



(Nasdaq: RGF)

Disclaimer



Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements are subject to considerable risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact or relating to present facts or current conditions included in this presentation are forward-looking statements. Forward-looking statements give The Real Good Food Company, Inc.’s (the “Company,” “we,” “us,” or “our”) current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “will continue,” “will likely result,” “will,” and similar expressions, as they relate to our Company, our business and our management, are intended to identify forward looking statements.

In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially from those anticipated in or implied by the forward-looking statements, including as a result of the following factors: our limited operating history and significant operating losses; our ability to (i) increase our net sales from existing customers and acquire new customers; (ii) retain our customers; (iii) compete successfully in our industry; (iv) respond to new trends and changes in consumer preferences; (v) introduce new products or successfully improve existing products; (vi) implement our growth strategy; (vii) effectively expand our manufacturing and production capacity; (viii) retain our co-manufacturers and identify new co-manufacturers; (ix) obtain ingredients in sufficient quantities to meet demand for our products; or (x) obtain financing to achieve our goals to develop and commercialize new products, invest in our manufacturing facilities, and expand our product offerings; the impact of the COVID-19 pandemic on our supply chain and consumer behaviors; the requirements of becoming a public company; failure or interruption of our data systems; and cybersecurity incidents, or real or perceived errors, failures, or bugs in our systems or other technology disruptions or failure to comply with laws and regulations relating to privacy and the protection of data relating to our confidential information or our customers’ personal information.

Forward-looking statements contained within this presentation include statements regarding our projected financial results and future financial performance; our future sales growth; new customer relationships; the price of our products; our expanding production capabilities, including adding incremental capacity at our newly commenced production at our Bolingbrook, IL facility; and our ability to drive future growth and success. Any forward-looking statement made by us in this presentation speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Industry Information

This presentation contains statistical data, estimates, and forecasts that are based on various sources, including independent industry publications and other publicly available information, as well as other information based on our internal sources. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these data, estimates, and forecasts. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Our industry and market data are subject to a variety of risks and uncertainties, including those described in the section entitled “Risk Factors,” of our of our Annual Report on Form 10-K for the year ended December 31, 2021, which could cause results to differ materially from those expressed in these publications and reports.

Non-GAAP Financial Measures

We present adjusted gross profit, adjusted gross margin, adjusted EBITDA and adjusted EBITDA margin, which are non-GAAP financial measures and should not be considered alternatives to measures calculated and presented in accordance with GAAP. Adjusted gross profit means, for any reporting period, gross profit adjusted to exclude the impacts of costs and adjustments identified by management as affecting the comparability of our gross profit from period to period. Adjusted gross margin means adjusted gross profit as a percentage of net sales. Adjusted EBITDA means, for any reporting period, net income (loss) before depreciation and amortization, income taxes, and interest expense, and adjusted to exclude the impact of transaction expenses, as well as other costs and adjustments identified by management as affecting the comparability of our operating results from period to period. Adjusted EBITDA margin represents adjusted EBITDA divided by net sales. Adjusted gross profit, adjusted gross margin, adjusted EBITDA, and adjusted EBITDA margin should not be considered as alternatives to gross profit, gross profit margin, net loss or any other measure of financial performance calculated and presented in accordance with GAAP. There are a number of limitations related to the use of adjusted gross profit, adjusted gross margin, adjusted EBITDA, and adjusted EBITDA margin rather than gross profit, gross profit margin, and net loss, which are the most directly comparable GAAP measures, respectively. Our presentation of adjusted gross profit, adjusted gross margin, adjusted EBITDA, and adjusted EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of adjusted gross profit, adjusted gross margin, adjusted EBITDA, and adjusted EBITDA margin in the future, and any such modifications may be material. In addition, adjusted gross profit, adjusted gross margin, adjusted EBITDA, and adjusted EBITDA margin may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

Additional Information

All third-party brand names and logos appearing in this presentation are trademarks or registered trademarks of their respective holders. Any such appearance does not necessarily imply any affiliation with or endorsement of the Company.

