



# Investor Presentation

June 2022



(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.

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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 commencing operations 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.

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## 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.

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# 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



# Board with Significant Experience Successfully Scaling Food Companies



Name	Experience	
<b>Bryan Freeman</b> <i>Executive Chairman and Chairperson of the Board</i>	<ul style="list-style-type: none"> <li>20+ years of experience in the frozen foods industry</li> <li>Served as an executive at AdvancePierre Foods from 2015 to 2017, and part of the senior leadership team when AdvancePierre Foods completed its initial public offering in 2016</li> </ul>	
<b>Mark J. Nelson*</b>	<ul style="list-style-type: none"> <li>30+ years of public and private company experience</li> <li>Most recently served as CFO and Treasurer of Beyond Meat</li> <li>Previously served as SVP and CFO of Biolase and as Treasurer and CFO of Farmer Bros.</li> </ul>	
<b>Deanna T. Brady*</b>	<ul style="list-style-type: none"> <li>30+ years of experience in the foodservice industry</li> <li>Currently serves as EVP and a member of the executive committee of Hormel Foods</li> <li>Prior to her current role, held multiple leadership roles within various Hormel divisions</li> </ul>	
<b>Gil B. de Cardenas*</b>	<ul style="list-style-type: none"> <li>Currently serves as CEO of Cacique, Inc., a brand in the Mexican-style cheese, cream and sausage category</li> <li>Also serves as a member of Nielsen-Massey Vanilla's Board of Directors</li> <li>Previously served as CEO of Reynaldo's Foods, a branded meat and dessert company</li> </ul>	
<b>George F. Chappelle, Jr.</b>	<ul style="list-style-type: none"> <li>Currently serves as CEO of Americold</li> <li>Also serves as Board Member and Advisor of Green Fees LLC</li> <li>Previously served as Chairman of the Board of Directors of Flagstone Foods</li> <li>Previously held several senior leadership roles at Tyson Foods and AdvancePierre Foods</li> </ul>	
<b>Gerard G. Law</b>	<ul style="list-style-type: none"> <li>29+ years as an operator in the frozen foods industry</li> <li>Currently serves as CEO of Real Good Foods</li> <li>Previously served as the SVP at the Snack Foods Division at J&amp;J Snack Foods, where he managed 16 manufacturing plants</li> </ul>	



# Mission Statement and Brand Commitment



## Real Good Foods Mission

We believe there is a better way to feed our future. Consumers seeking to make healthier food choices include the portion of the U.S. population seeking to **reduce sugar in their diets** and **reduce their carbohydrate intake**. Our mission is to make our craveable, nutritious comfort foods **accessible to everyone across the United States** and, eventually, throughout the world.

## Brand Commitment

To always put nutrition first and to always be REAL. Our brand commitment, ***“Real Food You Feel Good About Eating,”*** represents our strong belief that, by eating our food, consumers can enjoy more of their favorite foods and, by doing so, live better lives as part of a healthier lifestyle.

## Our Culture

We will **always be REAL** with our community and with ourselves: We are always available 24/7 to listen, learn and be transparent with our consumers.



