



goodfood



Q2

FISCAL 2020

April 8, 2020

Caution Regarding Forward-looking Statements



This presentation contains forward-looking information within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as “may”, “would”, “should”, “could”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe”, or “continue”, the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors which are discussed in greater detail under “Risk Factors” in the Company’s Annual Information Form for the year ended August 31, 2019 available on SEDAR at www.sedar.com: limited operating history, negative operating cash flow, food industry, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood’s reputation, transportation disruptions, product liability, ownership and protection of intellectual property, evolving industry, unionization activities, reliance on management, factors which may prevent realization of growth targets, competition, availability and quality of raw materials, limited number of products, environmental and employee health and safety regulations, online security breaches and disruption, reliance on data centers, open source license compliance, future capital requirements, operating risk and insurance coverage, management of growth, conflicts of interest, litigation, and catastrophic events. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. In addition, information and expectations set forth herein are subject to and could change materially in relation to developments regarding the COVID-19 pandemic and its impact on product demand, labour mobility, supply chain continuity and other elements beyond our control. Consequently, all of the forward looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Q2-20 – Key Highlights



Continuing to consistently deliver strong growth and margin improvement

(in millions of Canadian \$ except active subscribers and margins)	Q2-20	Q2-19	Y-o-Y Δ
Active subscribers ⁽¹⁾	246,000	159,000	55%
Revenue	\$58.8	\$36.6	61%
Gross merchandise sales ⁽¹⁾	68.9	46.5	48%
Gross profit	17.8	7.7	133%
Gross margin (%)	30.3%	20.9%	+9.4pp
Adjusted gross profit ⁽¹⁾	28.0	17.6	59%
Adjusted gross margin (%) ⁽¹⁾	40.6%	37.8%	+2.8pp
Adjusted EBITDA ⁽¹⁾	(2.9)	(5.5)	-
Adjusted EBITDA margin (%) ⁽¹⁾	(5.0%)	(15.0%)	+10.0pp
Net loss	(3.4)	(6.6)	-
Cash flows provided by operations	(3.9)	(0.5)	-
Cash, cash equivalents and restricted cash	69.5	46.3	-

⁽¹⁾ This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

Q2-20 – Key Business Highlights

goodfood



Expanded operating footprint and product offering to serve Canadians better and capture more of their grocery basket

- Successful build-out and opening of Vancouver fulfillment centre
 - Operational since the beginning of March and deliveries ramping up
- Continuing to refine and expand SKUs within product offering to capture a larger size of consumer basket
- Currently in negotiation for a facility in the GTA



Completed \$30 million financing through issuance of convertible debentures

- Transaction mainly to finance buildout of GTA fulfilment centre and fund automation capex projects
 - Provides company with strong financial position to execute and accomplish growth strategy and face potential headwinds







Launched several initiatives to improve member experience and cost structure such as Goodcourier last-mile delivery

COVID-19 Impact

Goodfood has experienced rising demand, increasing revenue and also stretching operations and logistics

- Faster shift to online e-commerce grocery, accelerating adoption
 - Current shift could have significant permanent impact
 - Meal kits seen as safest food and grocery delivery option⁽¹⁾
- Goodfood has seen a rise in demand for all products, particularly Private Label grocery
- Operations pressured by increased demand, labor in particular



