



goodfood

Q2-21 Earnings Presentation

April 7, 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.

Key financial highlights – Q2-21



Goodfood delivers record quarterly revenues of over \$100M, continued margin improvement and positive Adjusted EBITDA ⁽¹⁾ for the fourth consecutive quarter

<i>(in millions of Canadian \$ except for percentage information and active subscribers)</i>	Q2-21	Q2-20	Y-o-Y Δ
Active subscribers ⁽¹⁾	319,000	246,000	+30%
Revenues	\$100.7	\$58.8	+71%
Gross profit	\$30.6	\$17.8	+72%
Gross margin (%)	30.4%	30.3%	+0.1pp
Adjusted EBITDA ⁽¹⁾	\$0.5	\$(2.9)	+118%
Adjusted EBITDA margin (%) ⁽¹⁾	0.5%	(5.0%)	+5.5pp
Net loss	(\$4.0)	(\$3.4)	-20%
Cash flows provided by (used in) operating activities	\$5.4	(\$3.9)	+239%
Cash, cash equivalents and restricted cash	\$163.0	\$69.5	+134%

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

Key business highlights – Q2-2021



Hit key milestones to deliver record financial results

- Generated \$100M+ of revenues in a quarter for the first time since inception
 - Continued strength in key metrics driving revenue growth: basket size, order frequency and customer loyalty
- Generated \$30M+ of gross profit in a quarter for the first time
 - Industry leading gross margin standing at 30%+
- Fourth consecutive quarter of positive Adj. EBITDA ⁽¹⁾ with LTM margin at 3.6%

Expanded product offering and delivery speed to serve Canadians better

- Goodfood WOW now available in Canada's two largest cities
 - More large urban centers to be launched this calendar year
- Increased offering to 750 products overall ⁽²⁾
- Over 1.1M grocery products delivered to customers this quarter alone

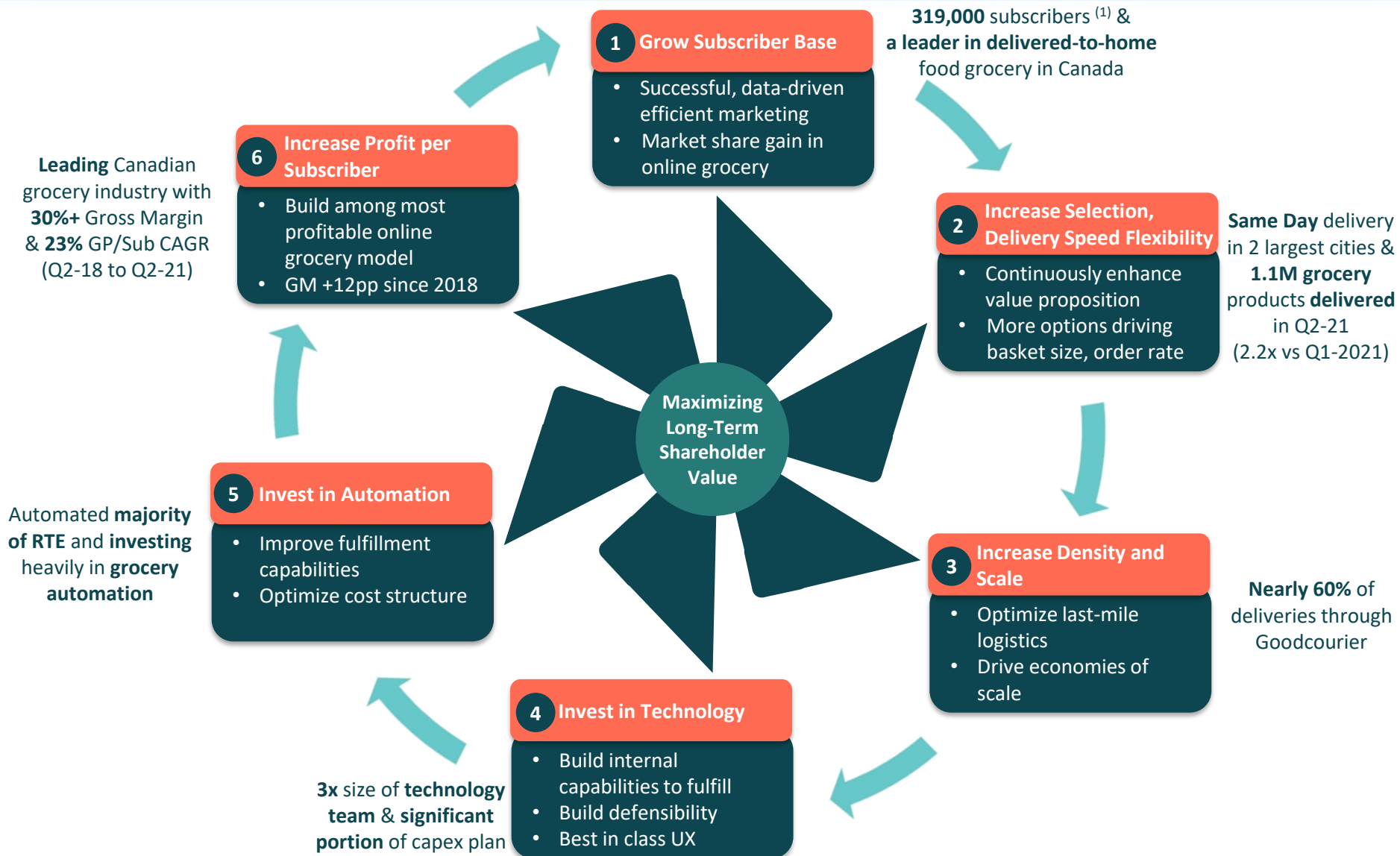
Ideally positioned to continue growing with plenty more to come

