



goodfood

FY20 and Q4-20 Earnings Presentation

November 11, 2020



Caution Regarding Forward-looking Statements



This MD&A 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”, and “continue”, as well as 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, 2020 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, 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, limited number of products, conflicts of interest, litigation, catastrophic events, risks associated with payments from customers and third parties, being accused of infringing intellectual property rights of others and, climate change and environmental risks. 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 the 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.

Q4-20 & Fiscal 2019 - Key Highlights



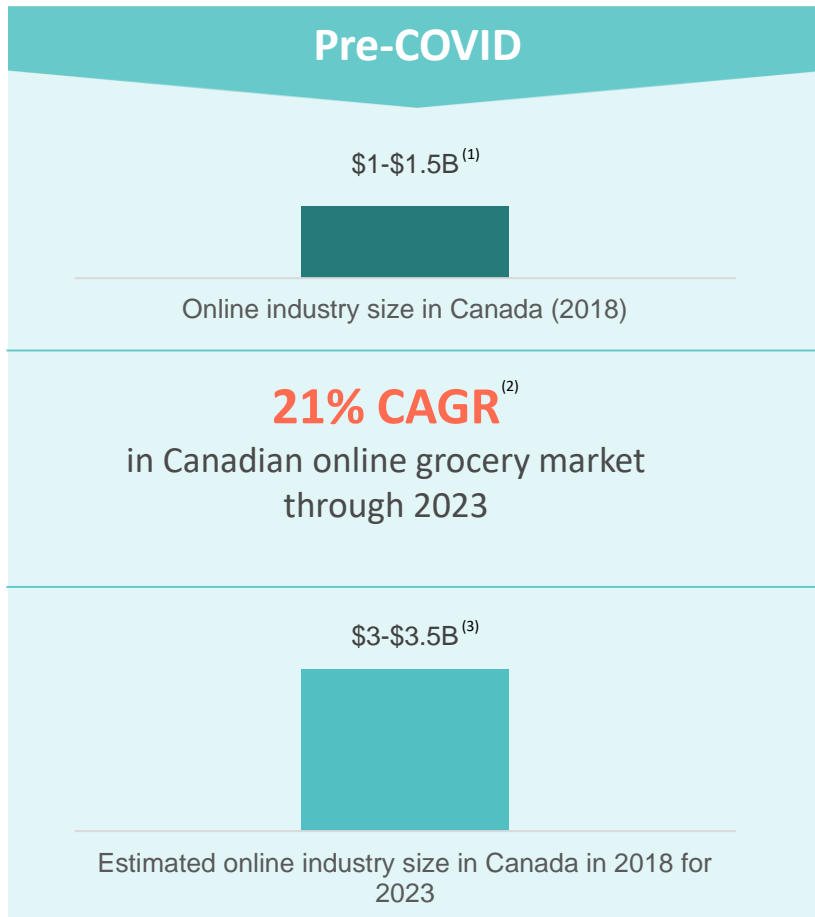
Goodfood delivers positive Adj. EBITDA for the full year for the first time on the back of consistently strong growth and margin improvement

(in millions of Canadian \$ except active subscribers and margins)	Q4-20	Q4-19	Y-o-Y Δ	FY-20	FY-19	Y-o-Y Δ
Active subscribers ⁽¹⁾	280,000	200,000	+40%	280,000	200,000	+40%
Revenue	\$83.7	\$45.3	+85%	\$285.4	\$161.3	+77%
Gross profit	27.5	12.1	+127%	86.4	40.3	+114%
Gross margin (%)	32.8%	26.7%	+6.1pp	30.3%	25.0%	+5.3pp
Adjusted EBITDA ⁽¹⁾	5.3	(4.4)	+220%	4.7	(16.2)	+129%
Adjusted EBITDA margin (%) ⁽¹⁾	6.3%	(9.7%)	+16.0pp	1.6%	(10.0%)	+11.7pp
Net Income (Loss)	1.6	(5.9)	+127%	(4.1)	(20.9)	+80%
Cash flows provided by operations	2.4	(2.7)	+189%	8.6	0.9	+872%
Cash, cash equivalents and restricted cash	106.9	47.6	+124%	106.9	47.6	+124%

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

Grocery's shift online was already accelerating...