**Realgood**  
FOODS CO.

RGF Video

Real Good Foods  
Mission & Story

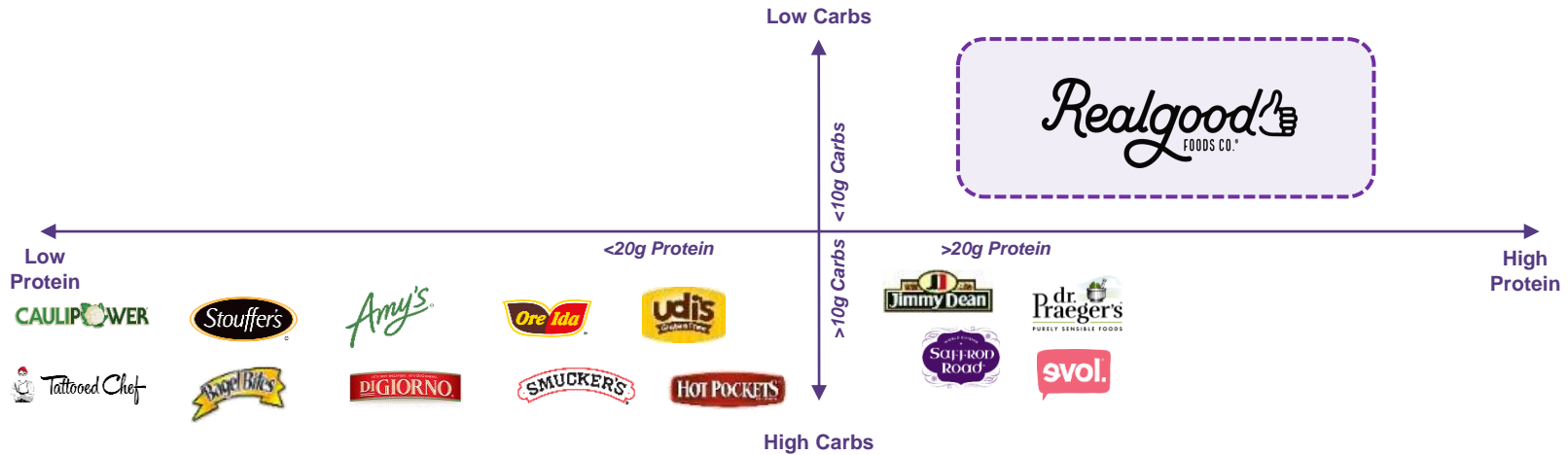


# The Real Good Foods Opportunity

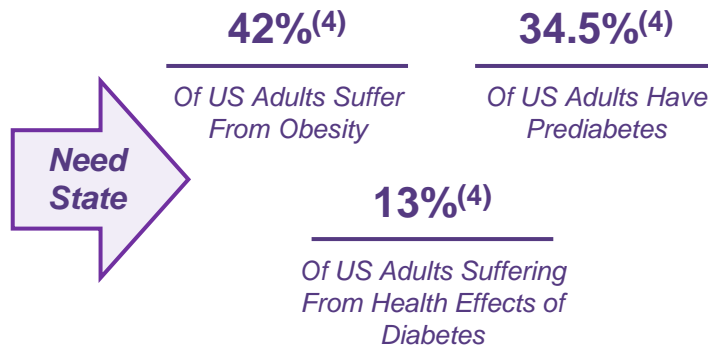
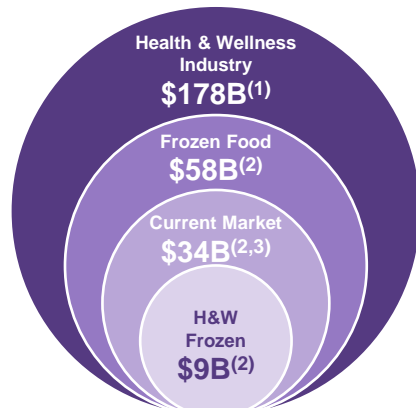


Real Good Foods is one of the only frozen food brands offering nutritious foods high in protein and low in carbs, and plays in a large addressable market with an underserved need state

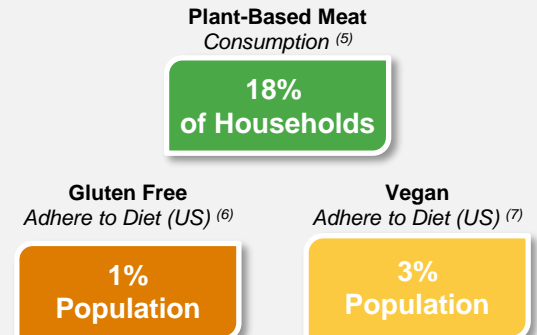
## Competitive Landscape



## Addressable Market



### For Perspective...



Note: Percent statistics per NPD Group Consumer Trends and CDC: National Diabetes Statistics Report (2020).

(1) For 52wk period ended 12/26/21 per SPINS. Health & Wellness category consists of specialty and natural products, as defined by SPINS. Total frozen food market excludes frozen and refrigerated meat. (2) For 52wk period ended 12/26/21 per SPINS. Health & Wellness category consists of specialty and natural products, as defined by SPINS. Total frozen food market excludes frozen and refrigerated meat. (3) Consists of Frozen Entrees, Frozen Breakfast, Frozen Snacks and Frozen Pizza. (4) CDC. (5) Plant Based Foods Association, 2020.

