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# Q1

## FISCAL 2020

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January 8, 2020

## 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.

## Q1-20 – Key Highlights



Continuing to deliver strong growth and consistently strong margin improvement

(in millions of Canadian \$ except active subscribers and margins)	Q1-20	Q1-19	Y-o-Y Δ
Active subscribers <sup>(1)</sup>	<b>230,000</b>	126,000	83%
Revenue	<b>\$56.3</b>	\$29.6	90%
Gross merchandise sales <sup>(1)</sup>	<b>68.0</b>	37.1	83%
Gross profit	<b>16.2</b>	6.5	150%
Gross margin (%)	<b>28.8%</b>	21.9%	+6.9 pp
Adjusted gross profit <sup>(1)</sup>	<b>28.0</b>	14.0	100%
Adjusted gross margin (%) <sup>(1)</sup>	<b>41.1%</b>	37.7%	+3.4 pp
Adjusted EBITDA <sup>(1)</sup>	<b>(3.7)</b>	(3.9)	-
Adjusted EBITDA margin (%) <sup>(1)</sup>	<b>(6.5%)</b>	(13.2%)	+6.7 pp
Net loss	<b>(5.2)</b>	(4.9)	-
Cash flows provided by operations	<b>1.5</b>	1.8	-
Cash, cash equivalents and restricted cash	<b>47.0</b>	25.3	-

(1) This is a Metric or non-IFRS measure. Please refer to page 11 of this presentation for more details.



## Q1-20 – Operational Highlights

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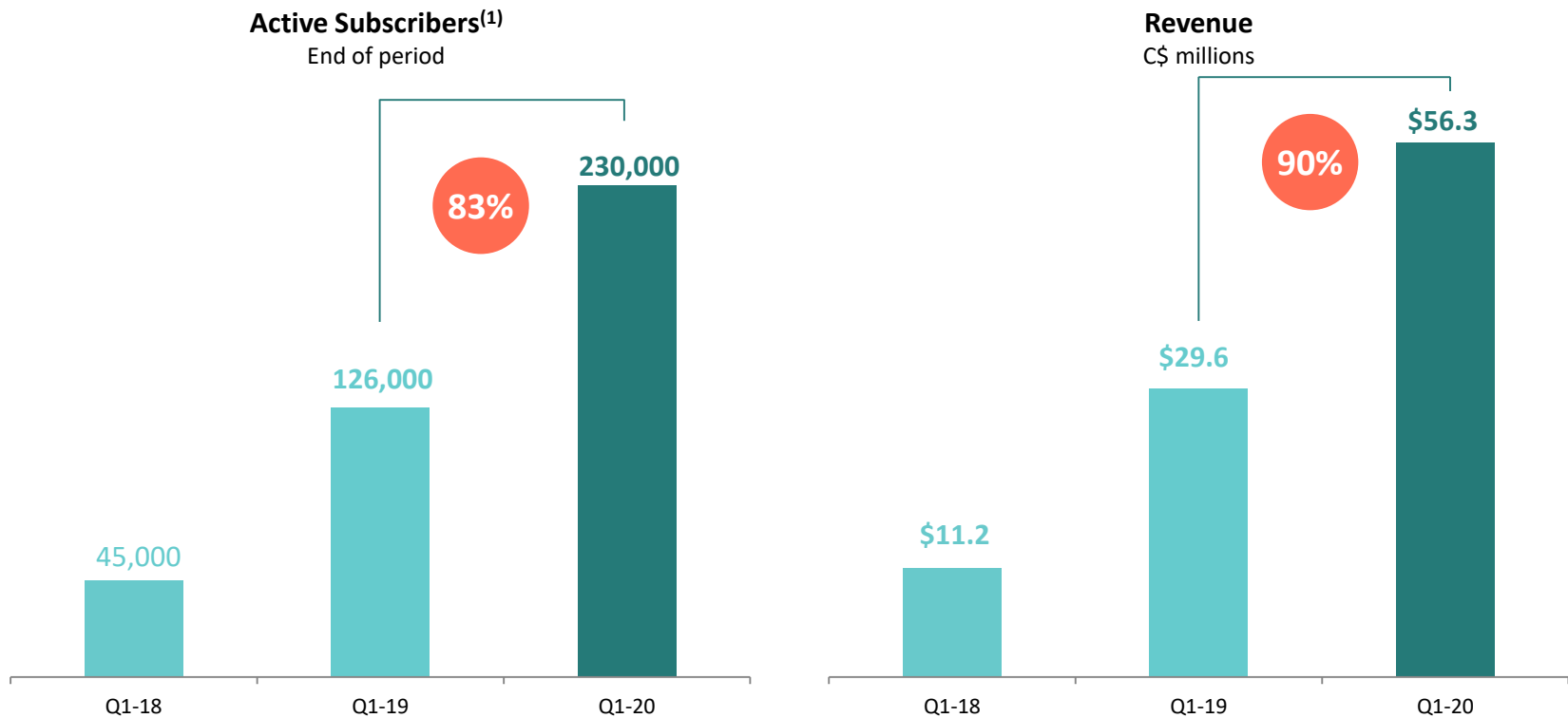