The shift of grocery shopping online was already underway...



...and Goodfood was setup for strong growth

Goodfood built the capabilities and **differentiated strategy** to benefit from the **accelerating shift to online grocery** and is poised to cement its place as a **leader in online grocery**



- **589K sq. ft of purpose-built footprint**
- **Operational flexibility to respond to demand with grocery capabilities, ready-to-cook manufacturing and ready-to-eat kitchen**
- **Recognized brand for delivered-to-home products**

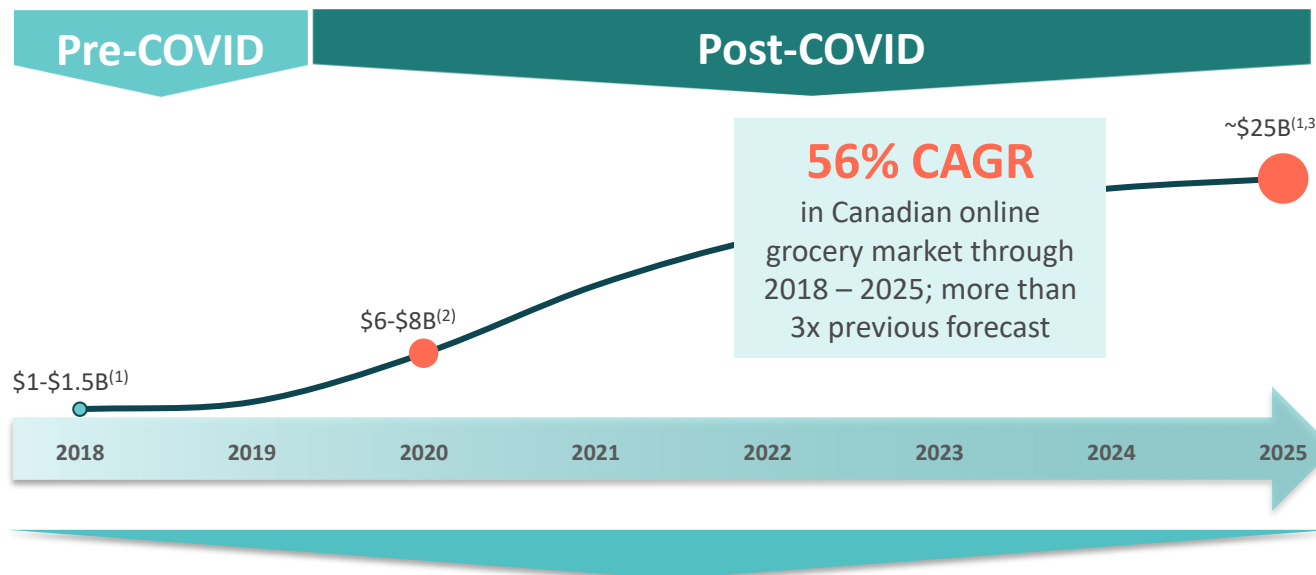
(1) Based on \$124B industry defined by Statista, Retail sales of food and beverage Canada 2012-2018, March 2019; and online penetration of ~1% based on GD/CanadianGrocer.com.

(2) IGD/CanadianGrocer.com.

