



*goodfood*

INVESTOR PRESENTATION

**GOODFOOD MARKET CORP.**

**TSX: FOOD**

—  
**July 2018**

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS



This presentation may include forward-looking statements regarding Goodfood, its business, operations or results. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from expectations expressed in, or implied by, such forward-looking statements. These statements also involve known and unknown risks, uncertainties and other factors, including factors that are beyond Goodfood's control, that may cause actual results or events to differ materially from those expressed in such forward-looking statements. Forward looking statements reflect Goodfood's then current views with respect to future events based on certain material facts and assumptions. Although Goodfood believes that the assumptions on which such forward-looking information is based are reasonable at the time they are made, there can be no assurance that such facts or assumptions will prove to be correct and undue reliance should, therefore, not be placed on any forward looking information. Forward-looking events and circumstances may not occur at all or by specified or anticipated dates. Events and/or results could differ materially as a result of known and unknown risks and uncertainties affecting Goodfood, including, without limitation, risks regarding the food industry, economic factors, the equity markets generally, changes in regulatory environment or law, failure to obtain required approvals and risks associated with growth and competition in addition to other risks identified in publicly filed documents under Goodfood's profile at [www.sedar.com](http://www.sedar.com) as well as other unknown risks. Forward-looking statements speak only as of the date on which they are made and Goodfood undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

*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, adjusted net loss, EBITDA, adjusted EBITDA and adjusted EBITDA margin. 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.*

# PRESENTING TODAY



**JONATHAN  
FERRARI**  
Co-Founder & CEO

- Graduate from McGill University in Commerce, Finance and Entrepreneurship
- Joined RBC's investment banking team in Montréal in 2010
- Co-founded MTL Capital and Goodfood in 2014 with Neil Cuggy
- Named one of the « Top 40 under 40 » business leaders in Canada



**NEIL CUGGY**  
Co-Founder &  
President/COO

- Graduate with distinction in Investment Management from McGill University
- Worked for RBC's investment banking team in Montreal
- Co-founded Goodfood and MTL Capital, a privately held entrepreneurial firm backed by top notch investors from across North America
- Finalist for 2017 CFO of the year in Canada



**PHILIPPE ADAM**  
CPA, CA, CBV  
CFO

- 15 years of experience in corporate finance, accounting and operations
- Prior joining Goodfood, he was a principal at Champlain Financial Corporation and, from 2013 to 2016, he was the CFO of Garda Background Screening Solutions
- Prior to that, he was an investment banker at National Bank Financial and worked several years at Deloitte LLP

# INVESTMENT HIGHLIGHTS

## Significant Market Opportunity

- FOOD is the only public company poised to benefit from accelerating adoption of online grocery shopping in Canada
  - National Rollout in 2018: Goodfood is now delivering to Canadians coast to coast (35M consumers, \$130B market)
- 

## Strong Market Position

- Leading direct to consumer home meal solutions brand in Canada
  - Superior value proposition has led to capturing 40%<sup>(1)</sup> market share in meal kit category
  - New home meal solutions products to be launched in 2018
- 

## Compelling Financial Performance

- Current gross merchandise sales run-rate of \$110M
  - Positive cash flow from operations
  - Achieved EBITDA profitability in several core markets
  - Fast-growing with 20% average monthly growth since Q4/2015
- 

## Dedicated Leadership

- Solid management team (47% ownership) supported by an experienced board of directors

*(1) Based on Q3-2018 run-rate gross merchandise sales, research report on the industry and management estimates*

# COMPANY OVERVIEW

Goodfood sources ingredients from farms and dedicated purveyors, to manufacture and deliver ready to cook meals ordered online through a weekly subscription at [www.makegoodfood.ca](http://www.makegoodfood.ca)

Company is headquartered in Montréal, Canada with over 800 employees, 76,000<sup>(1)</sup> active subscribers and \$110 million<sup>(2)</sup> of gross merchandise sales run-rate as of May 31, 2018