- Strong balance sheet boasting over \$160M of cash on hand
- Expanded revolver to \$42.5M and completed \$60M equity raise
- Strong operations to be enhanced with optimal footprint of centralized production facilities and local fulfilment centres, increased automation, robotics and technology

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

(2) Number of products currently available in Quebec.

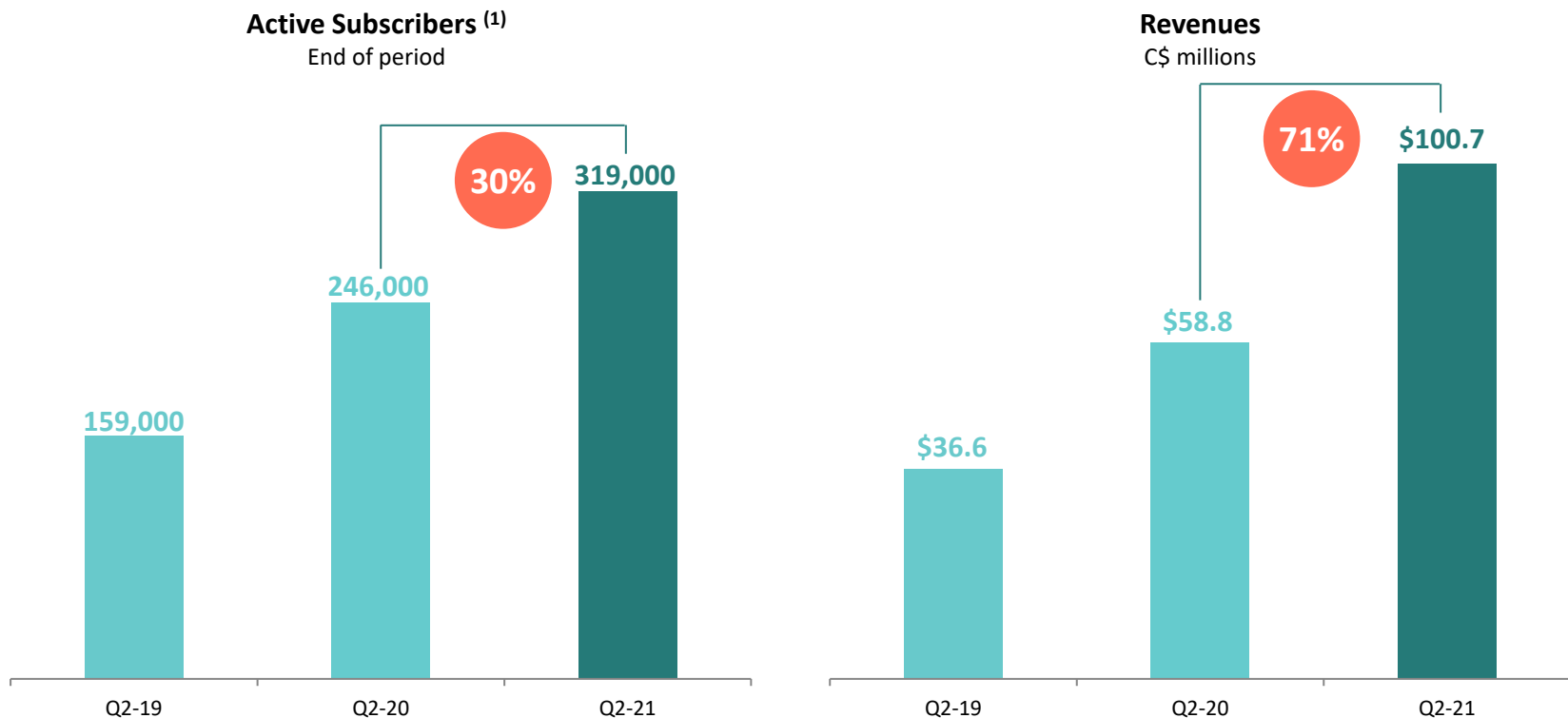
Goodfood's strategy anchored in building momentum in its flywheel



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Q2-21 – Subscribers ⁽¹⁾ and Revenue

The expansion of our product offering and faster delivery times have led to continued growth in basket sizes and order frequency, driving revenues growth at 2.4x subscribers ⁽¹⁾ growth

