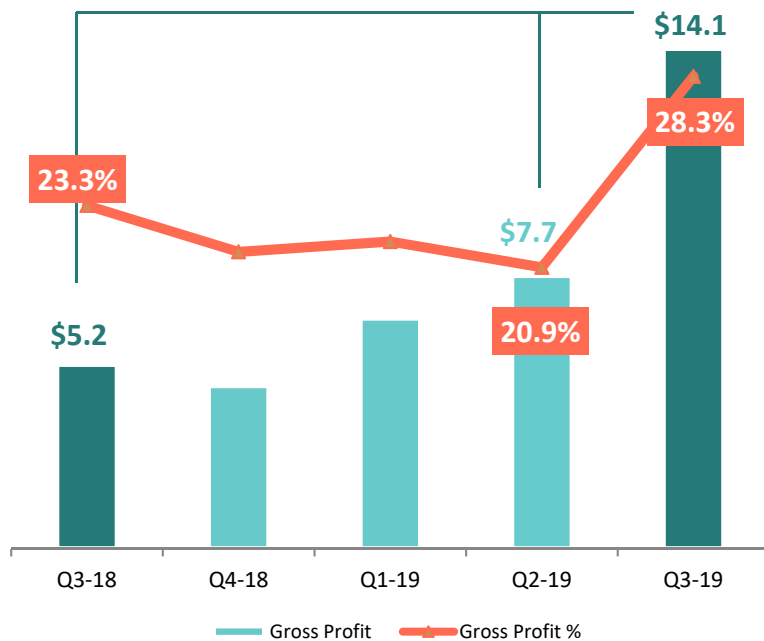


# Q3-19 – GROSS PROFIT AND ADJUSTED GROSS PROFIT<sup>(1)</sup>

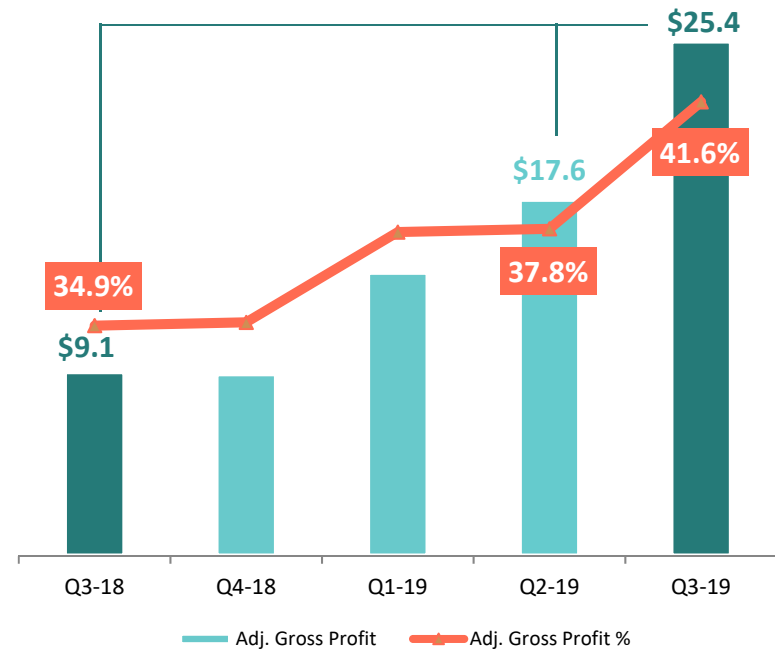


Margins increased significantly due to investments in automation, operational efficiencies and improved buying power

**Gross Profit & Gross Margin**  
C\$ millions and %



**Adjusted Gross Profit<sup>(1)</sup> & Adjusted Gross Margin<sup>(1)</sup>**  
C\$ millions and %



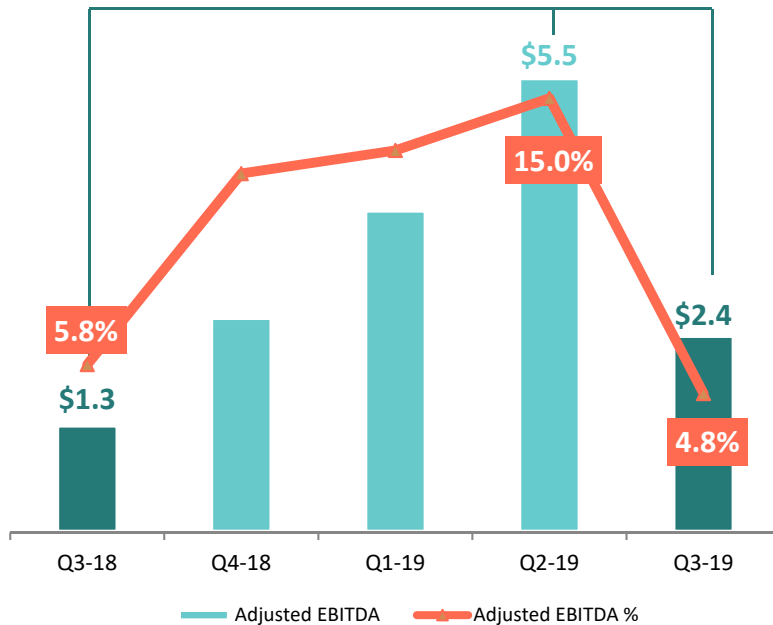
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# Q3-19 – ADJUSTED EBITDA<sup>(1)</sup> AND NET LOSS