	COVID-19 IMPACT	Goodfood Initiatives
New subscribers ⁽²⁾	 <ul style="list-style-type: none"> • Increased subscriber count in March vs forecast • Likely to stabilize in short-term 	<ul style="list-style-type: none"> ✓ Heightened already strict hygiene measures to ensure safety of employees and members
Order rate	 <ul style="list-style-type: none"> • Increased orders from existing customers on a weekly basis 	<ul style="list-style-type: none"> ✓ Hired 500+ new employees to face demand
Average order value	 <ul style="list-style-type: none"> • Larger basket size, now including more Private Label and Ready-to-Eat products 	<ul style="list-style-type: none"> ✓ Increased pay of operations and production staff by at least \$2 per hour ✓ Increased inventory on more complex SKUs and ramped up co-packing with suppliers to alleviate pressure on operations
Margins	 <ul style="list-style-type: none"> • Increased food and labor costs, driven in part by Goodfood's Hero Pay program, pressure on supply chain and additional sanitary measures 	<ul style="list-style-type: none"> ✓ Established weekly communication from CEO to members providing update on impact of pandemic on Goodfood ✓ Matched donations by members and employees to the Breakfast Club of Canada ✓ Announced partnership with CHUM Foundation to donate meals to frontline workers

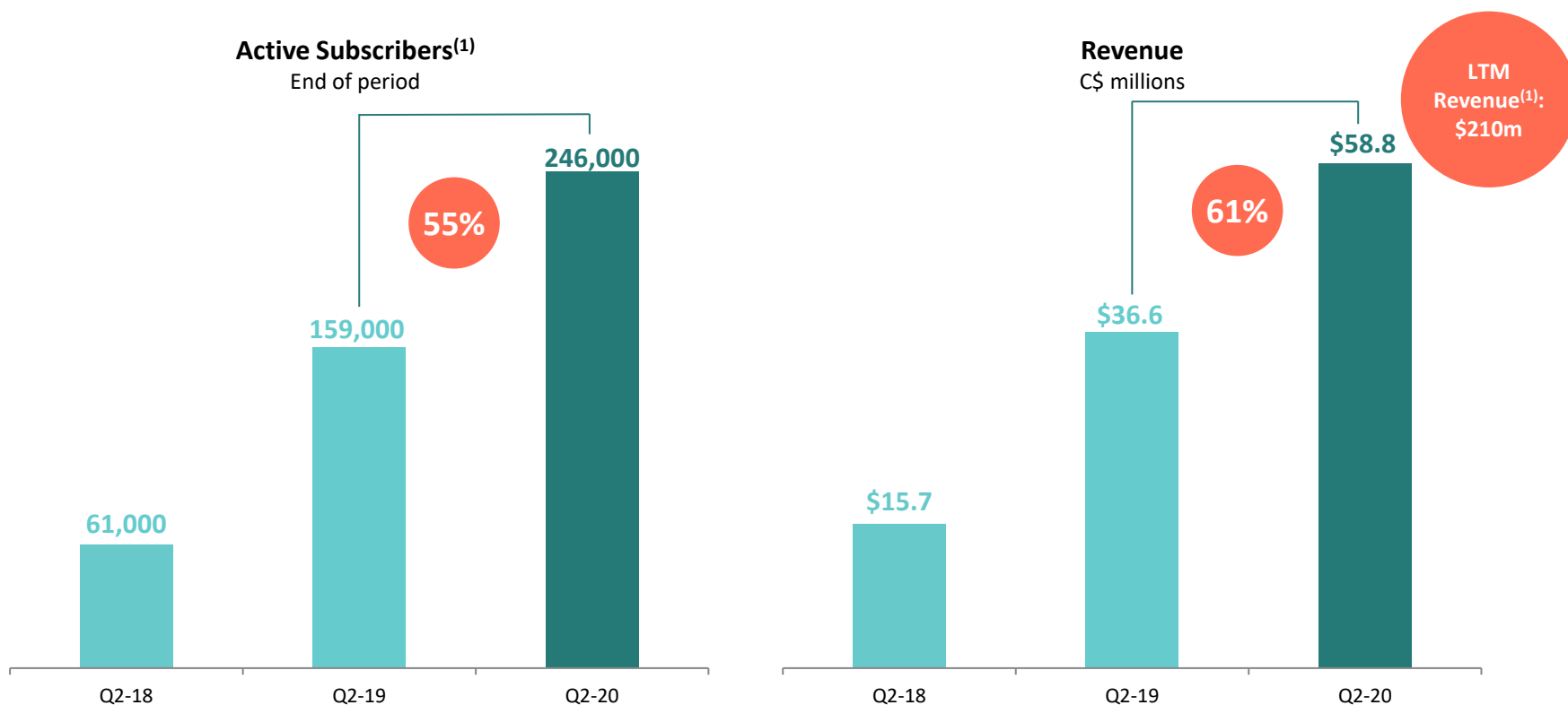
(1) Datassential, March 2020

(2) This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

Q2-20 – Subscribers⁽¹⁾ and Revenue



Continued penetration Coast-to-Coast driving subscriber⁽¹⁾ and revenue growth of 55% and 61% year-over-year, respectively, highlighting Goodfood's successful growth strategy