Today's Presenters



Bryan Freeman
Executive Chairman

- 20+ years in the frozen foods industry
- Scaled and successfully exited three businesses
- Served on the senior leadership team of AdvancePierre Foods (TKR: APFH) that IPO'd at \$2.2B in 2016 and eventually sold to Tyson Foods at \$4.2B in 2017



Gerard G. Law
CEO

- 29+ years as an operator in the frozen foods industry
- Was part of the senior leadership team at J&J Snack Foods (TKR: JJSF) where he managed 16 manufacturing facilities and had a team of approximately 4.2K employees
- Successfully integrated over ten acquisitions
- Strong public company experience
- Part of a three-person equity road show team for JJSF



Akshay Jagdale
CFO

- 15+ years of experience as a securities analyst in the food and beverage sector
- Covered ~100 public food companies with a SMID-cap focus
- Strong relationships with institutional investors



1Q22 Financial Summary



(\$ in thousands)

	1Q22	1Q21	\$ Chg y/y	% Chg y/y
Net Sales	\$37,576	\$16,778	\$20,798	124%
Cost of Sales	\$33,329	\$12,765	\$20,564	161%
Gross Profit	\$4,247	\$4,013	\$234	6%
Gross Margin ⁽¹⁾	11.3%	23.9%		n/m
Adjusted Gross Profit⁽²⁾	\$6,457	\$4,765	\$1,692	36%
Adjusted Gross Margin ⁽¹⁾⁽²⁾	17.2%	28.4%		-1,120 bps
Adjusted Operating Expenses	\$10,174	\$4,883	\$5,291	108%
Adjusted EBIT	(\$3,717)	(\$118)	(\$3,599)	n/m
Adjusted EBITDA⁽²⁾⁽³⁾	(\$3,317)	\$135	(\$3,452)	n/m

- Net sales increased 124% to \$37.6 million primarily due to strong growth in sales volumes of the Company's core products (Entrees and Breakfast), driven by expansion in the club channel, and greater demand from existing retail customers.
 - Retail channel sales grew 78% driven by recent new customer wins, expanded distribution with existing customers, continued strong velocity growth in core products and new product innovation
 - Club channel sales grew 202% driven by distribution gains and strong velocities
- Adjusted gross margin⁽²⁾ decreased to 17.2% primarily due to increases in labor and raw material costs partially offset by an increase in the amount of products sold that were self-manufactured
- Adjusted EBITDA⁽²⁾⁽³⁾ loss increased to \$3.3 million compared to Adjusted EBITDA of \$0.1 million in the first quarter of 2021, primarily driven by higher operating expenses partially offset by higher net sales.

1) Change is shown as changes to basis points.

2) Adjusted Gross Profit, Adjusted Gross Margin, and Adjusted EBITDA are non-GAAP financial measures. Adjusted Gross Profit means, for any reporting period, Gross Profit adjusted to exclude the impacts of costs and adjustments identified by management as affecting the comparability of our Gross Profit from period to period. Adjusted Gross Margin means Adjusted Gross Profit as a percentage of Net Sales. Please see page 18 for a reconciliation of Adjusted Gross Profit and Adjusted Gross Margin to the most directly comparable GAAP measures, Gross Profit and Gross Margin, respectively.

3) Adjusted EBITDA means, for any reporting period, net income (loss) before depreciation and amortization, income taxes, and interest expense, adjusted to exclude the impact of transaction expenses, as well as other costs and adjustments identified by management as affecting the comparability of our operating results from period to period. Please see page 19 for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net loss.

Updated FY 2022 Financial Outlook



	Previous	Current	Change
Net Sales	\$140 - \$150 million 67% - 79% growth	\$150 - \$160 million 78% - 90% growth	+10M or 10%
Adjusted Gross Margin ⁽¹⁾	17% - 23%	17% - 23%	Unchanged
Adjusted EBITDA ⁽²⁾	\$(4.0) - \$(11.0) million	\$(4.0) - \$(9.0) million	+1M mid-point

1) Adjusted gross margin is a non-GAAP financial measure. Adjusted gross profit means, for any reporting period, gross profit adjusted to exclude the impacts of costs and adjustments identified by management as affecting the comparability of our gross profit from period to period. Adjusted gross margin means adjusted gross profit as a percentage of net sales. Please see page 18 for a reconciliation of adjusted gross profit and adjusted gross margin to the most directly comparable GAAP measures, gross profit and gross margin, respectively.

