



# goodfood

## Q1-FY22 Earnings Presentation

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January 18, 2022



# 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, assumptions, estimates and intentions, including, without limitation, statements in the “Financial Outlook” section of the MD&A related to the build-out and launch of on demand fulfillment centres or infrastructure and the impact of on-demand grocery and meal solution offerings supported by an optimized digital platform and the realization and impact of the foregoing, also including, without limitation, statements related to the build-out and launch of on demand fulfillment centres and the realization and impact of the foregoing, which are based on assumptions that we are able to launch facilities in accordance with our strategic plan, that such facilities would be open and operational in accordance with planned timing and that they would have the operational and financial impact expected by management based on current circumstances. 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 trends, current condition 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, 2021 available on SEDAR at [www.sedar.com](http://www.sedar.com): limited operating history, negative operating cash flow, food industry, COVID-19 pandemic as well as the impact of the vaccine rollout, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood’s reputation, transportation disruptions, storage and delivery of perishable foods, product liability, unionization activities, consolidation trends, ownership and protection of intellectual property, evolving industry, reliance on management, failure to attract or retain key employees which may impact the Company’s ability to effectively operate and meet its financial goals, factors which may prevent realization of growth targets, inability to effectively react to changing consumer trends, competition, availability and quality of raw materials, environmental and employee health and safety regulations, the inability of the Company’s IT infrastructure to support the requirements of the Company’s business, online security breaches, disruptions and denial of service attacks, 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. This is not an exhaustive list of risks that may affect the Company’s forward-looking statements. Other risks not presently known to the Company or that the Company believes are not significant could also cause actual results to differ materially from those expressed in its forward-looking statements. 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 duration and severity of the COVID-19 pandemic as well as the impact of the vaccine rollout 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 Business Highlights



## Stable Net Sales as Active Customers <sup>(1)</sup> return to growth

- Net Sales of \$78 million stable compared to the fourth quarter, which saw similarly lifted COVID-19 restrictions
  - Order rate growth from July and August levels
  - Active Customers <sup>(1)</sup> increase 2% versus the Q4 to 254,000



## Beginning of Gross Margin and Adj. EBITDA <sup>(1)</sup> progressive improvement

- Gross margin improved 110 basis points and Adj. EBITDA margin <sup>(1)</sup> 370 basis points
- Labour cost efficiency combined with cost containment initiatives drove profitability improvement



## Natural evolution to On-Demand taking flight

- On-demand Active Customers <sup>(1)</sup> standing at 13,000 currently, with annual run-rate sales of \$21 million
- Launched 3rd micro fulfilment centre (MFC), continuing to grow footprint and on-demand availability with 3 additional facilities to launch by end of March and multiple prime new locations identified
- Strong customer response with NPS standing over 80

**Exciting growth in On-Demand orders driven by strong product market fit and world-class execution**

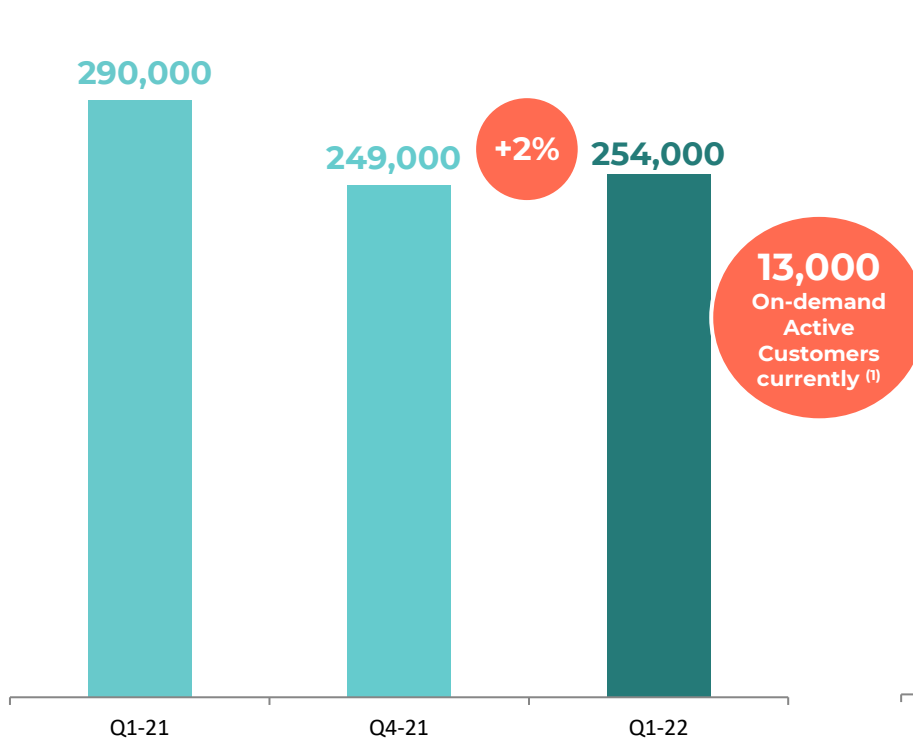
<sup>(1)</sup> This is a Metric or non-IFRS measure. Please refer to page 10 of this presentation for more details.