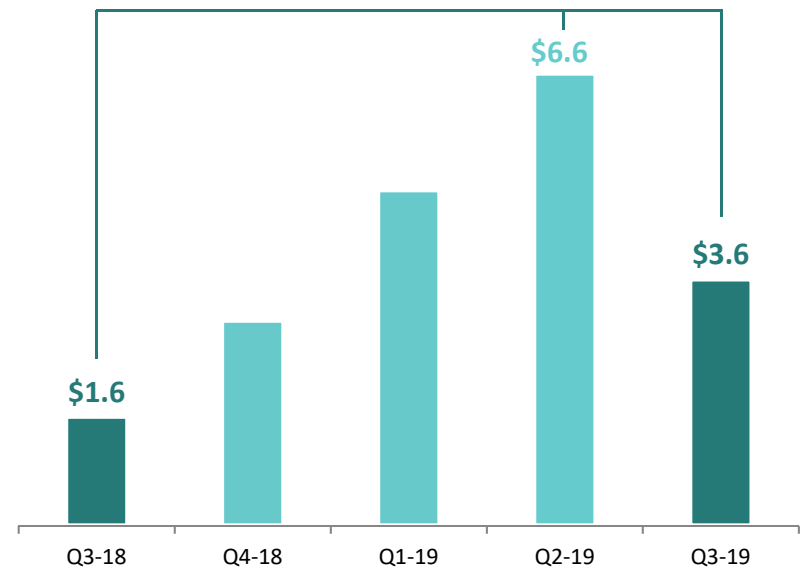


Investing in market share leadership, scale and density which delays short-term earnings but maximizes longer term shareholder value

**Adjusted EBITDA<sup>(1)</sup> (loss)  
& Adjusted EBITDA Margin<sup>(1)</sup>**  
C\$ millions and %



**Net Loss**  
C\$ millions



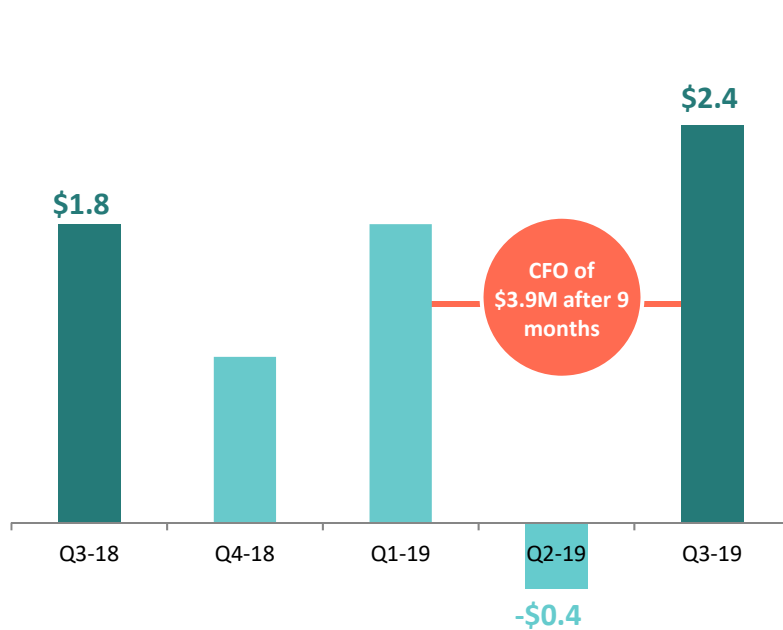
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# Q3-19 – CFO AND CAPEX