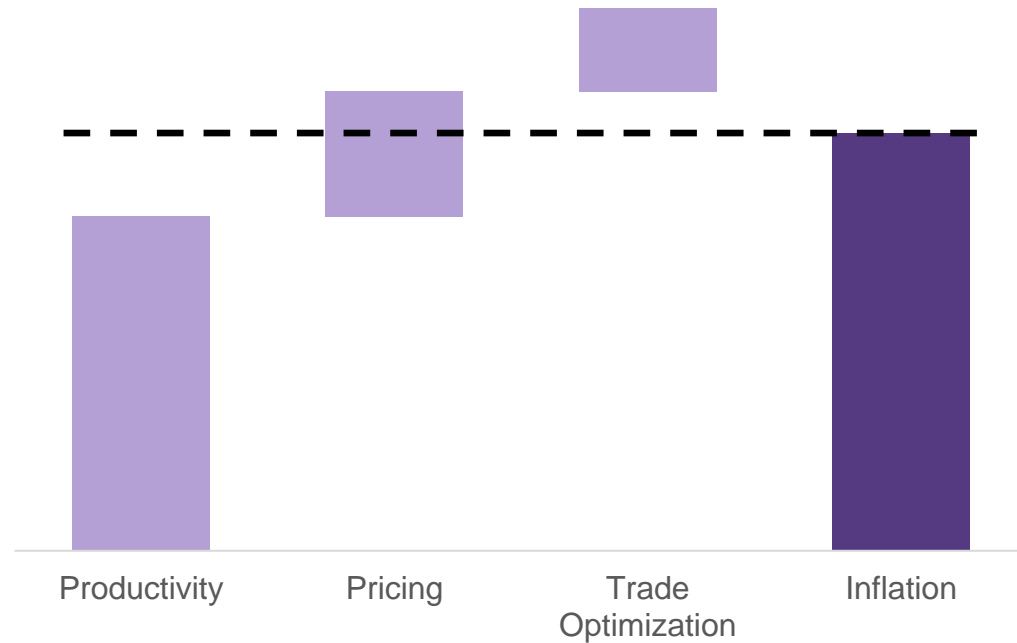
2) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA means, for any reporting period, net income (loss) before depreciation and amortization, income taxes, and interest expense, adjusted to exclude the impact of transaction expenses, as well as other costs and adjustments identified by management as affecting the comparability of our operating results from period to period. Please see page 19 for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net loss

2022 Inflation & Productivity Outlook



Significant inflation expected to be offset by productivity and net price realization

- Direct material inflation expected to be in the high-single-digits to low-double-digits in 2022
- Several initiatives in place to offset higher costs
 - Productivity
 - ✓ ~10% of cost basket or 2x LT target of ~5%
 - Product reformulation
 - In-house manufacturing
 - Strategic sourcing
 - Pricing
 - Trade Optimization



Balance Sheet and Cash Flow Plans



Commentary

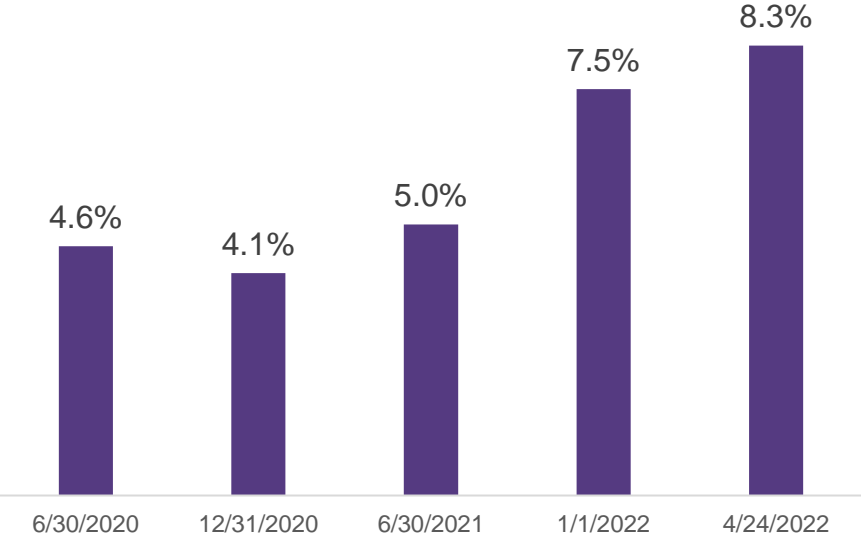
- Cash and cash equivalents balance of \$14.4 million and total debt of \$22.7 million
- Credit facility capacity of \$50 million
 - Currently ~\$14.5 million drawn, which implies \$35.5M in incremental borrowing capacity
- **Total liquidity of \$49.9 million** (\$14.4M cash + \$35.5M revolver capacity)
 - 1Q22 OCF was -\$4.7M
 - OCF expected to improve in 2H driven by margin improvement and continued CCC improvements
 - Minimal cap-ex spending in 2022
 - COI facility is not yet automated and hence requires minimal maintenance cap-ex
 - BB facility and equipment is being leased with costs flowing through the P&L and as such no cap-ex associated with this plant
- Anticipate to be at least EBITDA break-even in 2023 on an adjusted basis
- We believe we have sufficient liquidity to fund our current needs and execute our 2022 and long-term plan