# Active Customers <sup>(1)</sup> and Net Sales

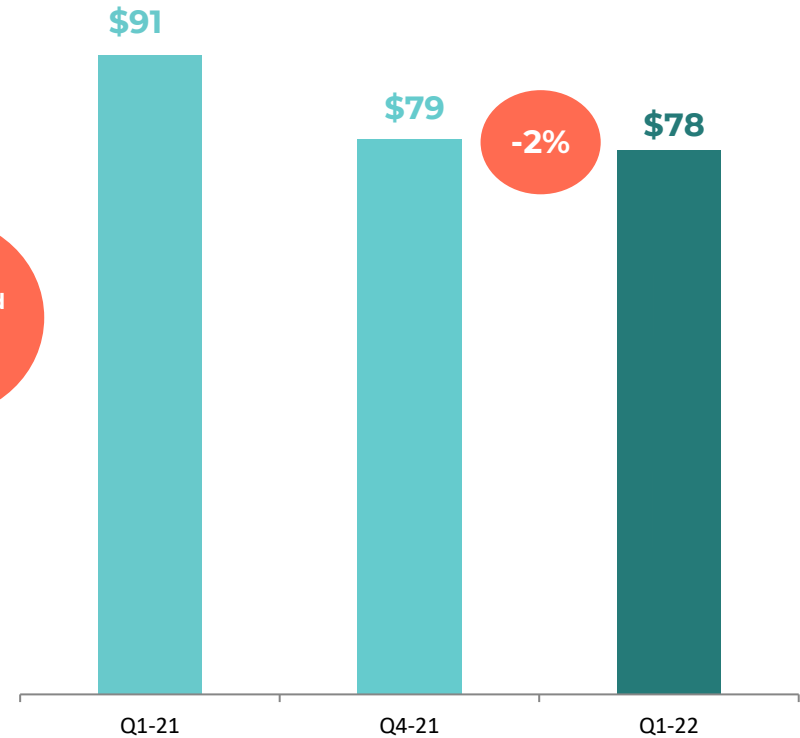


Net Sales were stable compared to the fourth quarter of Fiscal 2021 as the first quarter demand conditions improved compared to the lows of July and August and Quarterly Active Customers <sup>(1)</sup> returned to growth

Quarterly Active Customers <sup>(1)</sup>  
End of period



Net Sales – Q1  
C\$ millions



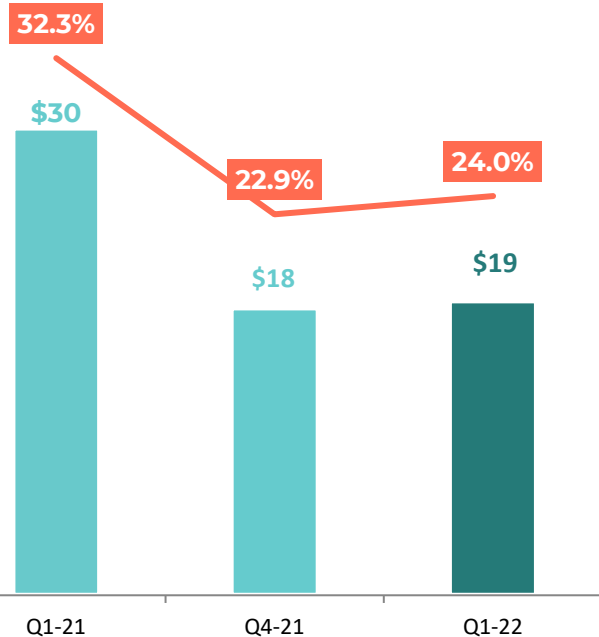
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# Gross Profit, Adj. EBITDA <sup>(1)</sup> and Net Loss

