



goodfood

Q1-21 Earnings Presentation

January 13, 2021



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”, 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.

Q1-21 – Key financial highlights

Goodfood continues to deliver consistently strong growth in revenues and margin expansion leading to improved profitability metrics and cementing industry leadership

<i>(in millions of Canadian \$ except for percentage information and active subscribers)</i>	Q1-21	Q1-20	Y-o-Y Δ
Active subscribers ⁽¹⁾	306,000	230,000	+33%
Revenues	\$91.4	\$56.3	+62%
Gross profit	29.6	16.2	+82%
Gross margin (%)	32.3%	28.8%	+3.5pp
Adjusted EBITDA ⁽¹⁾	1.4	(3.7)	+137%
Adjusted EBITDA margin (%) ⁽¹⁾	1.5%	(6.5%)	+8.0pp
Net loss	(2.6)	(5.2)	+49%
Cash flows provided by operating activities	2.1	1.5	+47%
Cash, cash equivalents and restricted cash	104.1	47.0	+121%

⁽¹⁾ This is a Metric or non-IFRS measure. Please refer to page 10 of this presentation for more details.

Key business highlights

Goodfood continued to achieve strong growth and margin expansion...

Growth underpinning continued strong results...

- Reaching 306,000 active subscribers ⁽¹⁾
 - +33% y-o-y
- Revenues growing at ~2x subscriber growth
 - +62% y-o-y
 - LTM Revenues of \$321M
 - 94% of Revenues from subscribers with 3+ orders
- Gross margin improving to grocery industry-leading levels in Canada at 32%+
 - Gross profit +82% y-o-y
 - Gross Profit growth 2.5x subscriber growth



...while consistently adding to our members' experience...

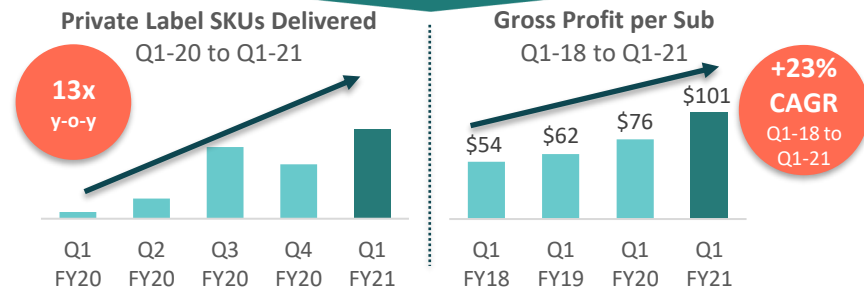
- Launching Goodfood WOW: Unlimited Same-Day Grocery Delivery
 - Currently in the GMA, soon in the GTA and in major cities across the country within 12 months
- Building bigger offering with now over 500 products available, including highly successful holiday recipes
- Bringing a larger number of RTE meals in-house



...and executing at a high level to augment operational efficiency...

- Increasing penetration of Goodcourier last-mile delivery and other shipping initiatives improving cost structure
- Lower unit costs in packaging as a result of scale
- Investment in automation leading to enhanced operations
- Leading gross margin improving to 32%+ levels, best-in-class in Canadian grocery industry