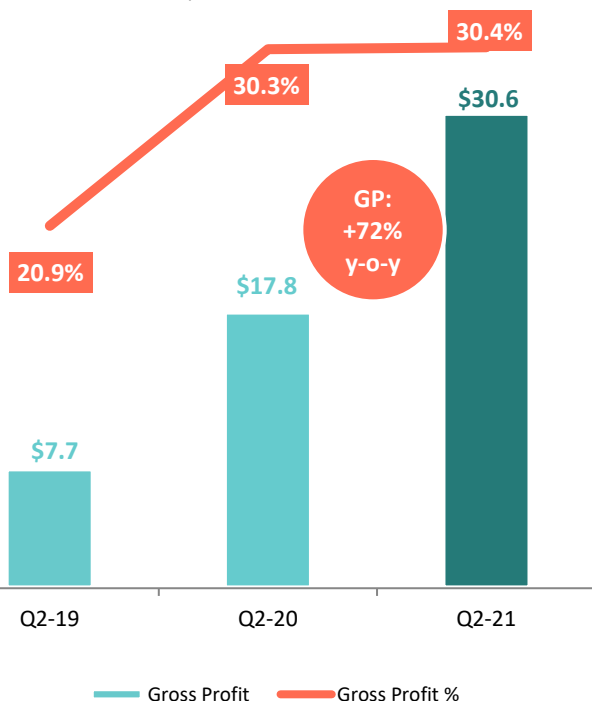


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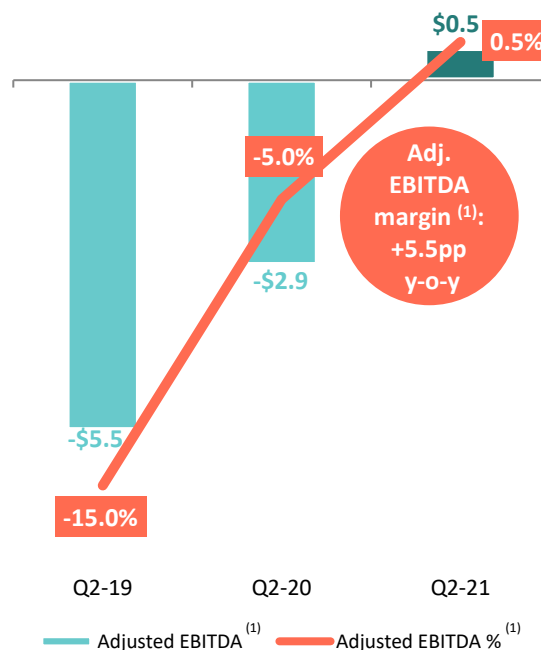
Q2-21 – Gross Profit, Adj. EBITDA ⁽¹⁾ and Net Loss

Gross Profit increased to a record \$30.6 million driven by strong execution, a targeted incentives strategy, and investments in technology driving operational efficiencies, all leading in large part to continued positive Adjusted EBITDA ⁽¹⁾

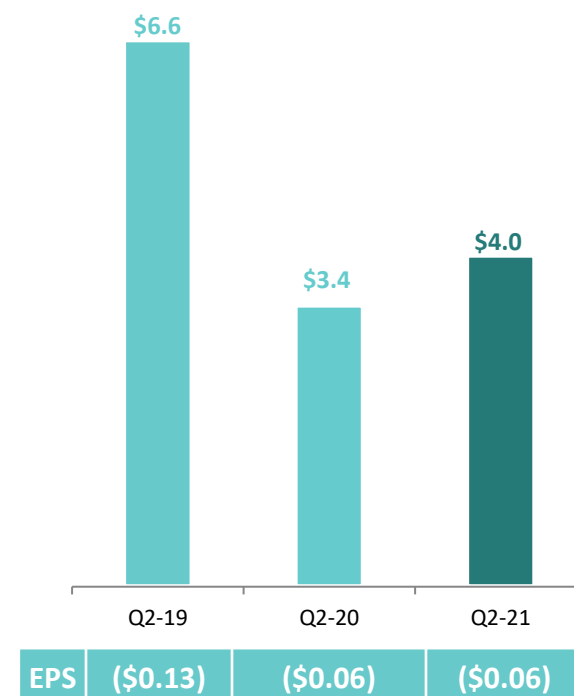
**Gross Profit
& Gross Margin**
C\$ millions and %