### Ramped-up product offering to enhance member experience and expand market reach

- Expanded offering in new meal solutions and grocery products
  - Up to 32 breakfast products including high protein muffins, gourmet coffee, omelets and pastries
  - 85 private-label grocery products ranging from grocery essentials, to premium proteins and family style appetizers
- Worked on expanding distribution of ready-to-eat meals across Canada
  - Currently over 20 options available in Quebec and Alberta with some products available in Ontario
  - Initial stages of expanding offering through partial in-sourcing of production at Montreal (Hickmore) facility in coming months
- Continued to create recipes and plans for our ready-to-cook meal solution

# Q1-20 – Subscribers<sup>(1)</sup> and Revenue

High double-digit growth in subscribers<sup>(1)</sup> and revenue in Q1-20, consistent with growth strategy



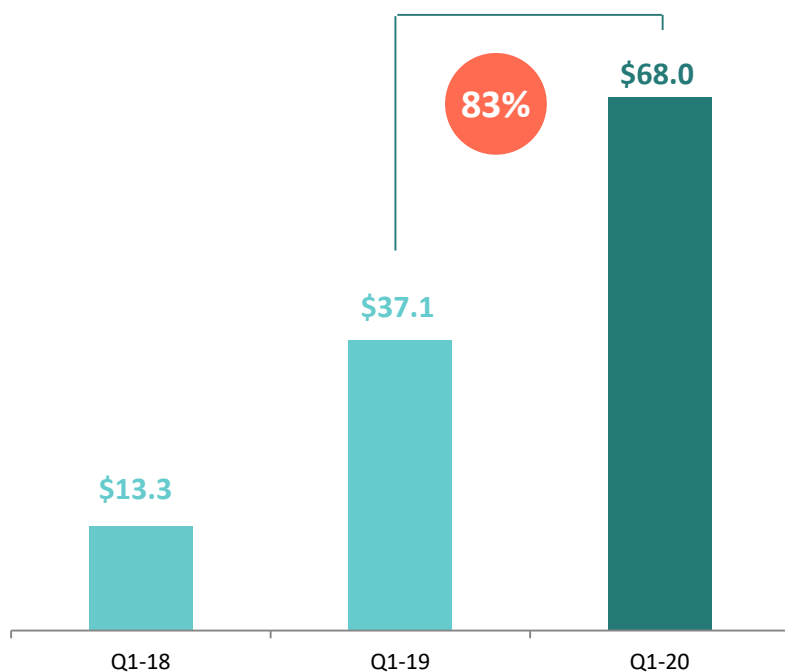
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# Q1-20 – Gross Merchandise Sales<sup>(1)</sup>