...leading to offering and margin momentum



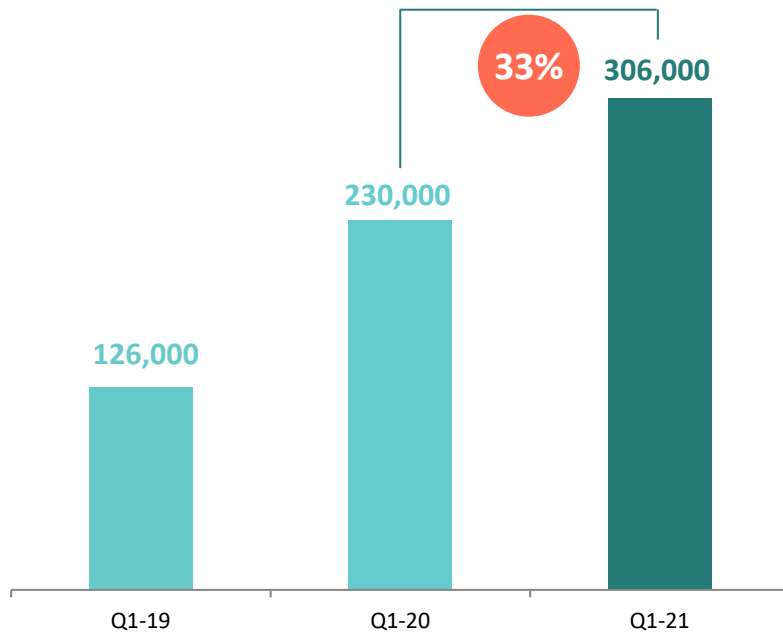
...driving outstanding capital markets performance, with Goodfood stock increasing ~4x in Calendar 2020 and market cap surpassing the \$800 million mark

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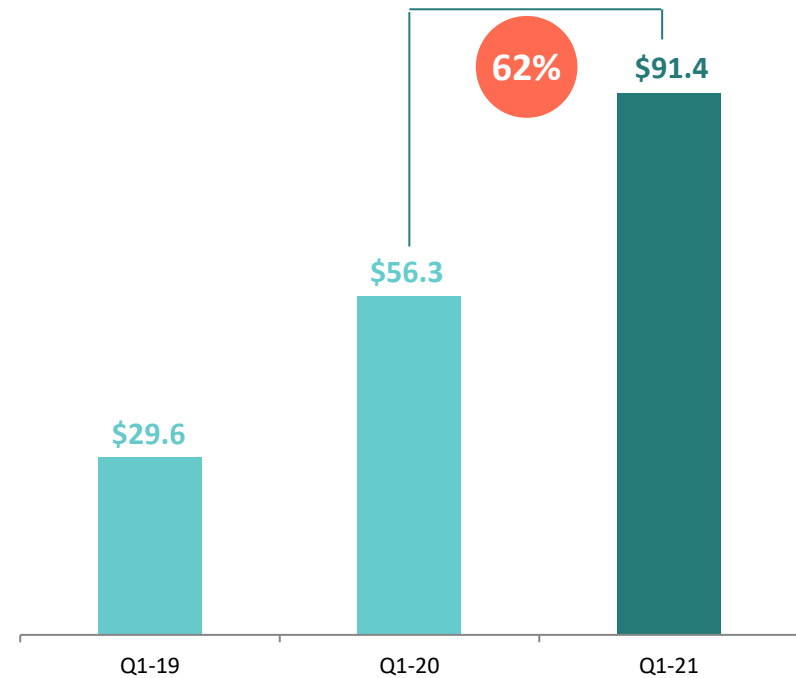
Q1-21 – Subscribers ⁽¹⁾ and Revenue