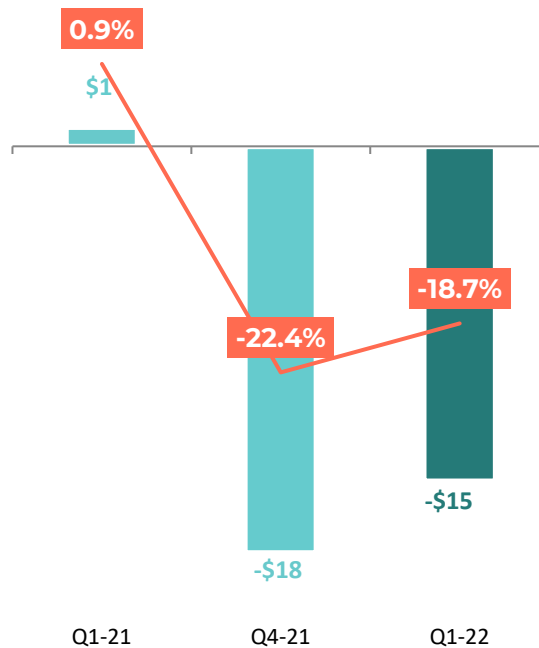


Gross Profit and Gross Margin improved compared to the fourth quarter of Fiscal 2021 with Adjusted EBITDA <sup>(1)</sup> showing significantly more improvement as cost structure initiatives led to the beginning of expected progressive profitability improvements

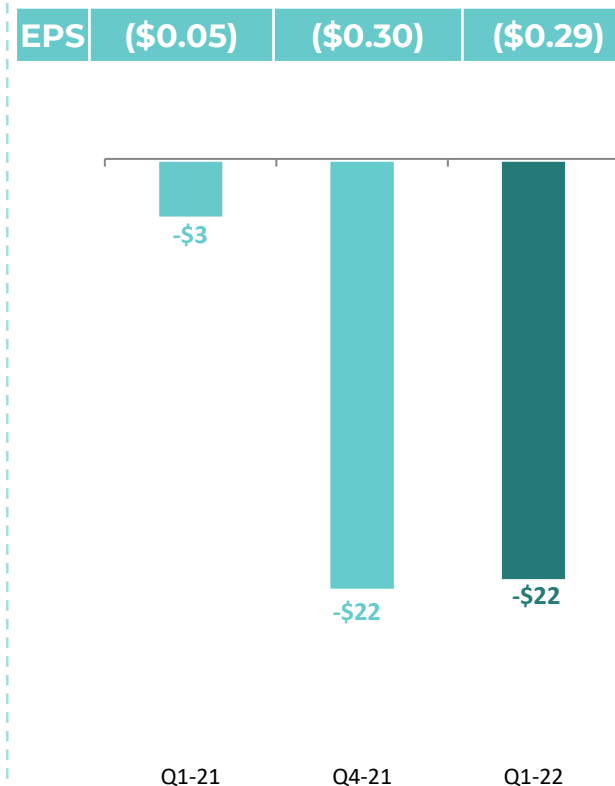
**Gross Profit & Gross Margin**  
C\$ millions and %