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



Net Loss
C\$ millions

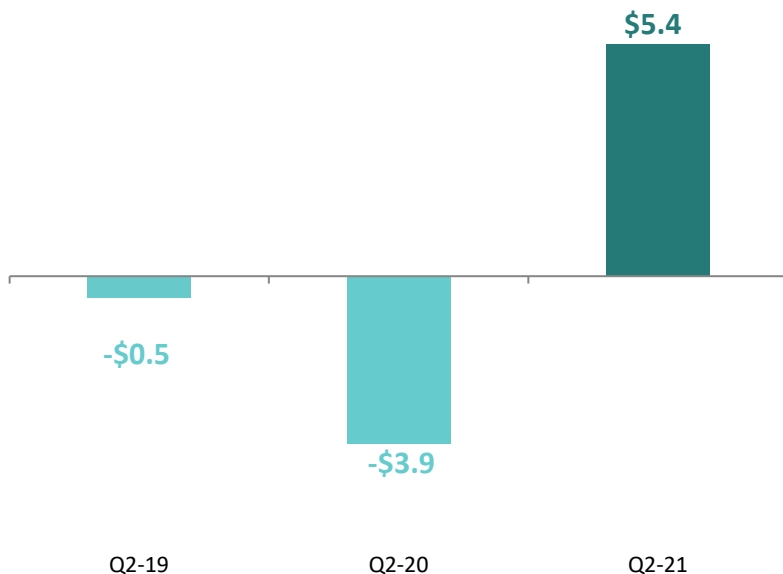


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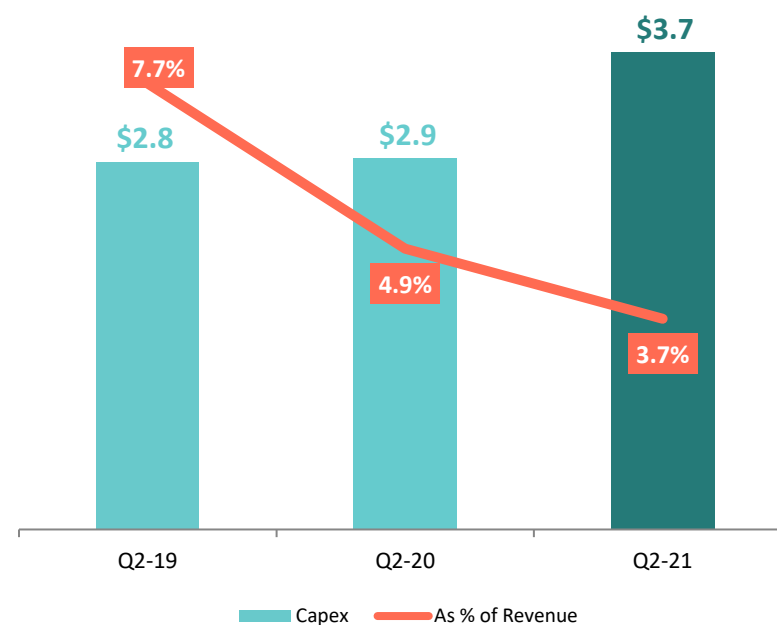
Q2-21 – CFO and CAPEX

Driven by improved profitability and our attractive working capital structure, cash flows provided by operating activities was positive to the tune of \$5.4 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 supports 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 ~\$0.7 million non-recurring expenses in Q2 of FY2021

...and to permanent trends...

Strong secular trends are crystallizing and Goodfood anticipates:

- A substantial percentage of traditional grocery shopping has permanently shifted online
- A portion of food consumption has moved from restaurants to grocery and home meal solutions
- Trends leading to record results in FY2020 are still crystallizing in Q2-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 data on customer preferences

...while keeping focus on our strategy

Building Canada's #1 grocery delivery platform remains our #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
- EBITDA ⁽¹⁾ profitability achieved in recent quarters, remains one of our priorities
- Vaccination campaign, re-openings and possible end to pandemic may have short-term quarterly impact but does not affect long-term thesis
- Investments in key items of strategic flywheel remain top priority: growth and market share, selection and delivery speed, technology and building strong teams across the Company, including hires in tech, 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 11 of this presentation for more details.

Q&A

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Metrics and non-IFRS financial measures



The table below defines metrics and non-IFRS financial measures used by the Company throughout this presentation. Non-IFRS financial measures do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. They are provided as additional information to complement IFRS measures and to provide a further understanding of the Company's results of operations from our perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS and should be read in conjunction with the financial statements for the periods indicated. For a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measures, as applicable, see the "Metrics and Non-IFRS Financial Measures – Reconciliation" of the Company's latest Management Discussion & 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 (loss) before net finance costs, depreciation and amortization and income taxes.
Adjusted EBITDA and Adjusted EBITDA margin	Adjusted EBITDA is defined as EBITDA excluding share-based payments and restructuring costs. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to revenues. EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-IFRS financial measures.

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