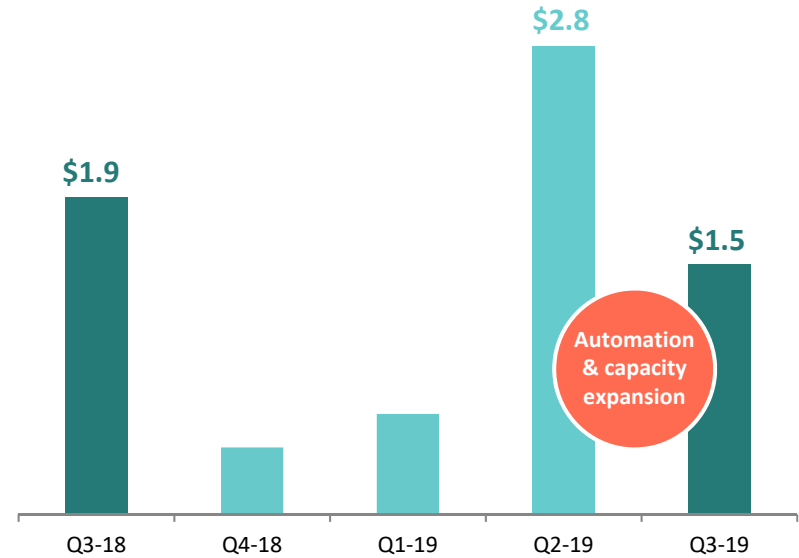


The Company continued to invest in its growth and the launch of other meal solutions

**Cash Flow Provided by Operations**  
C\$ millions



**CAPEX**  
C\$ millions

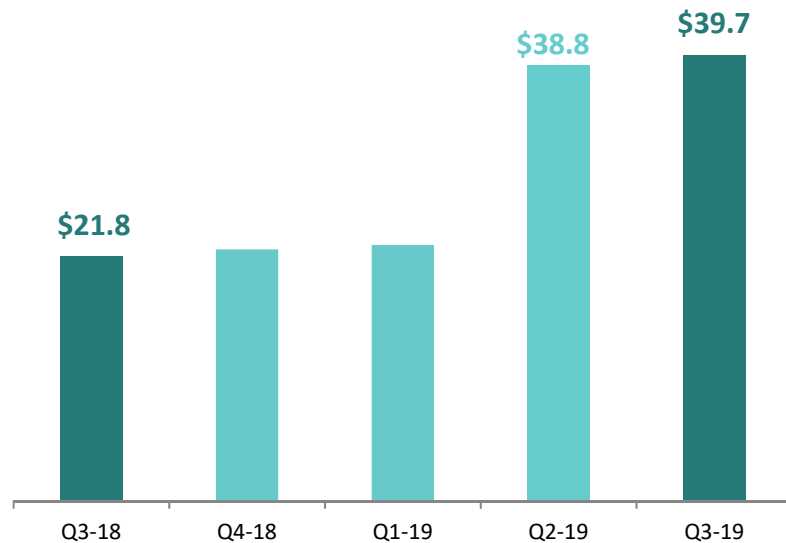


# Q3-19 – FINANCIAL POSITION

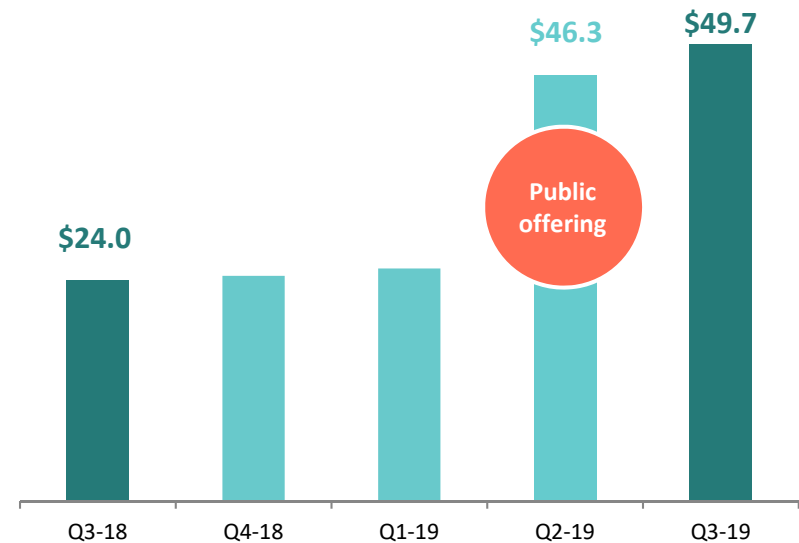


The Company is in a very solid financial position to continue to execute its business plan

**Net Debt (negative)**  
C\$ millions



**Cash and cash equivalents**  
C\$ millions



# Q & A



# goodfood

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## COMPANY CONTACT

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