Listed on the Toronto Stock Exchange (TSX:FOOD) since June 2017 with \$35 million of capital raised to date<sup>(3)</sup>

Goodfood has built out the largest infrastructure in Canada (125,000 square feet) to manufacture and deliver meal kits to consumers across the country



Source: Company's filings

(1) May 31st, 2018

(2) Reached at the end of Q3-2018

(3) Including \$10M public offering closed on May 7, 2018

# GOODFOOD'S ATTRACTIVE **BUSINESS MODEL**

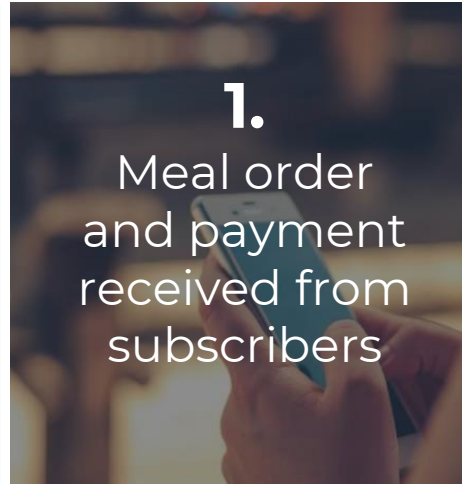
**“JUST-IN-TIME”  
INVENTORY**

**+**

**MINIMAL FOOD  
WASTE**

**+**

**OPERATING  
LEVERAGE**



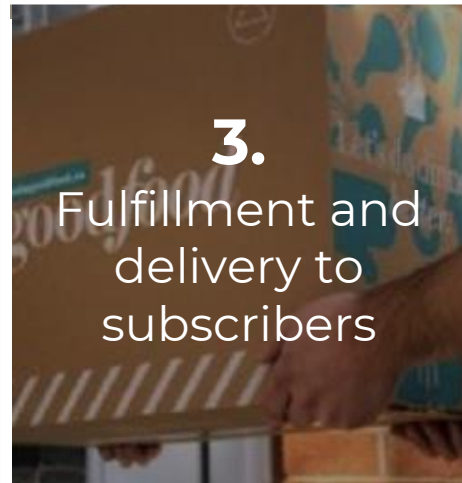
**1.**

Meal order  
and payment  
received from  
subscribers



**2.**

Goodfood  
orders from its  
direct farming  
relationships &  
suppliers



**3.**

Fulfillment and  
delivery to  
subscribers



**4.**

Payment to  
suppliers  
10 – 90 days



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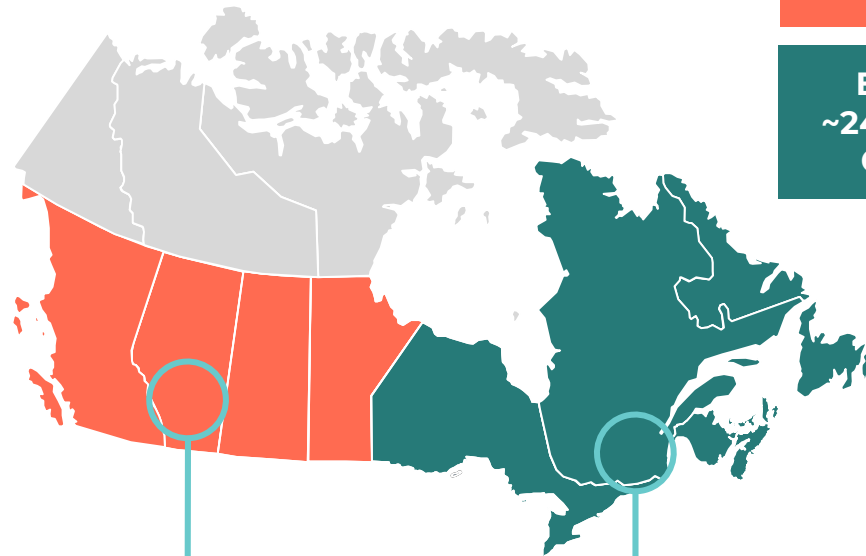
SIGNIFICANT MARKET  
**OPPORTUNITY**