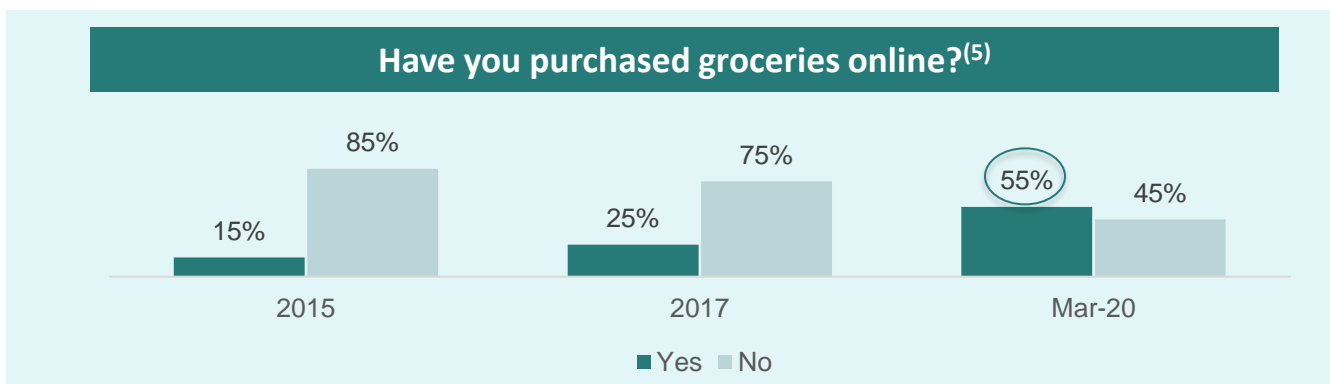
(3) Using 5-year CAGR of 21% to estimate size of online grocery.

... and the pandemic pushed online grocery to an inflection point of growth

The pandemic dramatically accelerated growth prospects...



...driven by sharp rise in penetration of first-time users



(1) Based on \$124B industry defined by Statista, Retail sales of food and beverage Canada 2012-2018, March 2019; and online penetration of ~1% based on GD/CanadianGrocer.com.
 (2) Forbes; Sylvain Charlebois, Agri-Food Analytics Lab, Dalhousie University.

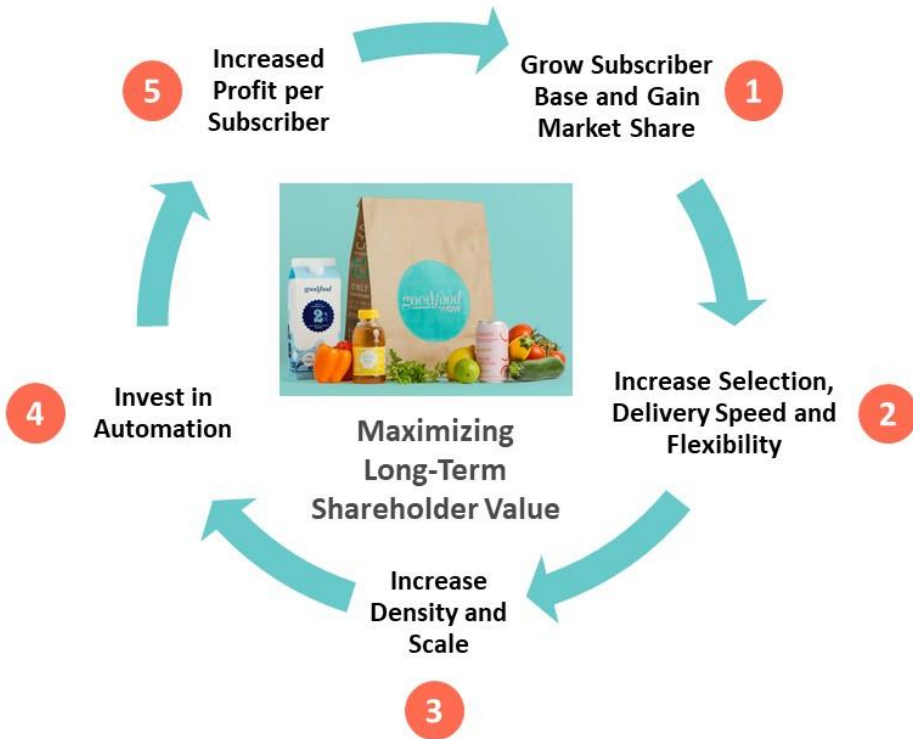
(3) Canada's Food Price Report 2020, Agri-Food Analytics Lab, Dalhousie University
 (4) The Evolution of the Grocery Customer, Mercatus
 (5) RBC Capital Markets Equity Research.