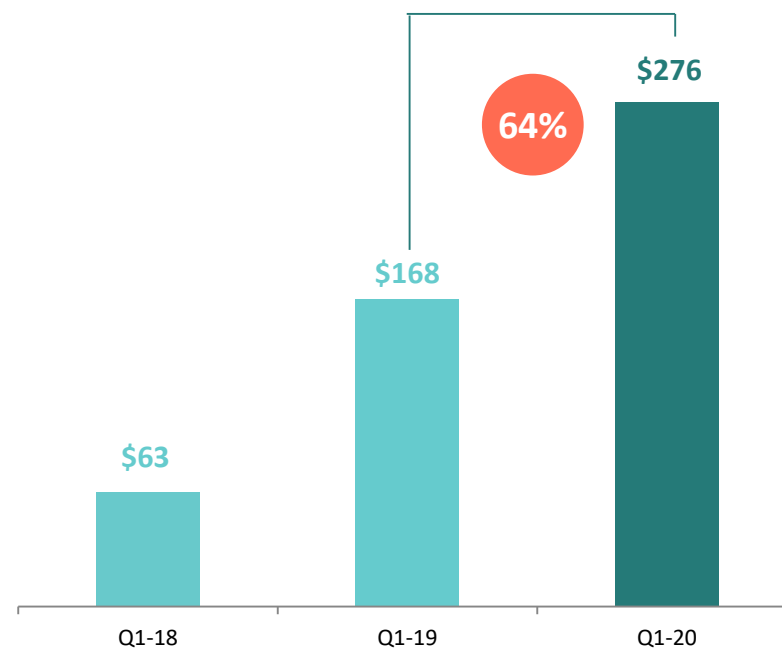


The **GMS run-rate<sup>(1)</sup>** reached an all-time high of **\$276M** at the end of Q1-20