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# GOODFOOD'S NATIONAL PLATFORM

Leverage strong momentum and market-leading position to offer additional meal solutions to grow our addressable market

- Meal kit Canadian industry expected to reach 1.0 - 1.5 million subscribers and approx. \$3B in revenues within next five years<sup>(1)</sup>
- Canadian online grocery market expected to reach \$3.6B by 2019<sup>(2)</sup>
- As the #1 meal kit company in Canada, Goodfood is now leveraging its national platform to thrive in the home meal solution industry
  - Ability to deliver perishable goods across the country
  - Capitalizing on customer taste profiles, preferences and trends



**WESTERN CA:**  
~11M POTENTIAL  
CUSTOMERS

**EASTERN CA:**  
~24M POTENTIAL  
CUSTOMERS

**Calgary, AB**  
Production and  
distribution facility

**Montreal, QC**  
HQ & production  
and distribution  
facility

(1) Management estimates  
(2) Source: Canada Post



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# STRONG MARKET POSITION

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# COMPETITIVE LANDSCAPE

COMPANY	WEBSITE MONTHLY VISITS
	400,000
	210,000
	190,000
	160,000

Source: Similar Web, February 2018

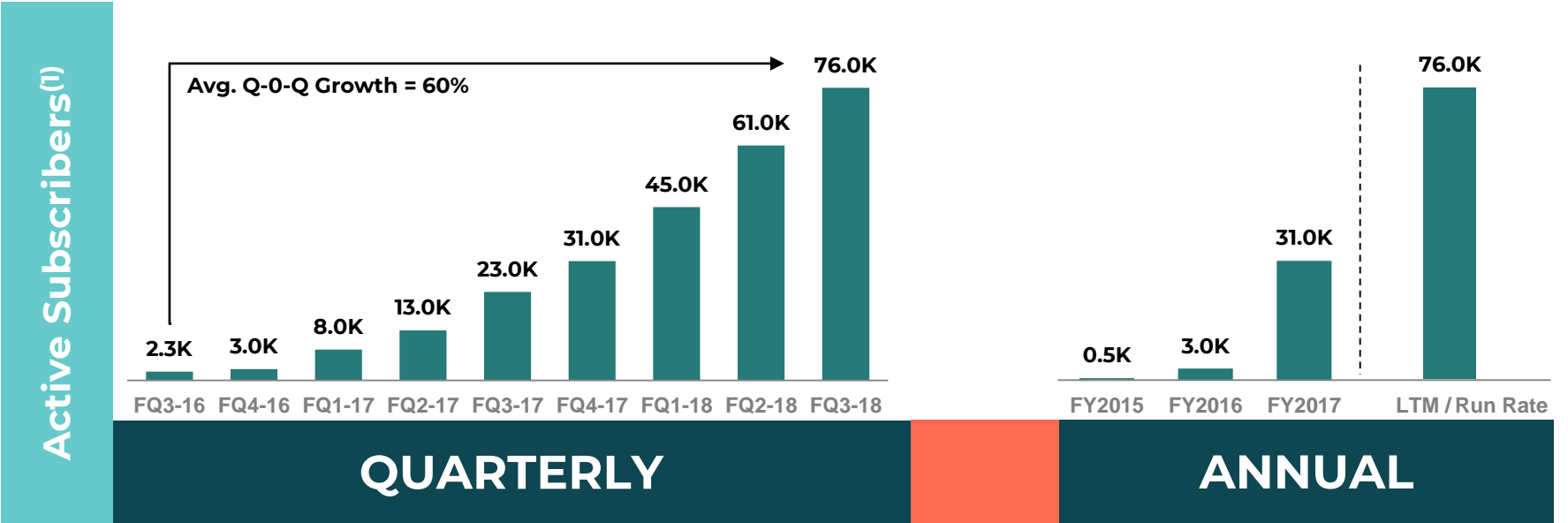


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COMPELLING FINANCIAL  
**PERFORMANCE**