High growth business strategy supported by strong unit economics

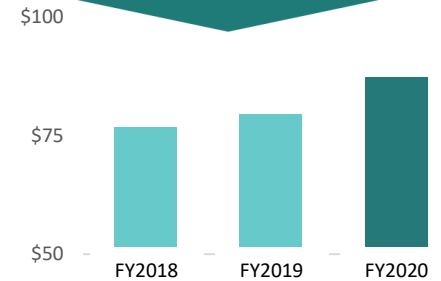


Executing on our strategy: becoming a leading online grocer investing in selection, flexibility market share, scale, density, and automation ...

... supported by consistently strong unit economics backing continued pursuit of growth

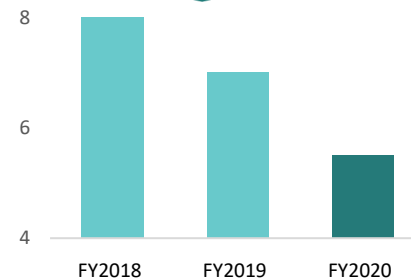


Average Order Value⁽¹⁾



94%
of Revenue from subs with 3 orders or more

Marketing Payback Period (Months)⁽²⁾



~2 months
average payback time on a new ordering subscriber⁽³⁾

(1) Calculated based on face value of orders divided by total orders.

(2) Represents number of months for new subscribers added to yield adjusted gross profit equivalent to customer acquisition cost (per customer) for all customers added, including cancellations.

(3) Represents months for average annualized gross profit for an ordering new subscriber compared to customer acquisition cost for the new subscriber for FY2020.

Q4-2020 and FY2020 key business highlights



Delivered record results driven by strong demand, translating in strong capital markets performance

- Generated net income and positive Adj. EBITDA⁽¹⁾ in Q3 and Q4 as well as positive Adj. EBITDA⁽¹⁾ for the year
- Ended 2020 in strong financial position with \$107 million of cash⁽²⁾ on hand
- Added to S&P/TSX Smallcap Index and selected to TSX30 as top 30 performing stocks

Expanded operating footprint to serve Canadians better

- Successful leasing/build-out of 2 fulfillment centres in the GTA, one of which is already operational
- Opening and ramp up of Vancouver fulfilment centre; lease and ramp up of grocery-focused third Montreal facility
- Finished construction of in-house kitchen for ready-to-eat meals with more in the works
- Footprint to reach 589,000 sq. ft across 7 purpose-built facilities



Further improved member experience and built offering to provide fuller grocery basket to Canadians

- Goodcourier last-mile initiative creating cost efficiencies and enhancing customer experience; now represents over 50% of delivered volume
- Continuing to refine and expand product offering to capture a larger size of consumer basket
- Significantly expanded Goodfood SKUs from ~40 to over ~400
- Launched Goodfood WOW and Flex to provide stronger value proposition to customers



Enhanced brand and engagement with vibrant Goodfood community

- Built solid bond with customers, employees and community through COVID-19 pandemic
- Provided meals to frontline healthcare workers across the country
- Established enhanced sanitary measures



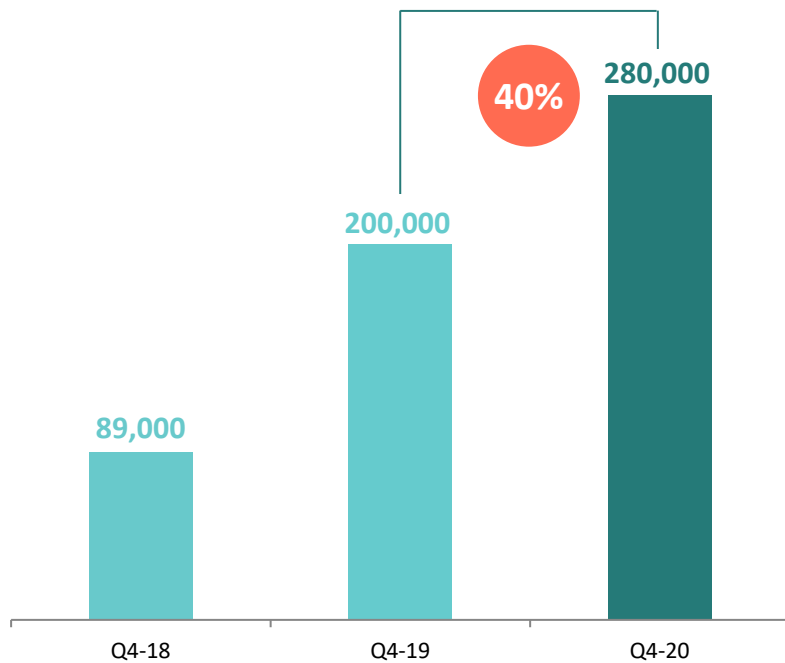
(1) This is a Metric or non-IFRS measure. Please refer to page 12 of this presentation for more details.