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

Active Subscribers ⁽¹⁾
End of period



Revenues
C\$ millions

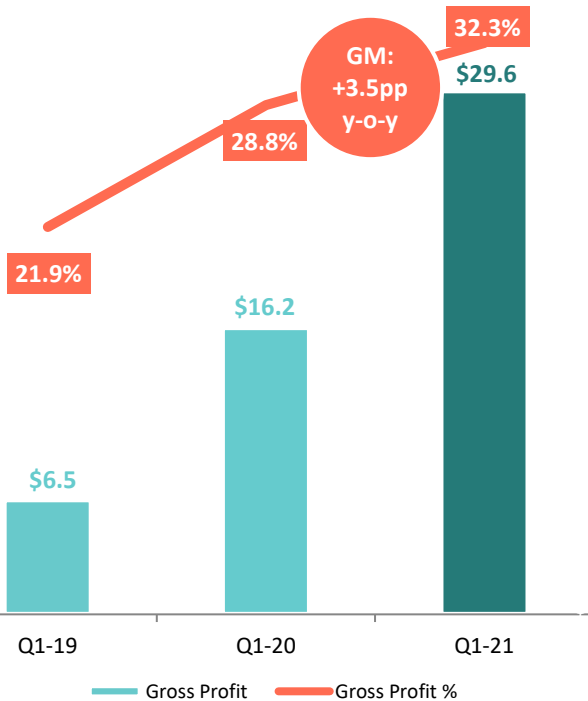


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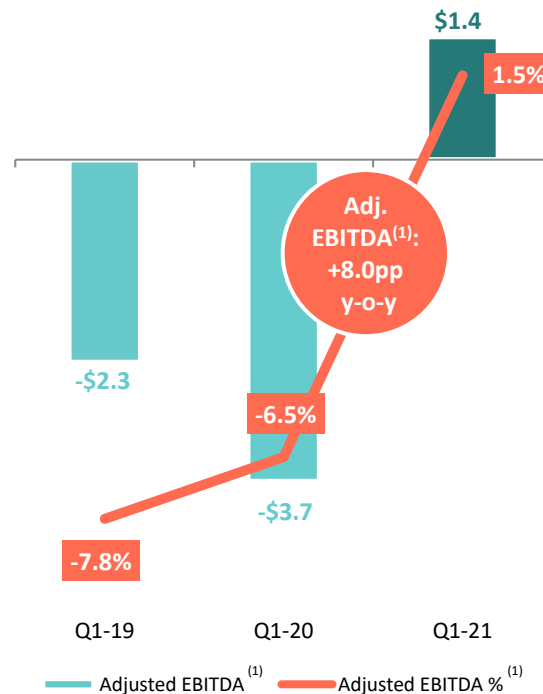
Q1-21 – Gross Profit, Adj. EBITDA ⁽¹⁾ and Net Loss

Gross Profit increased substantially on the back of strong execution, investments in automation and technology driving operational efficiencies, and increased scale, leading in large part to positive Adjusted EBITDA ⁽¹⁾

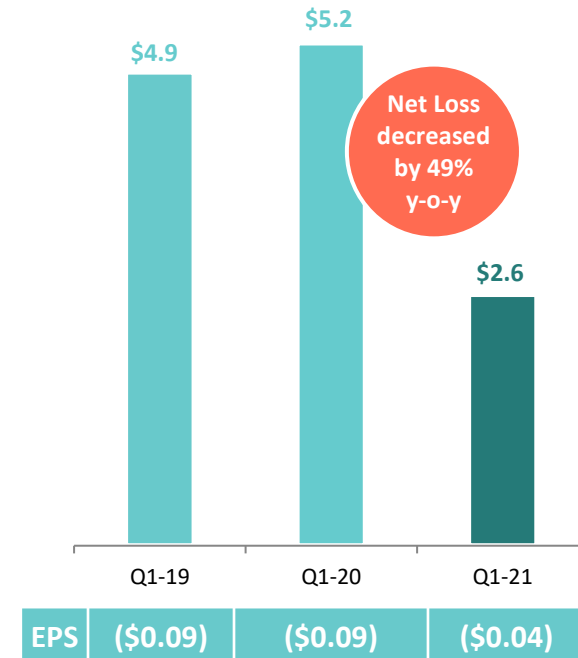
Gross Profit & Gross Margin
C\$ millions and %