Strong Brand Health Indicators

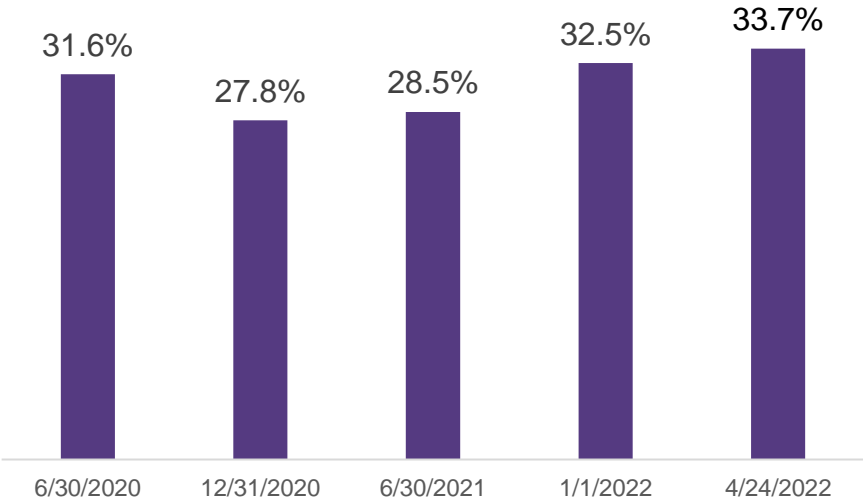


Real Good Foods Brand Health Indicators

Household Penetration



Repeat Rates



RGF's HHP Now Ranks #2 Amongst HWI Brands



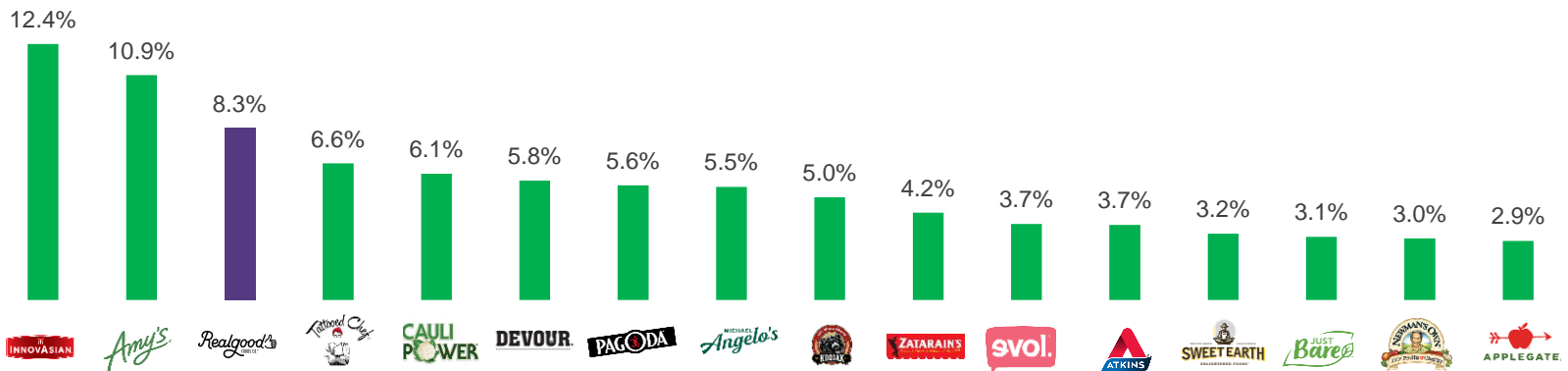
Household Penetration points to much higher sales