(2) Includes cash, cash equivalents and restricted cash.

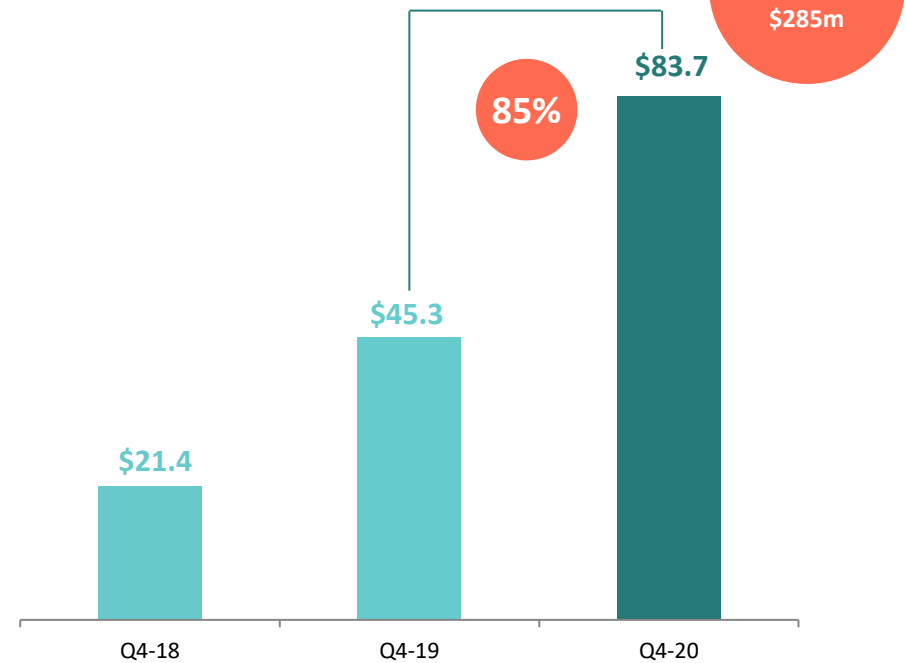
Q4-20 – Subscribers⁽¹⁾ and Revenue

Increased order rates and basket sizes led to revenue growth surpassing significantly subscriber growth