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



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

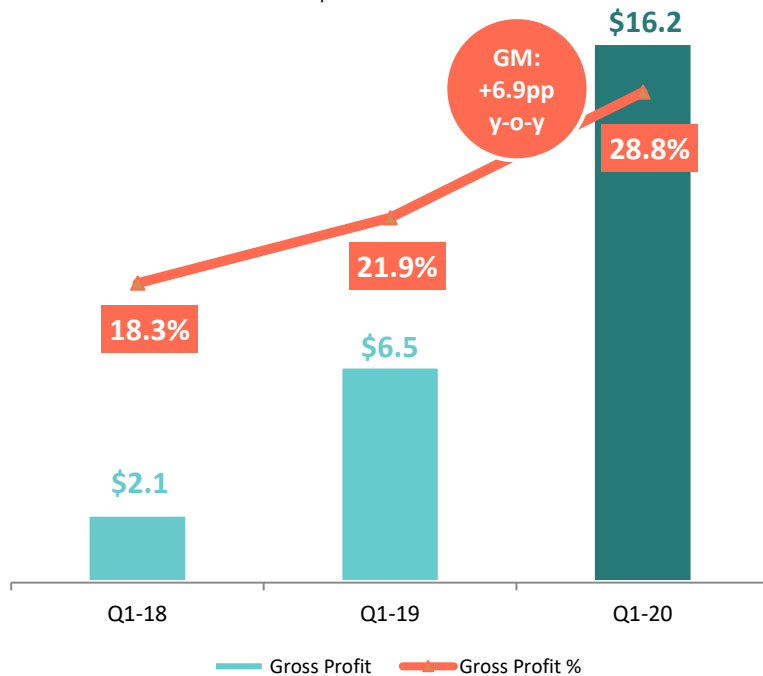


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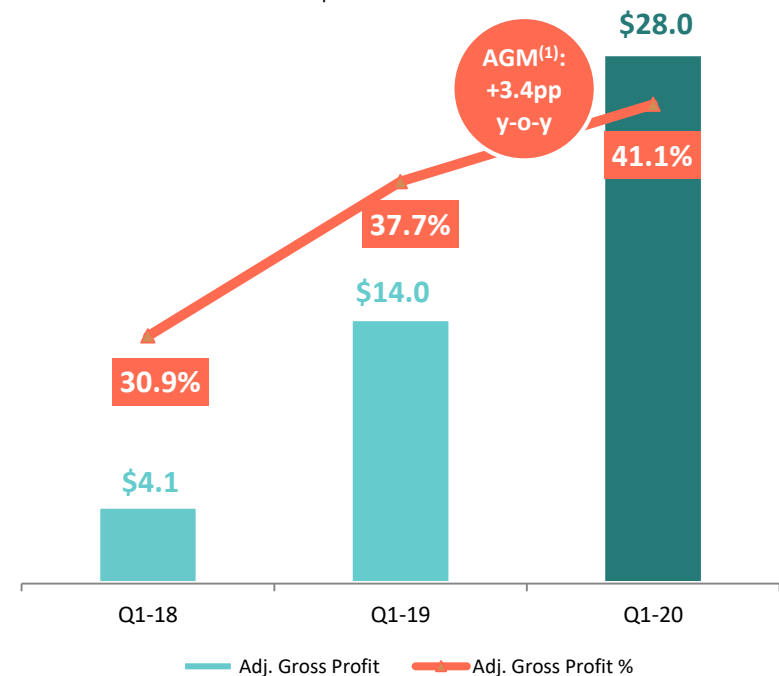
# Q1-20 – Gross Profit and Adjusted Gross Profit<sup>(1)</sup>

Margins continue their strong positive upward trend with significant improvement driven by investments in automation, operational efficiencies, improved buying power and growing scale

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



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

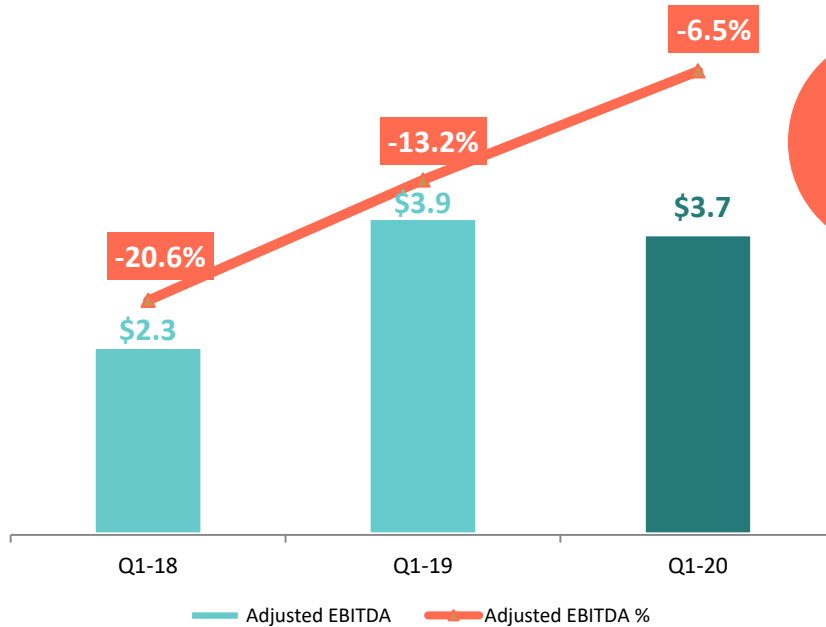


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# Q1-20 – Adjusted EBITDA<sup>(1)</sup> and Net Loss