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# STRONG CONSISTENT SUBSCRIBERS GROWTH



## DRIVERS

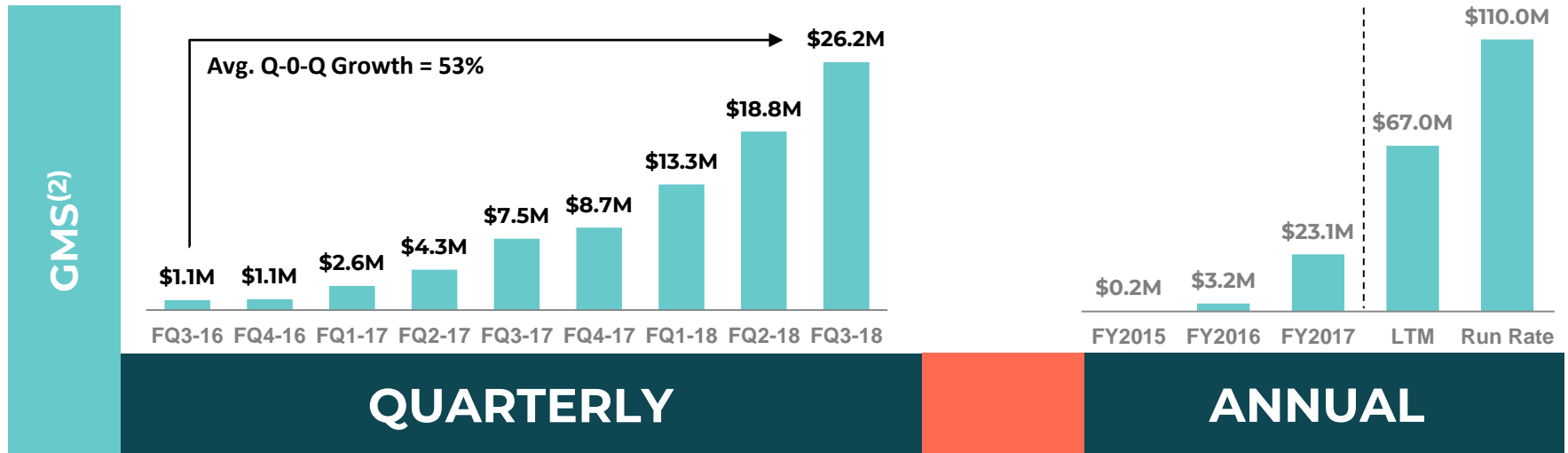
- Focusing on subscriber growth and market share gains
- Customer centric team with a long-term focus
- Diligently investing in highly targeted marketing campaigns
- Increasing loyal customer base

Source: Company's filings

(1) Active subscribers level reached at the end of the period

# STRONG CONSISTENT REVENUE GROWTH

Focusing on subscriber growth and market share gains =  
one of the fastest growing companies on the TSX<sup>(1)</sup>



## DRIVERS

- Revenue stream built on a large recurring subscription base
- Leveraging our national platform
- Introduction and adoption of new product offerings
- Enormous opportunity – evolve from a meal-kit company to a direct to consumer home meal solutions platform