Active Subscribers⁽¹⁾
End of period



Revenue
C\$ millions

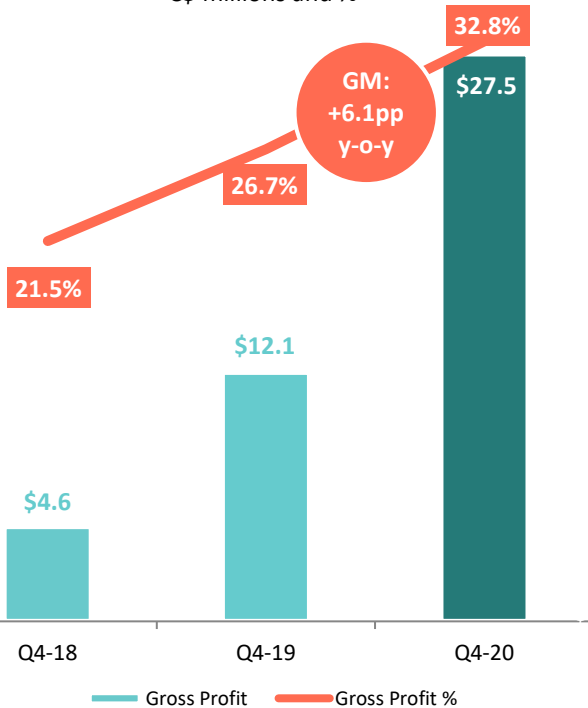


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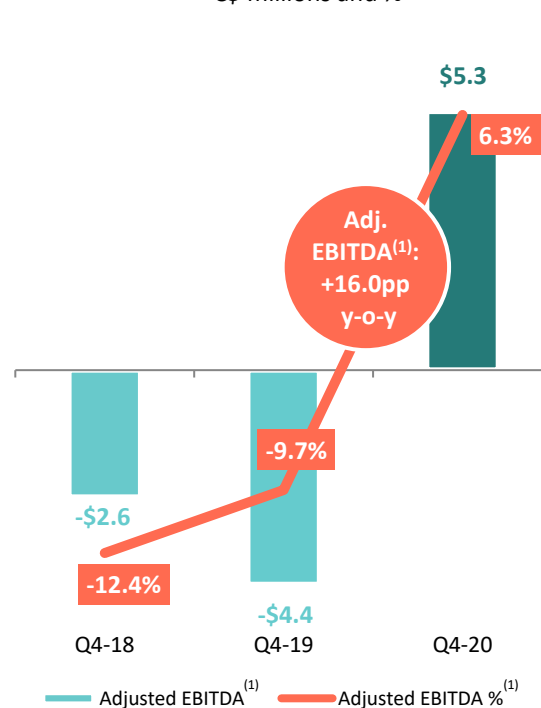
Q4-20 – Gross Profit, Adj. EBITDA⁽¹⁾ and Net Income

Gross Profit increased substantially on the back of scale and operational efficiencies, leading in large part to net income and positive Adjusted EBITDA⁽¹⁾ for the second quarter in a row

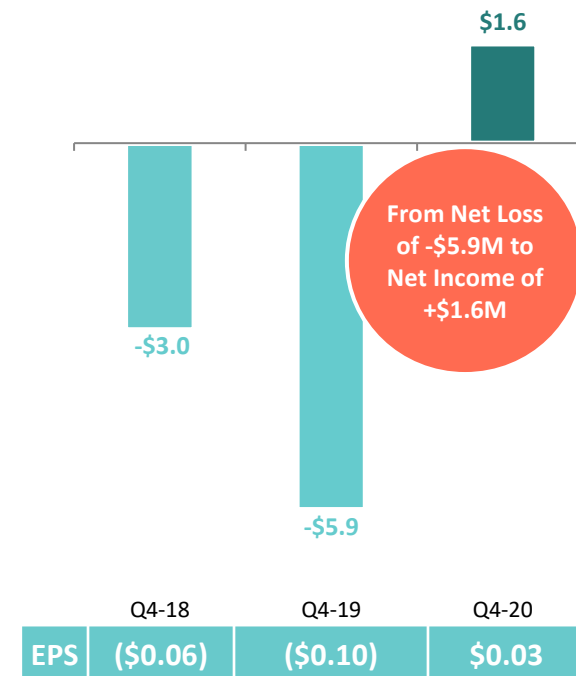
Gross Profit & Gross Margin
C\$ millions and %



Adjusted EBITDA⁽¹⁾ & Adjusted EBITDA Margin⁽¹⁾
C\$ millions and %



Net Income
C\$ millions



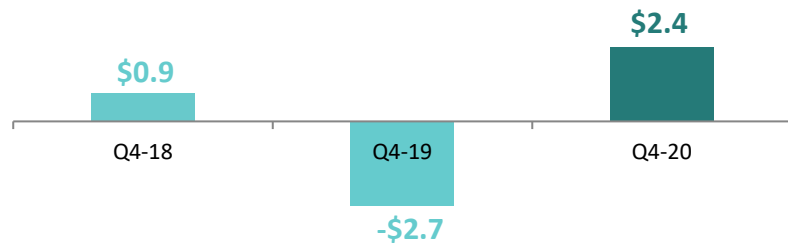
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Q4-20 – CFO and CAPEX