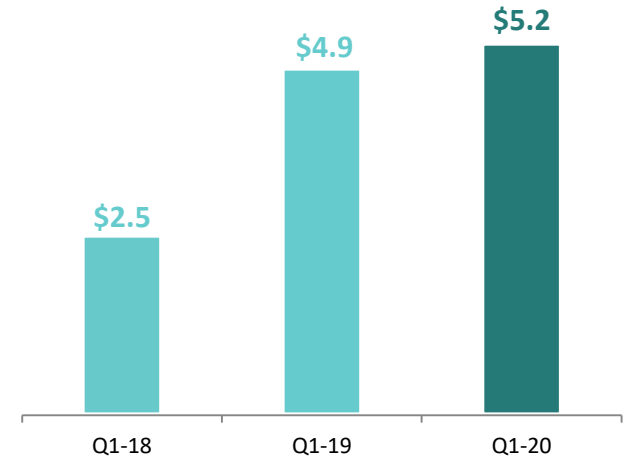
Continuing to invest in market share leadership, scale, penetration and density to maximize shareholder value while also improving Adj. EBITDA<sup>(1)</sup> margin 14.1 pp over 8 quarters

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



Adj.  
EBITDA<sup>(1)</sup>:  
+6.7pp y-o-y  
+14.1pp 8Q

**Net Loss**  
C\$ millions



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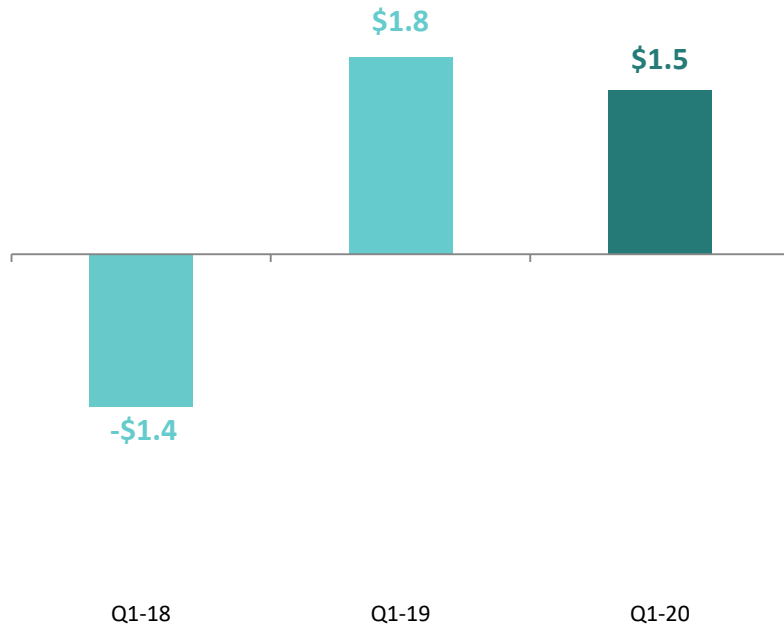


# Q1-20 – CFO and CAPEX

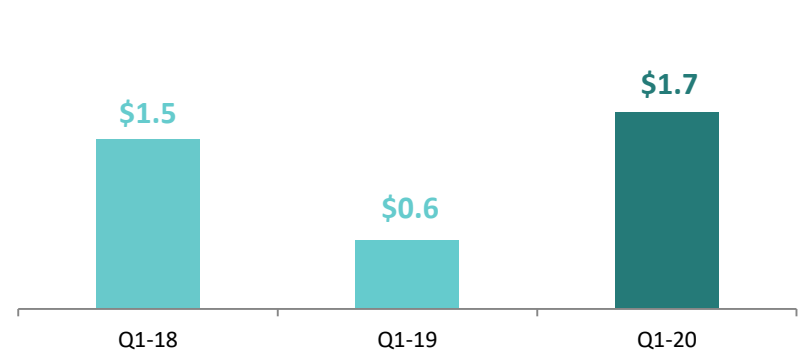


Goodfood continues to generate positive cash from operations to provide capital for its growth and expects to invest between \$10 million and \$12 million in capital expenditures in Fiscal 2020

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



**CAPEX**  
C\$ millions



# Q & A



# 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. For greater certainty, an Active subscriber is only accounted for once, although different products might have been ordered in a given weekly delivery cycle. 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.

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