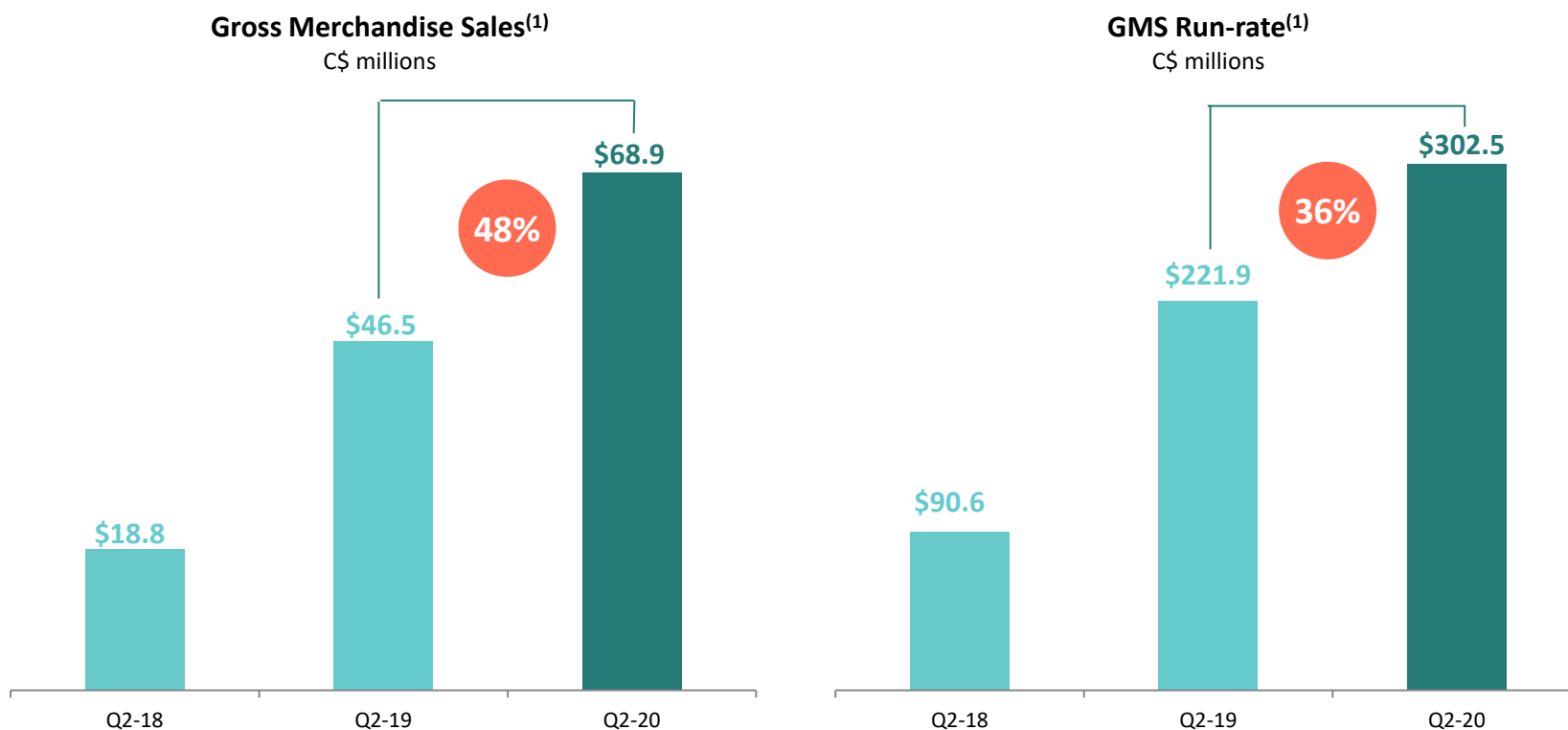


(1) This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

Q2-20 – Gross Merchandise Sales⁽¹⁾

goodfood

Goodfood surpassed the \$300 million GMS run-rate⁽¹⁾ milestone as at the end of Q2-20



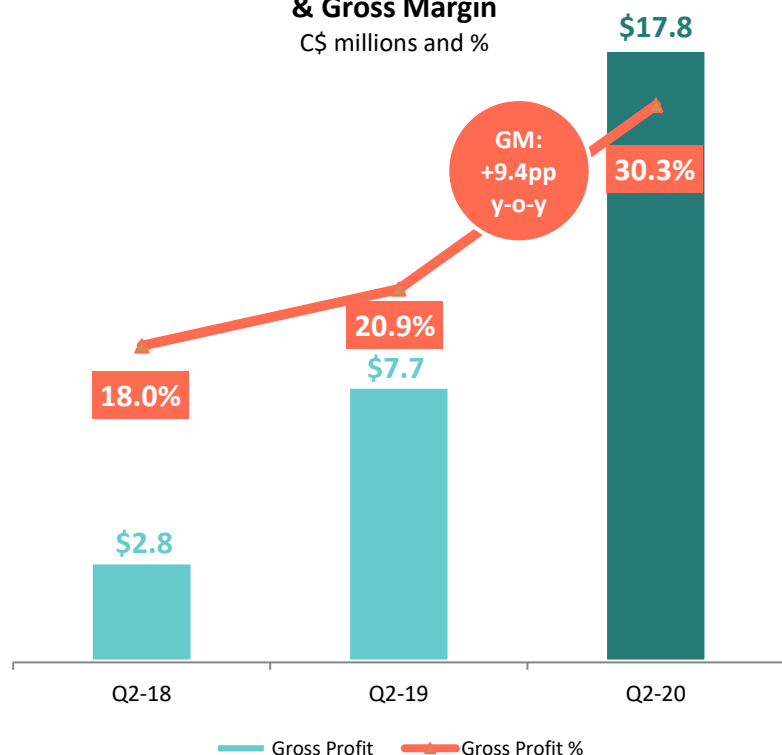
(1) This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