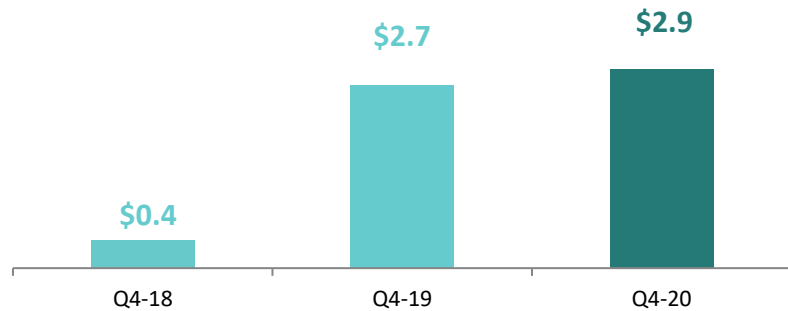
Driven by increased profitability, Cash Flow Provided by Operations was positive for a second year in a row while capex was in line with our plans

Q4

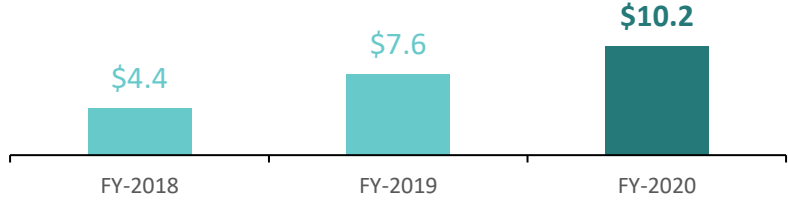
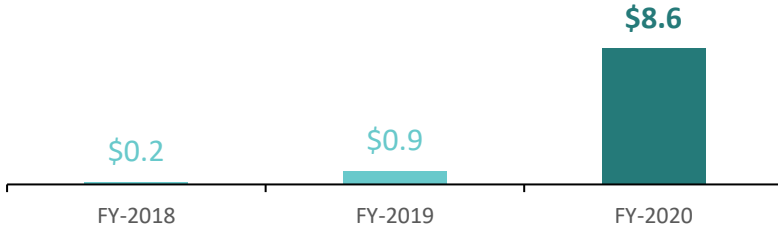
**Cash Flow Provided
(Used) by Operations**
C\$ millions



CAPEX
C\$ millions




Fiscal Year



Adapt to changing times...

The pandemic brought habit changes across multiple markets

- Shift to e-commerce across multiple consumer markets – grocery being a particularly strong area of growth
 - Less trips to physical grocery stores
- 
- Goodfood's e-commerce and fulfilment models have supported increased demand
 - Goodfood incurred ~\$3.5 million non-recurring expenses in FY2020, some of which are no longer in effect currently

...and to permanent trends...

Strong secular trends are crystallizing and Goodfood anticipates:

- A significant percentage of traditional grocery shopping has permanently shifted online
- A large portion of food consumption has moved from restaurants to grocery and home meal solutions
- Trends leading to record results and positive EBITDA⁽¹⁾ in Q3/Q4 and for the year are crystallizing
- Goodfood is in an ideal position to capitalize on these growth opportunities
 - Well-developed footprint, best-in-class product offering and last mile logistics, and well-established brand

...while keeping focus on growth

Growth is still the #1 target

- Goodfood's vision to be in every kitchen, every day becoming clearer and more tangible
- Achieving our vision goes through continued pursuit of very strong growth
- Profitability on EBITDA⁽¹⁾ basis achieved for FY2020 and becoming an increasingly key priority
- However growth remains top priority along with building strong teams across the Company, including key hires in technology, grocery and marketing, which we believe will continue to maximize shareholders' returns

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

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, has elected to skip delivery in the subsequent weekly delivery cycle or that is registered to Goodfood WOW. 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 the Company's Consolidated Financial Statements, we believe that active subscribers is a useful metric for investors because it is indicative of potential 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
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.

Q&A

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