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



**Net Income**  
C\$ millions



— Gross Profit — Gross Profit %

(1) — Adjusted EBITDA — Adjusted EBITDA %

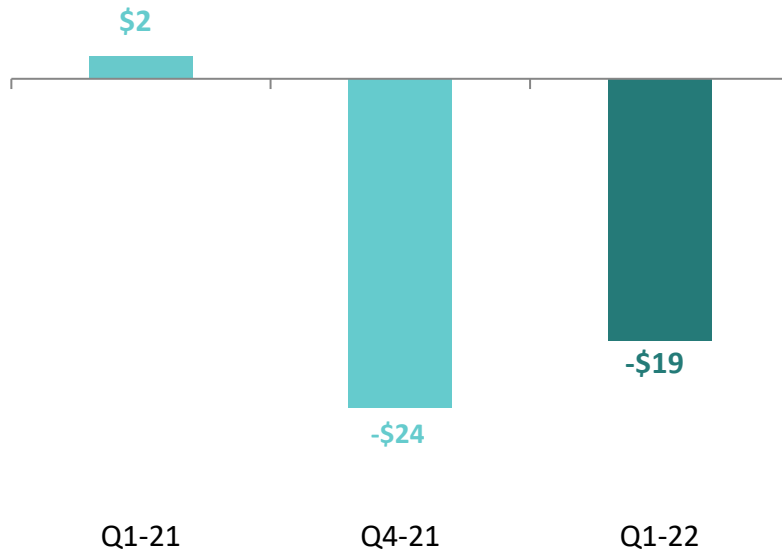
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# CFO and CAPEX

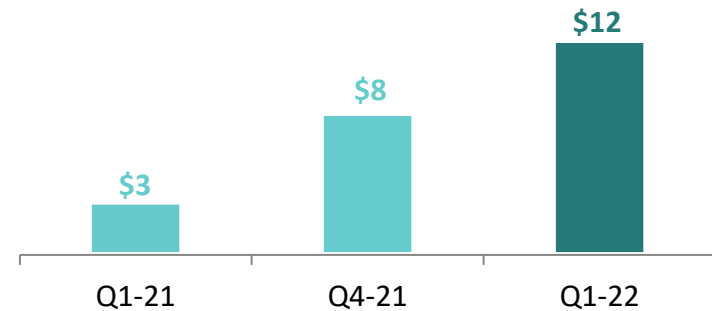


Cash outflow from operations decreased as investments in on-demand strategy continue; capital expenditure spend to support growth in on-demand footprint and penetration

Cash Flows Provided / Used by Operating Activities  
C\$ millions



CAPEX  
C\$ millions



**Strong cash balance standing at \$105 million in addition to revolver availability**

# Looking Forward: Our Key Value-Creating Drivers



1

## Grow Goodfood on-demand shoppers

- Grow on-demand Active Customers <sup>(1)</sup> and market share
- Continuing to increase penetration through on-demand catalyst to grow orders
- Support growth with differentiated, increasing selection

2

## Grow micro fulfilment centre footprint

- Expand On-Demand coverage footprint
- Develop and grow hub and spoke model with additional low-capex local MFCs
- Expand geographic coverage and increase density of ~30-minute delivery through additional MFCs

3

## Improve profitability

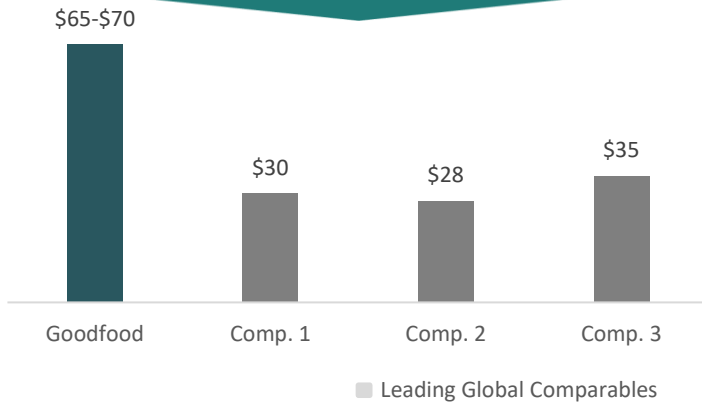
- Improve profitability through product margin mix, cost per pick, average order value, deliveries per hour and cost efficiencies
- Improve cost structure through economies of scale, automation and last mile density improvements
- Grow operating leverage through volume growth