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



Net Loss
C\$ millions

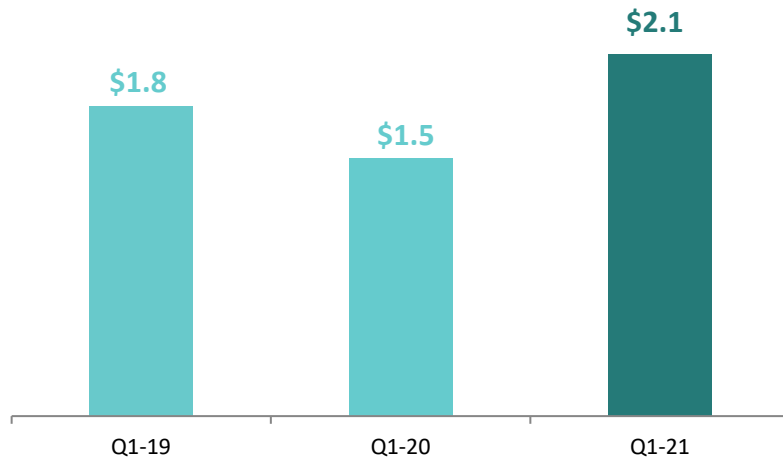


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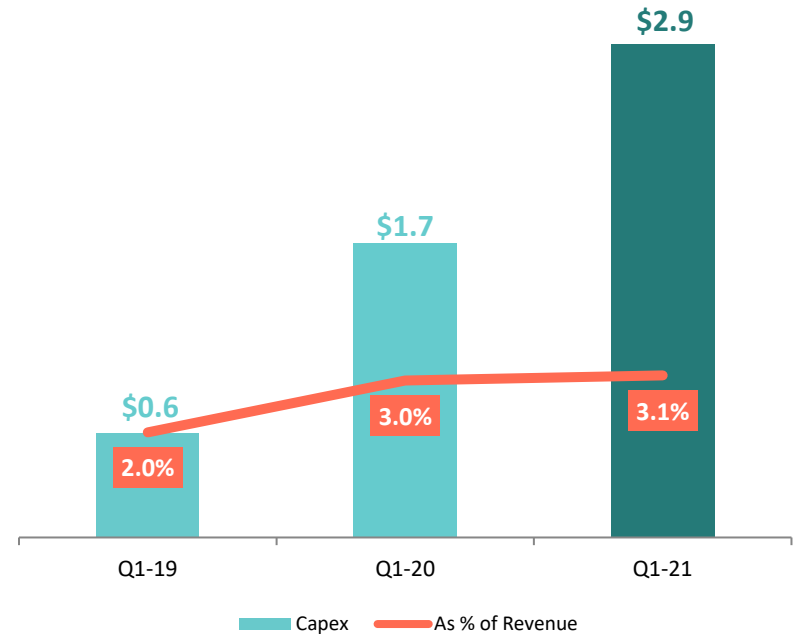
Q1-21 – CFO and CAPEX

Driven by improved profitability and our attractive working capital structure, Cash Flow Provided by Operations was positive to the tune of \$2.1 million while capex will ramp up in coming quarters

Cash Flows Provided by Operating Activities
C\$ millions



CAPEX
C\$ millions



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
 - Increasing number of customers across ages and demographics, with now as many customers in their 60s as their 20s
- 
- Goodfood's e-commerce and fulfilment models supported increased demand
 - Strong investments in technology, hiring and product development to fill members' basket
 - Non-recurring costs related to impact of pandemic still present though subsiding: Goodfood incurred ~\$0.9 million non-recurring expenses in Q1 of FY2021

...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 in FY2020 are crystallizing even more in Q1-FY2021
- Goodfood is in an ideal position to capitalize on these growth opportunities
 - Well-developed footprint, best-in-class product offering and last mile logistics, well-established brand, e-commerce expertise and access to data on customer preferences

...while keeping focus on our strategy

Building Canada's #1 grocery delivery platform remains #1 objective

- Goodfood's vision to be in every kitchen, every day becoming clearer and tangible
- Achieving our vision goes through focused pursuit of strategic flywheel and strong growth
- EBITDA ⁽¹⁾ Profitability achieved in recent quarters and an important priority for the Company
- Investments in key items of strategic flywheel remain top priority: growth and market share, technology and building strong teams across the Company, including 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 10 of this presentation for more details.

Q&A

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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 revenue run-rate, EBITDA and Adjusted EBITDA, and their respective margins. 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 and Adjusted EBITDA margin	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. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to revenues.

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