Q2-20 – Gross Profit and Adjusted Gross Profit⁽¹⁾

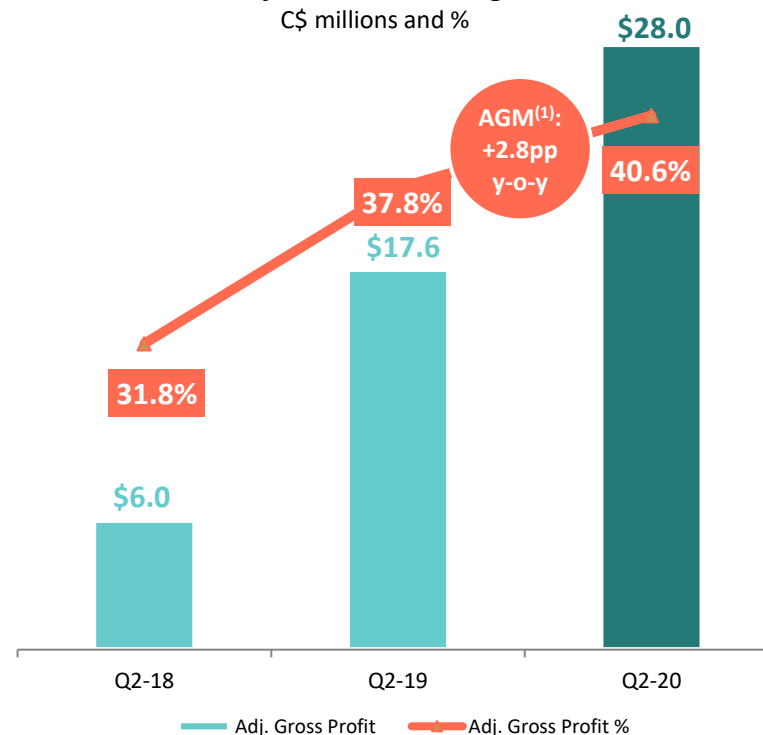


Margins continue their strong positive upward trend with significant improvement driven by operational efficiencies, improved buying power and automation