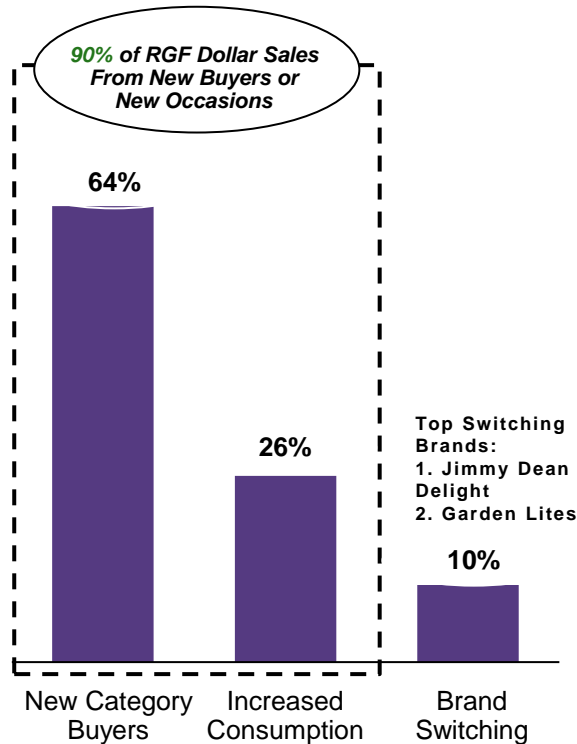
(6) Forbes "The Number of Americans Going Gluten Free has Tripled Since 2009", January 2017. (7) Vegan News, March 2020.

# Our Growth is Highly Incremental to the Categories We Compete In



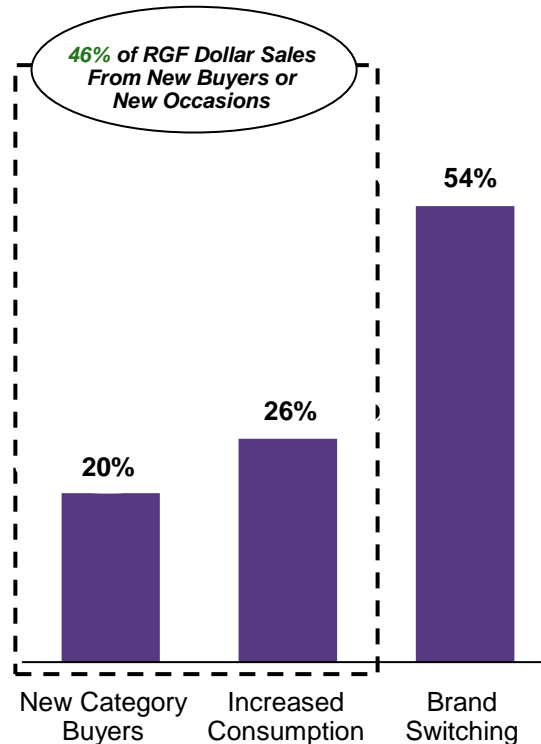
## Real Good Foods Retail Sales Growth Breakdown