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

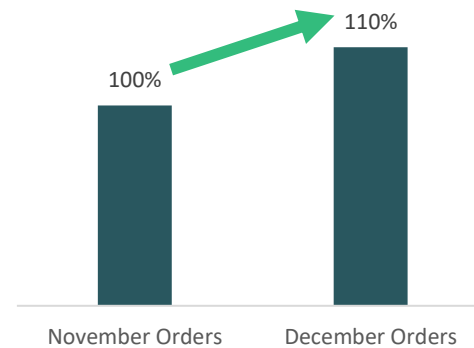
# Our On-Demand Offering Shows Superior Average Order Value, Order Retention and Deliveries Per Hour, Driving Strong Unit Economics



## On-Demand AOV (Sales before incentives per order)

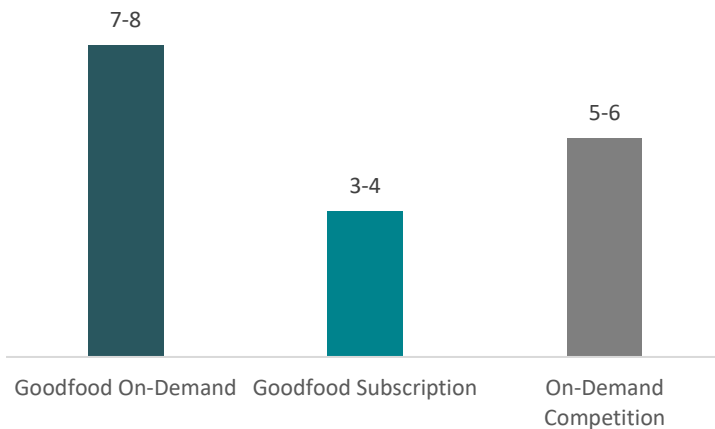


## Strong On-Demand Cohort Order Retention (Orders placed by initial November cohort)

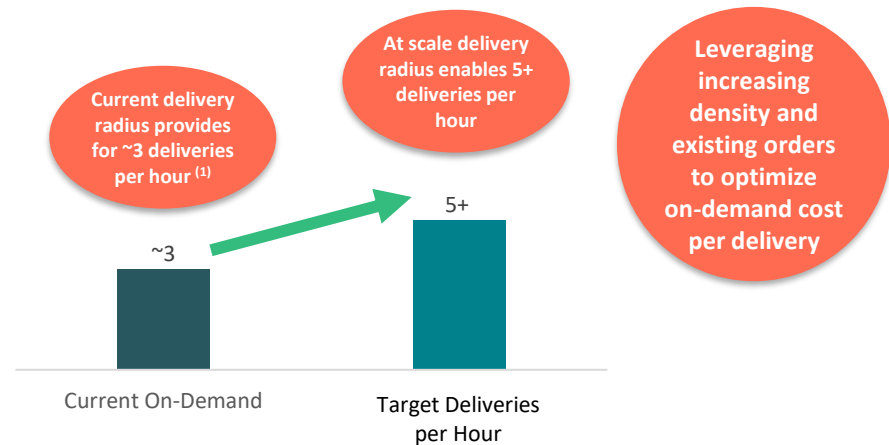


**40%+**  
of customers who place an order any given week place 2 or more orders per week

## Order Rate (Orders per Quarter)



## On-Demand Deliveries per Hour



(1) Based on delivery radius of ~3km



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# 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 Customer	An active customer is a customer that has placed an order within the last three months. Active customers include customers who have placed an order (1) received as part of our weekly meal subscription plan, a subscription active customer; and (2) received on a next-day, same-day or less basis, an on-demand active customer. For greater certainty, an active customer is only accounted for once, although different products and multiple orders might have been purchased within a quarter. While the active customers metric 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 the active customers metric is a useful metric for investors because it is indicative of potential future net sales. The Company reports the number of active customers 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 net sales. EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-IFRS financial measures.



[makegoodfood.ca](http://makegoodfood.ca)

**COMPANY CONTACT – INVESTOR RELATIONS & MEDIA**

Jonathan Roiter,  
Chief Financial Officer  
1 (855) 515-5191  
[IR@makegoodfood.ca](mailto:IR@makegoodfood.ca)

Roslane Auameur,  
Vice President, Corporate Development  
1 (855) 515-5191  
[IR@makegoodfood.ca](mailto:IR@makegoodfood.ca)