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



**Adjusted Gross Profit⁽¹⁾
& Adjusted Gross Margin⁽¹⁾**
C\$ millions and %

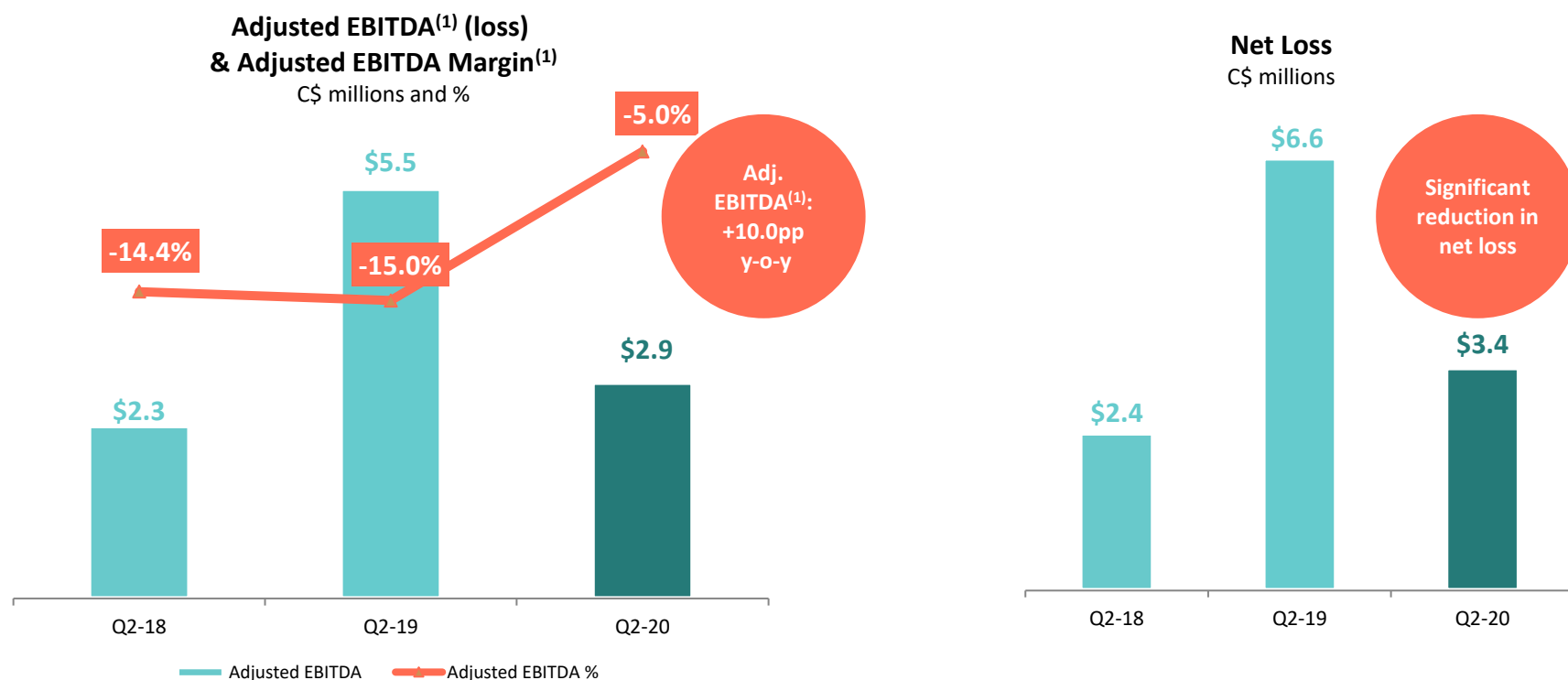


(1) This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

Q2-20 – Adjusted EBITDA⁽¹⁾ and Net Loss

goodfood

Investments in market share leadership, scale, penetration and density demonstrating operating leverage and leading to improvement in Adj. EBITDA⁽¹⁾ margin of 10.0pp y-o-y



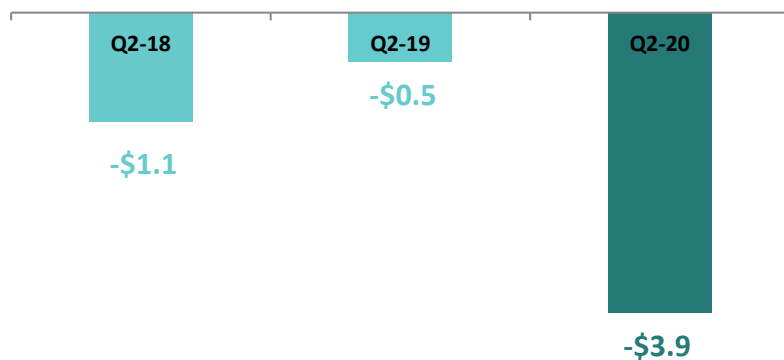
(1) This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

Q2-20 – CFO and CAPEX

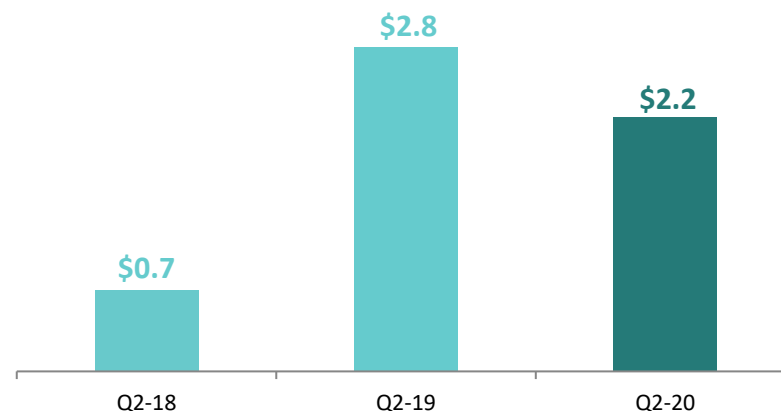


Use of cash from operations for the quarter driven by working capital items such as deferred revenue and payables, as Goodfood onboards new suppliers, builds inventory of new products and adds a facility; investment in capex (Vancouver) to improve client proximity and experience and ultimately margins

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.
LTM Revenue	LTM Revenue is defined as revenue from the last twelve months calculated as the addition of the Revenue of the last four consecutive quarters.



MAKEGOODFOOD.CA

COMPANY CONTACT – INVESTOR RELATIONS

Philippe Adam, Chief Financial Officer

1 (855) 515-5191

IR@makegoodfood.ca

Roslane Aouameur, Director Investor Relations

1 (855) 515-5191

IR@makegoodfood.ca