### Frozen Breakfast Entree



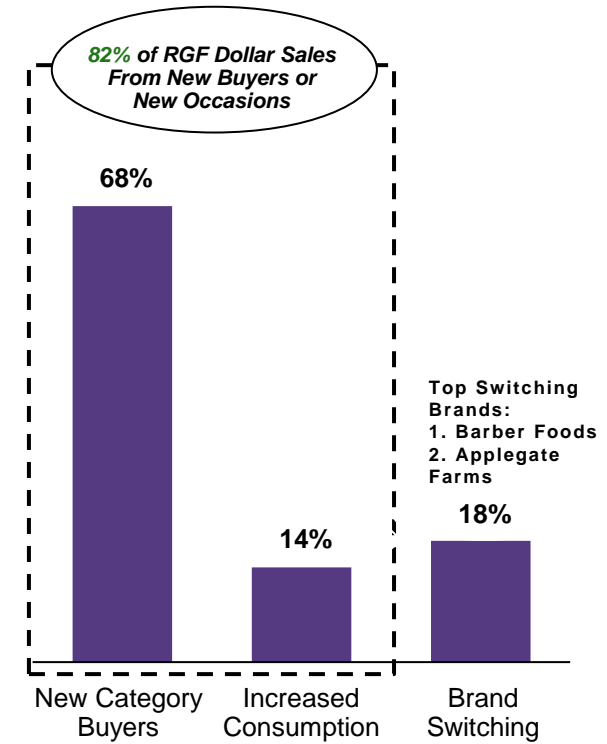
Retail Sales		
\$2.2M	\$0.8M	\$0.4M

### Frozen Entree Bowl



Retail Sales		
\$0.5M	\$0.7M	\$1.3M

### Frozen Prepared Poultry



Retail Sales		
\$5.9M	\$1.2M	\$1.6M



# Large and Highly-Engaged Digital Community



## Category-leading social presence that creates demand and drives trips to stores

### Real Good Foods Activation Model: Digital Properties Fuel Growth

#### Real Good Foods Digital KPIs<sup>(1)</sup>

- **Social Media:** 750K+ Followers
- **Instagram:** 410K+ Followers
- **Website Traffic:** 1.3m+ / Year
- **Emails:** 300K Emails
- **SMS:** 210K Subscribers
- **Influencers:** 1,500 (90M reach)
- **Monthly Digital Impressions L6 Months:** 32m / Month

### Case Study: Community Provides Permission to Extend into Adjacent Categories

#### Breakfast Sandwich Launch

- 20K comments in 24 hours
- Thousands of requests at store level
- RGF Labs: Key communities that provide instant feedback loop to optimize product pre-retail launch

### Real Good Foods Has More Instagram Followers Than Some of the Largest Brands in Frozen Combined...

410,000+ Followers<sup>(1)</sup>

Realgood<sup>®</sup>  
FOODS CO.<sup>®</sup>



(Frozen Brands)



### Case Study: Leveraging Digital Community for Successful Launch at Costco

#### Launch of Raw Stuffed Chicken at Costco

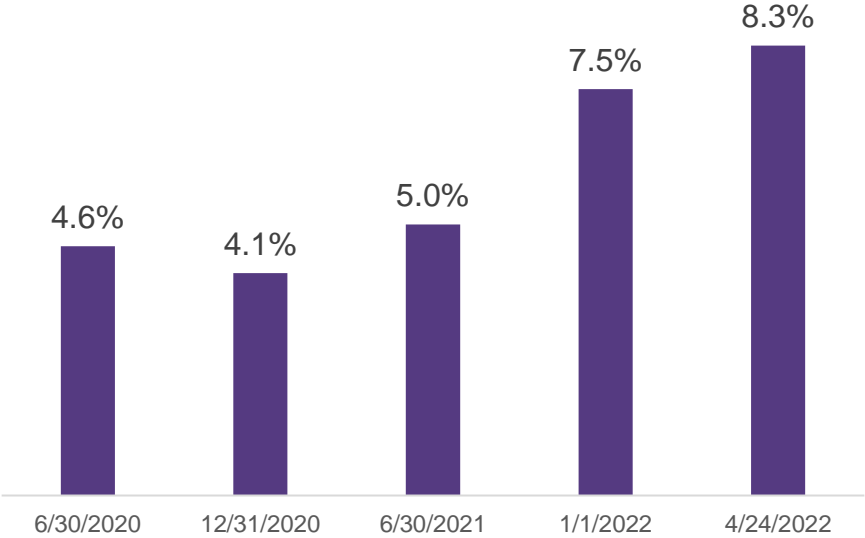
- Activated SMS, Email, Paid Social and Influencers to announce "now available at Costco"
- Social posts on Instagram had over 12k organic comments
- Increased velocities by 22% to \$2,500 per club in Costco Northwest (launch region)
- Incremental paid social activation achieved 3.3x ROAS across 5 regional campaigns