Sales of Select Health & Wellness and Emerging Brands⁽¹⁾



(2)

Household Penetration of Select Health & Wellness and Emerging Brands



Source:

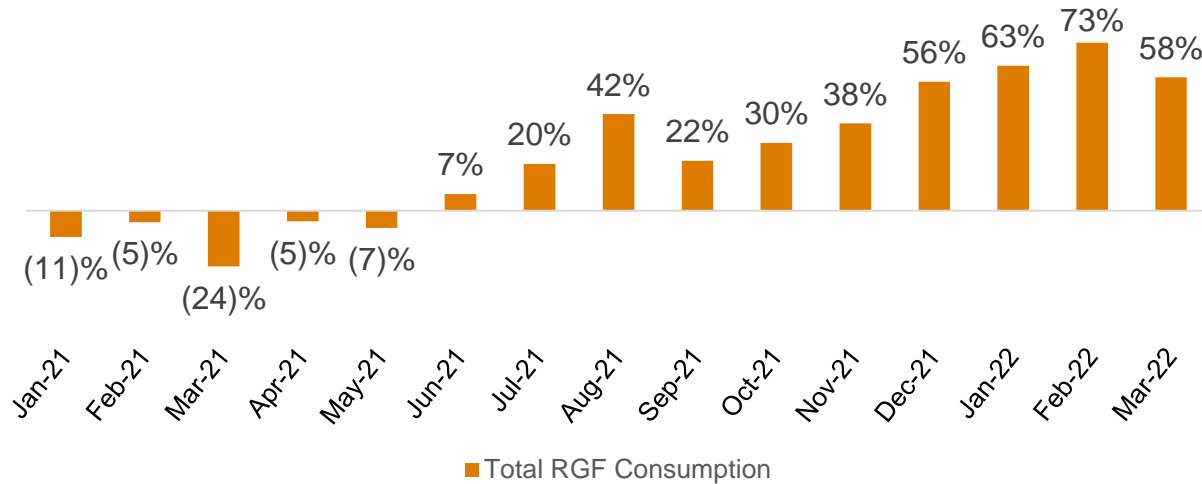
(1) Management estimates, SPINS 52 weeks ended 1/23/22

(2) Management estimates, & Numerator as of 4/24/22

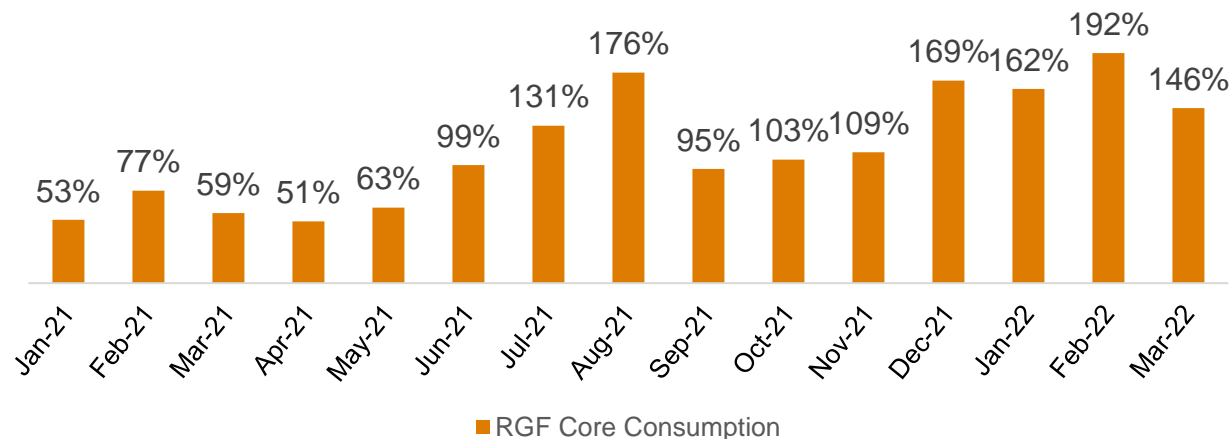
Measured Channel Growth Inflected & Expected To Accelerate