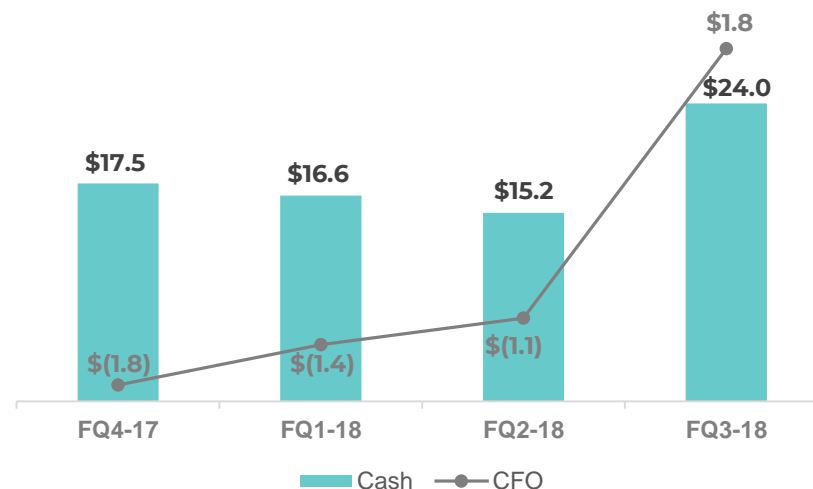
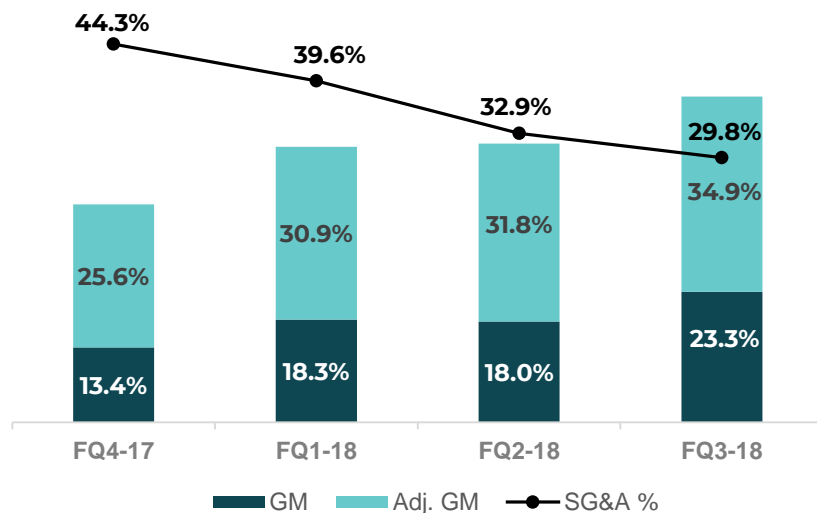
Source: Company's filings

(1) TSX-listed companies generating revenue from operations, based on 1-year LTM total revenue growth, as at July 13<sup>th</sup>, 2018

(2) Gross Merchandise Sales, refer to Non-IFRS measures

# AMPLIFYING PROFITABILITY THROUGH OPERATING LEVERAGE

(In C\$ millions)



## GROSS MARGINS & SGA AS A % OF REVENUE

## CASH POSITION & CASH FLOW FROM OPERATIONS

### DRIVERS

- Economies of scale
- Continuous improvements in operational processes efficiency
- Significant investments and focus on automation
- Highly profitable when established in a market
- Track record of cash management and investing for the long term

Source: Company's filings

# HIGHLY PROFITABLE BUSINESS MODEL

## CURRENT COST STRUCTURE

25% automation

Adj. Gross  
Margin 35%

Mostly marketing

Adj. SG&A  
~40%

EBITDA  
(5%)

Positive cash flow  
from operations at  
250% growth



## PROFITABILITY AT SCALE

Adj. Gross  
Margin 45%

Adj. SG&A  
~30%

EBITDA  
~15%

While growing at  
100% per year

**75% automation**  
(positive payback from capital  
investment in production)

+

**Economies of scale**  
(shipping, food cost, overhead)

**Reduced  
marketing and  
fixed costs % of  
sales**

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# EXPERIENCED

BOARD OF DIRECTORS

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# BOARD OF DIRECTORS



**HAMNETT HILL**  
Director

- Serial entrepreneur with over 20 years of high tech leadership
- Co-founder and chairman of Radialpoints
- Helped launch Edo Capital, a foodtech-focused fund in 2015
- Named one of the “Top 40 under 40” business leaders in Canada