# Strong Brand Health Indicators

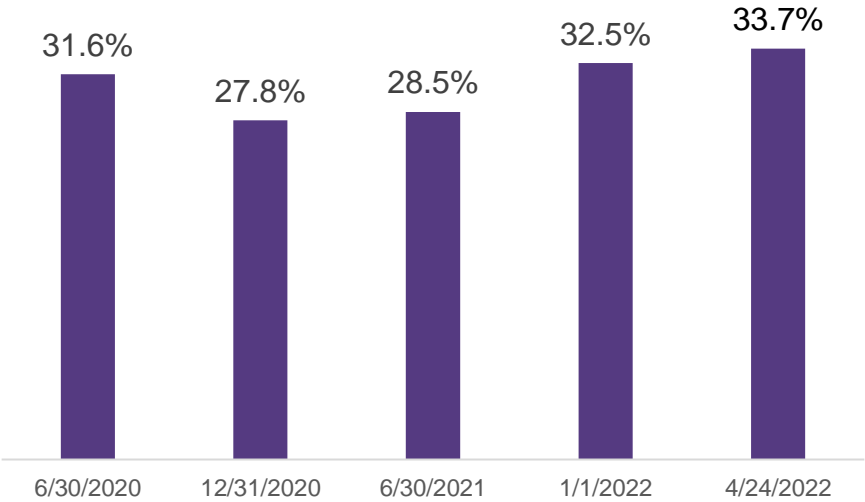


## Real Good Foods Brand Health Indicators

Household Penetration



Repeat Rates



# RGF's HHP Now Ranks #2 Amongst HWI Brands



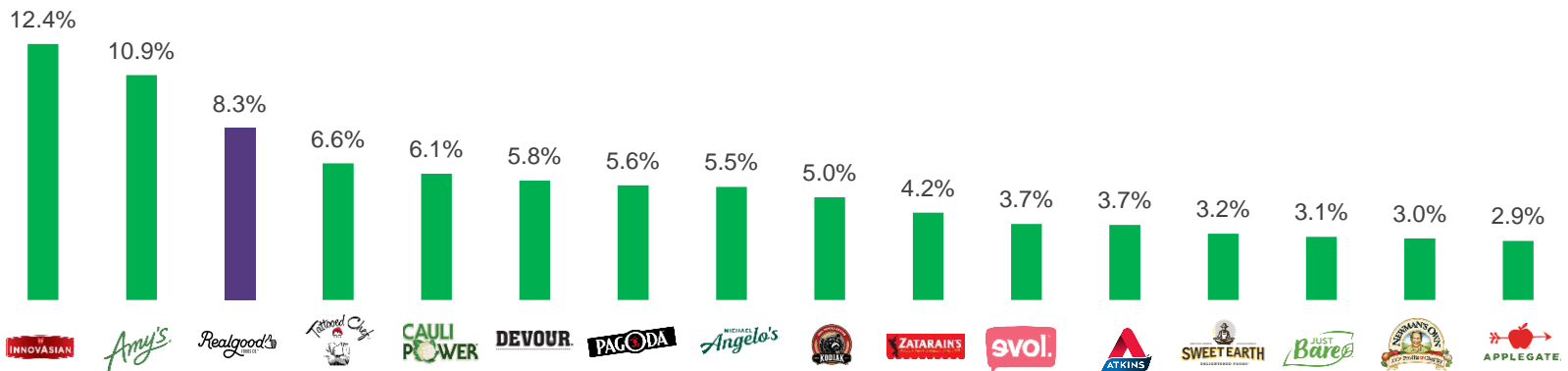
Household Penetration points to much higher sales

Sales of Select Health & Wellness and Emerging Brands<sup>(1)</sup>



(2)

Household Penetration of Select Health & Wellness and Emerging Brands



Source:

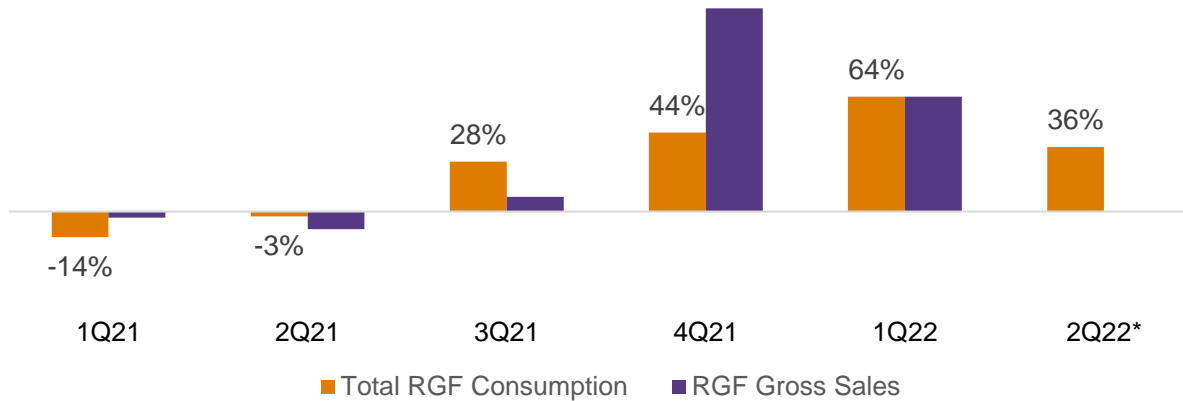
(1) Management estimates, SPINS 52 weeks ended 1/23/22

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

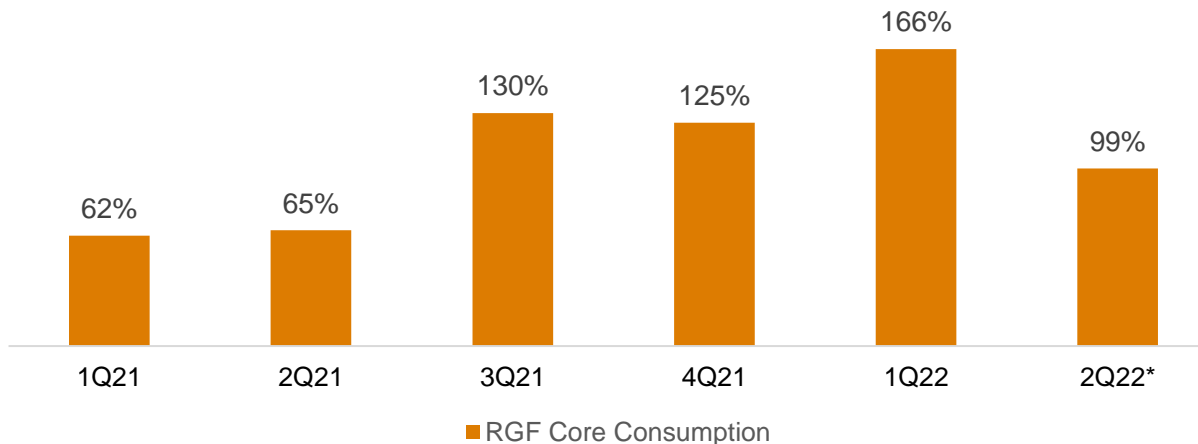
# Measured Channel Sales Growth Inflected