Total RGF Retail Measured Channel – Consumption Trends ⁽¹⁾



RGF Core Retail Measured Channel – Consumption Trends ⁽¹⁾



(1) SPINS Data, 4-wk periods adjusted to calendar months

Bolingbrook Facility Enables Entry into Markets Valued at \$5B



Frozen Breaded Poultry
~\$1.5-\$2.0B
Platform⁽¹⁾



Low Carb, High Protein, Grain
Free Chicken Nuggets
Expected to Launch 2022

Frozen Asian
~\$1.0B+
Platform⁽¹⁾



Zero Sugar Asian
Entree Platform
Expected to Launch 2022

Frozen Potatoes
~\$2.4B
Category ⁽²⁾



Protein Fries &
Protein Tots
Expected to Launch 2022

Frozen Breakfast
~\$2.5B
Category ⁽²⁾



Breakfast Protein Bites
& Breakfast Bowls
Expected to Launch 2022

~\$5B Opportunity with Bolingbrook

(1) For 52wk period ending 10/03/21 per SPINS.
(2) Front-panel claims are subject to change.

Investing in Growth – Bolingbrook Facility – Building Capacity In Anticipation of Demand



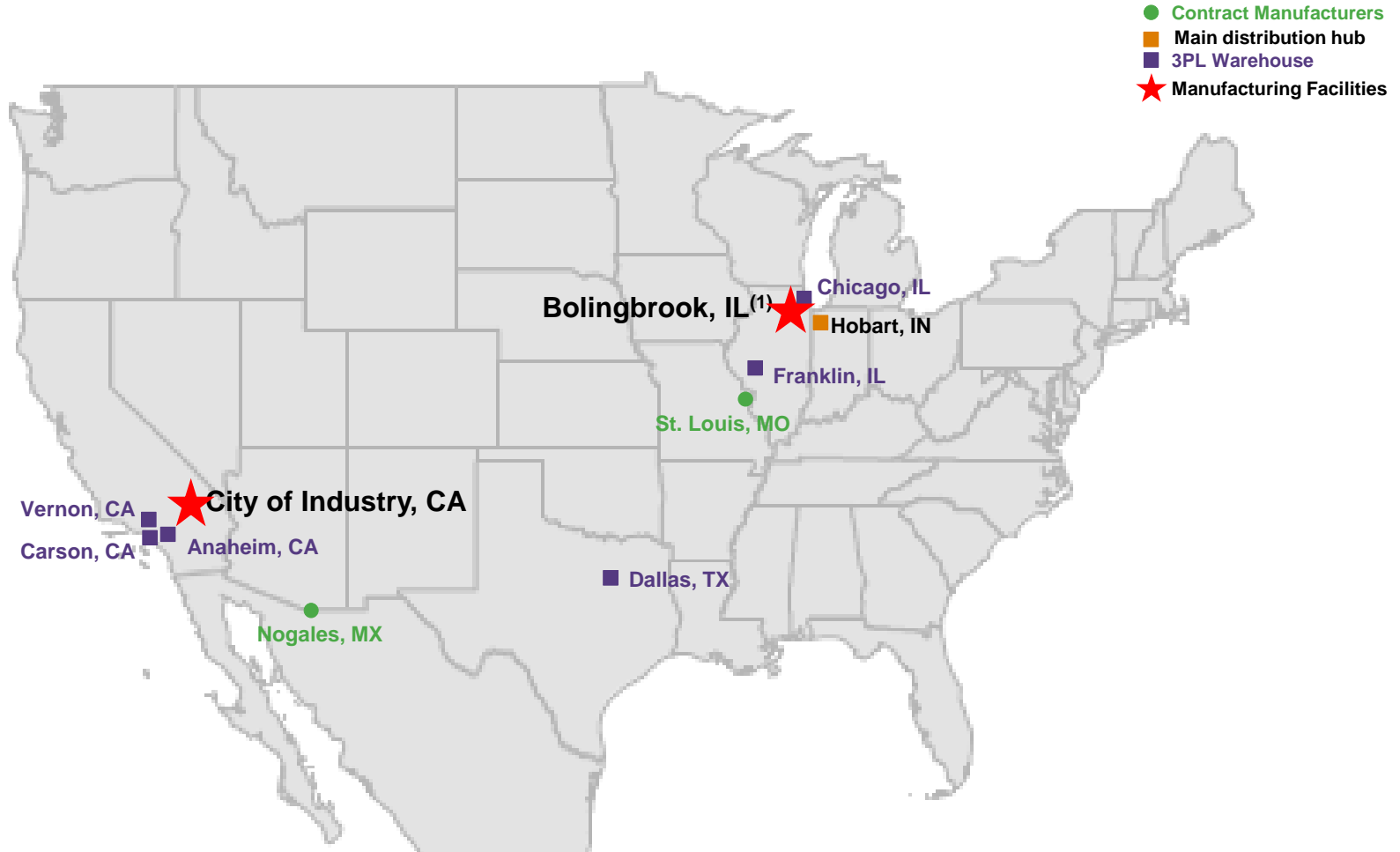
Overview

- State of the art USDA, Gluten Free certified processing facility
- New Capacity: 81,000+ sq ft facility; 2x footprint of existing City of Industry, CA facility
- Facility has the expected capacity to achieve \$250-\$300 million in sales
- Productivity: Highly automated facility requires lower labor costs and is expected to increase margins and accelerate profitability
- Capabilities - high-throughput, flexible, production lines
 - Breeding and frying (Strips, Nuggets, Stuffed Chicken, Tots)
 - Assembly (Bowls, Enchiladas, Bacon Wrap)
 - Chicken logs



Commenced production March 2022

Bolingbrook Facility Located Near Raw Materials Source & Distribution Hub Expected to Lower Costs



(1) Bolingbrook manufacturing facility operations commenced production in March 2022.

Production Capacity Evolution



Total Real Good Foods Expected Sales Capacity (\$ Net Sales)



Long-Term Targets



Long-Term

Net Sales

~\$500M

**Adjusted Gross
Margin ⁽¹⁾**

35%

**Adjusted
EBITDA Margin
⁽²⁾**

15%

1) Adjusted gross margin is a non-GAAP financial measure. Adjusted gross profit means, for any reporting period, gross profit adjusted to exclude the impacts of costs and adjustments identified by management as affecting the comparability of our gross profit from period to period. Adjusted gross margin means adjusted gross profit as a percentage of net sales. Please see page 18 for a reconciliation of adjusted gross profit and adjusted gross margin to the most directly comparable GAAP measures, gross profit and gross margin, respectively.

2) Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA means, for any reporting period, net income (loss) before depreciation and amortization, income taxes, and interest expense, adjusted to exclude the impact of transaction expenses, as well as other costs and adjustments identified by management as affecting the comparability of our operating results from period to period. Please see page 19 for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net loss.

Path to \$500M in Net Sales



Through organic growth, Real Good Foods believes it has a clear path to achieve \$500M in Net Sales

Net Sales Bridge

(\$ in millions)



Commentary

1

Expansion of total distribution points (TDP) through new retail customers and new products

2

Club primarily reflects growth in current customers

3

Potential in foodservice is incremental to this path

Bolingbrook Anticipated Financial Impact



	2022E	Medium-Term	Long-Term
Sales	+ At Least \$10-20M	>\$100M	~\$250-300M capacity
Product Contribution Margins	+	++	+++
Overhead Costs	--	—	+
Reported Gross Margin	—	+	+++
Adjusted Gross Margin	+	++	+++
SG&A/Sales	+	++	+~400 bps
Adjusted EBITDA	++	++	+++
Cash Flow	Neutral	++	+++

- Product contribution margins are higher owing primarily to low labor cost, better yields and product mix
- Lowers distribution costs owing to location being very close to strategic distribution hub
- Physical plant and equipment is being leased at relatively attractive rates and, as such, no cap-ex to build plant
- Expect to be EBITDA and cash flow positive a year ahead of previous schedule (2023)



Appendix

Adjusted Gross Profit and Adjusted Gross Margin Reconciliation



	THREE MONTHS ENDED MARCH 31,	
	2022	2021
Gross Profit	\$4,247	\$4,013
Start-up and idle capacity costs ⁽¹⁾	1,310	752
Costs related to the COVID-19 pandemic ⁽²⁾	900	-
Adjusted Gross Profit	\$6,457	\$4,765
Adjusted Gross Margin	17.2%	28.4%

Note: \$ in thousands.

(1) Represents start-up costs associated with commencing operations at our City of Industry Facility and other costs associated with temporary manufacturing capacity at our City of Industry Facility, including indirect labor costs, utility costs, and rent.

(2) Represents direct costs incurred in connection with the COVID-19 pandemic, including freight rush charges, labor costs, tolling upcharges, and storage.