**DONALD OLDS**  
Director

- President and CEO of the NEOMED Institute since January 2017
- Previously COO of TSX-listed Telesta Therapeutics Inc.
- Acted as President and CEO of Presegia Corp and worked for 9 years as CFO and COO of Aegea Therapeutics
- Currently Chairman of Oxfam Quebec and Director of Presegia Corp



**GUY LEBLANC**  
Director

- Chartered Professional Accountant
- Worked at PwC Canada for over 35 years, managed the Montreal Office 2006-2015
- Member of the Board of Atis Group and Meloche Group
- Accredited from the Institute of Corporate Governance

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# APPENDICES

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# CAPITAL MARKETS INFORMATION

TICKER	TSX: FOOD	ANALYST COVERAGE
52-week-High -----	\$3.15	<p><b>GMP Securities</b> Martin Landry 514-288-4016 mlandry@gmpsecurities.com</p> <hr/> <p><b>National Bank Financial</b> Leon Aghazarian 514-879-2574 leon.aghazarian@nbc.ca</p> <hr/> <p><b>Desjardins Securities</b> Frederic Tremblay 514-841-0283 frederic.a.tremblay@desjardins.com</p>
52-week-Low -----	\$1.20	
Share Price (July 20, 2018) -----	\$2.85	
Share Outstanding -----	51.8M	
Diluted Shares Outstanding -----	52.5M	
<b>MARKET CAPITALIZATION -----</b>	<b>\$149.6</b>	
Total Debt -----	\$2.7	
Less: Cash -----	\$(24.0)	
NET DEBT ( May 31, 2018) -----	\$(21.3)	
<b>ENTERPRISE VALUE -----</b>	<b>\$128.3</b>	
Management Ownership	<b>47%</b>	

# MEAL KIT SUPERIOR VALUE PROPOSITION

Offers consumers a quick and easy alternative to grocery shopping / meal preparation

## HOW IT WORKS



### We create original recipes.

Our in-house culinary team uses premium ingredients to create unique menus.



### You choose your preferences.

Choose from a variety of healthy, delicious meals each week that accommodate your dietary preferences.



### We deliver weekly - for free.

Your ingredients are packaged in our refrigerated boxes, so food stays fresh - even when you aren't at home.



### You cook incredible meals at home.

Our easy-to-follow recipes are created to cater to all cooking levels and styles. Each meal can be prepared in about 30 minutes.

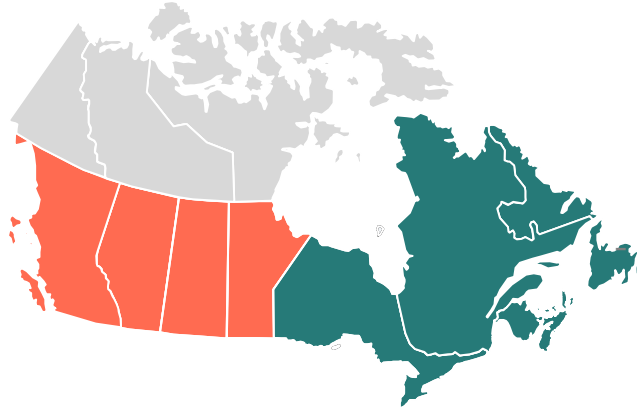
# CAPACITY UPDATE

# DISTRIBUTION

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## WESTERN CANADA

- Launched in Q3-2018 ahead of schedule and on budget
- 7-year lease for a 43,000 sq. ft. distribution facility
- \$100M of sales
- Add capacity to serve 75-100K subscribers
- Expanding the addressable market by 11 million Canadians



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## EASTERN CANADA

- Successfully transferred operations into a new 83,000 sq. ft. distribution facility (with a 72,000 sq. ft. option)
- \$200M of sales
  - Represent a capacity expansion of more than 5x initial capacity of 15,568 sq. ft.
  - Add capacity to support a 150K – 200K subscriber base (40-50% capacity utilization)