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation



	THREE MONTHS ENDED MARCH 31,	
	2022	2021
Net Loss	\$(9,557)	\$(4,401)
Depreciation and amortization	400	253
Provision for income tax	-	-
Interest expense	890	2,043
Other Income	-	-
Start-up and idle capacity costs ⁽¹⁾	1,310	752
Costs related to the COVID-19 pandemic ⁽²⁾	900	-
Share-based compensation ⁽³⁾	1,698	18
Transaction expenses ⁽⁴⁾	-	1,470
Other ⁽⁵⁾	25	-
Bolingbrook start-up administrative costs ⁽⁶⁾	1,017	-
Adjusted EBITDA	\$(3,317)	\$135
Adjusted EBITDA Margin	(8.8)%	0.8%

Note: \$ in thousands.

(1) Represents start-up costs associated with commencing operations at our City of Industry Facility and other costs associated with temporary manufacturing capacity at our City of Industry Facility, including indirect labor costs, utility costs, and rent.

(2) Represents direct costs incurred in connection with the COVID-19 pandemic, including freight rush charges, labor costs, tolling upcharges, and storage.

(3) Represents equity-based compensation expense.

(4) Represents costs incurred in connection with pursuing certain strategic and financing transactions, including legal, consulting, and accounting costs.

(5) Represents other non-recurring administrative costs incurred during the period.

(6) Represents administrative costs incurred in connection with start-up of the new Bolingbrook Facility.

Summary of Adjustments



THREE MONTHS ENDED

MARCH 31, 2022

	Net Sales	Gross Profit	Gross Margin	Selling Expenses	Marketing Expenses	Administrative Expenses	Income from Operations	Operating Margin
Reported	\$37,576	\$4,247	11.3%	\$5,327	\$1,786	\$5,801	\$(8,667)	(23.1)%
Items Affecting Comparability:								
Start-up and idle capacity costs ⁽¹⁾	-	1,310		-	-	-	1,310	
Costs related to the COVID-19 pandemic ⁽²⁾	-	900		-	-	-	900	
Share-based compensation ⁽³⁾	-	-		(62)	-	(1,636)	1,698	
Transaction expenses ⁽⁴⁾	-	-		-	-	-	-	
Other ⁽⁵⁾	-	-		-	-	(25)	25	
Bolingbrook start-up administrative costs ⁽⁶⁾	-	-		-	-	(1,017)	1,017	
Adjusted	<u>\$37,576</u>	<u>\$6,457</u>	17.2%	<u>\$5,265</u>	<u>\$1,786</u>	<u>\$3,123</u>	<u>\$(3,717)</u>	(9.9)%

THREE MONTHS ENDED

MARCH 31, 2021

	Net Sales	Gross Profit	Gross Margin	Selling Expenses	Marketing Expenses	Administrative Expenses	Income from Operations	Operating Margin
Reported	\$16,778	\$4,013	23.9%	\$2,919	\$632	\$2,820	\$(2,358)	(14.1)%
Items Affecting Comparability:								
Start-up and idle capacity costs ⁽¹⁾	-	752		-	-	-	752	
Costs related to the COVID-19 pandemic ⁽²⁾	-	-		-	-	-	-	
Share-based compensation ⁽³⁾	-	-		-	-	(18)	18	
Transaction expenses ⁽⁴⁾	-	-		-	-	(1,470)	1,470	
Other ⁽⁵⁾	-	-		-	-	-	-	
Bolingbrook start-up administrative costs ⁽⁶⁾	-	-		-	-	-	-	
Adjusted	<u>\$16,778</u>	<u>\$4,765</u>	28.4%	<u>\$2,919</u>	<u>\$632</u>	<u>\$1,332</u>	<u>\$(118)</u>	(0.7)%

Note: \$ in thousands.

(1) Represents start-up costs associated with commencing operations at our City of Industry Facility and other costs associated with temporary manufacturing capacity at our City of Industry Facility, including indirect labor costs, utility costs, and rent.

(2) Represents direct costs incurred in connection with the COVID-19 pandemic, including freight rush charges, labor costs, tolling upcharges, and storage.

(3) Represents equity-based compensation expense.

(4) Represents costs incurred in connection with pursuing certain strategic and financing transactions, including legal, consulting, and accounting costs.

(5) Represents other non-recurring administrative costs incurred during the period.

(6) Represents administrative costs incurred in connection with start-up of the new Bolingbrook Facility.

Realgood
FOODS CO.®

Real Food You Feel Good About Eating