## Total RGF Retail Measured Channel – Consumption Trends



## RGF Core Retail Measured Channel – Consumption Trends



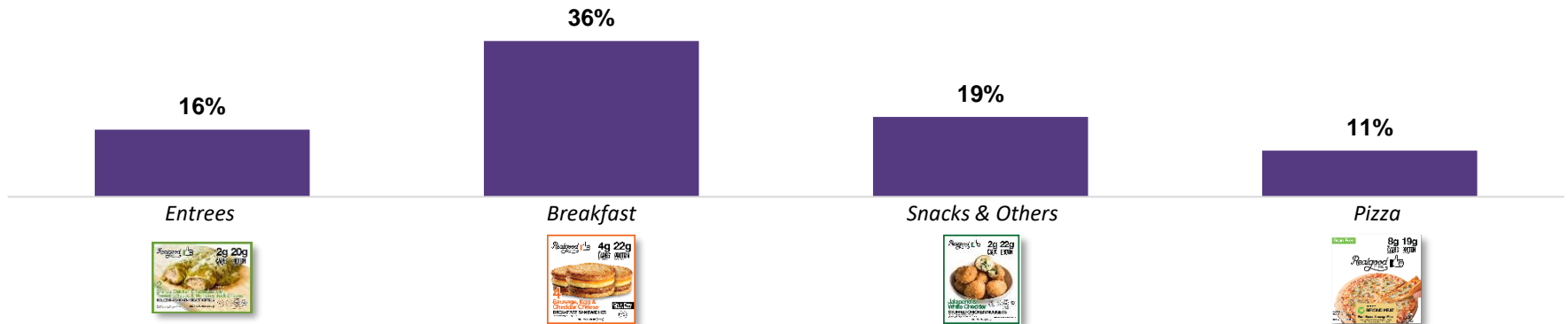


# Significant White-Space Opportunity



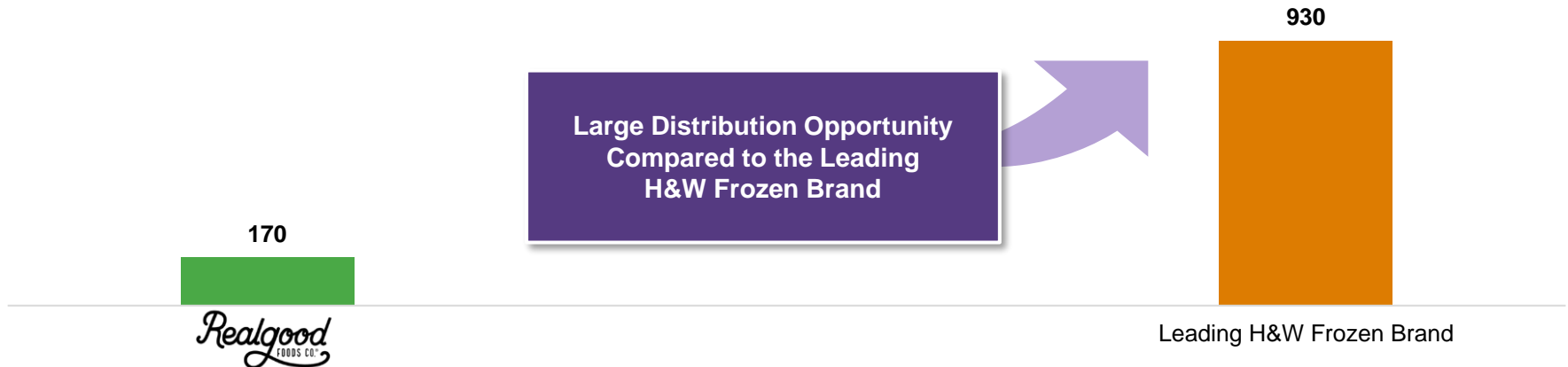
Low ACV and distribution white space provide an attractive opportunity for growth

## Weighted Average % ACV<sup>(1)</sup>



## Total Distribution Points<sup>(2)</sup>

(in thousands)



(1) SKU weighted average for 4wk period ended 6/13/21 per SPINS.

(2) For 4wk period ended 6/13/21 per SPINS.

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



**Frozen Breaded Poultry**  
**~\$1.5-\$2.0B**  
 Platform<sup>(1)</sup>



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

**Frozen Asian**  
**~\$1.0B+**  
 Platform<sup>(1)</sup>



Zero Sugar Asian  
 Entree Platform  
 Expected to Launch 2022

**Frozen Potatoes**  
**~\$2.4B**  
 Category <sup>(2)</sup>



Protein Fries &  
 Protein Tots  
 Expected to Launch 2022

**Frozen Breakfast**  
**~\$2.5B**  
 Category <sup>(2)</sup>



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.

# Production Capacity Evolution



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





# Updated Long-Term Targets



## FY 2022

## Long Term

**Net Sales**

**\$150 - \$160 million**  
**78% - 90% growth**

**~\$500M**

**Adjusted Gross  
Margin <sup>(1)</sup>**

**17% - 23%**

**35%**

**Adjusted  
EBITDA /  
EBITDA Margin  
<sup>(2)</sup>**

**\$(4.0) - \$(9.0) million**

**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 Appendix 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 Appendix for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net loss.

# Balance Sheet and Cash Flow Plans



## Commentary

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- 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



## Appendix

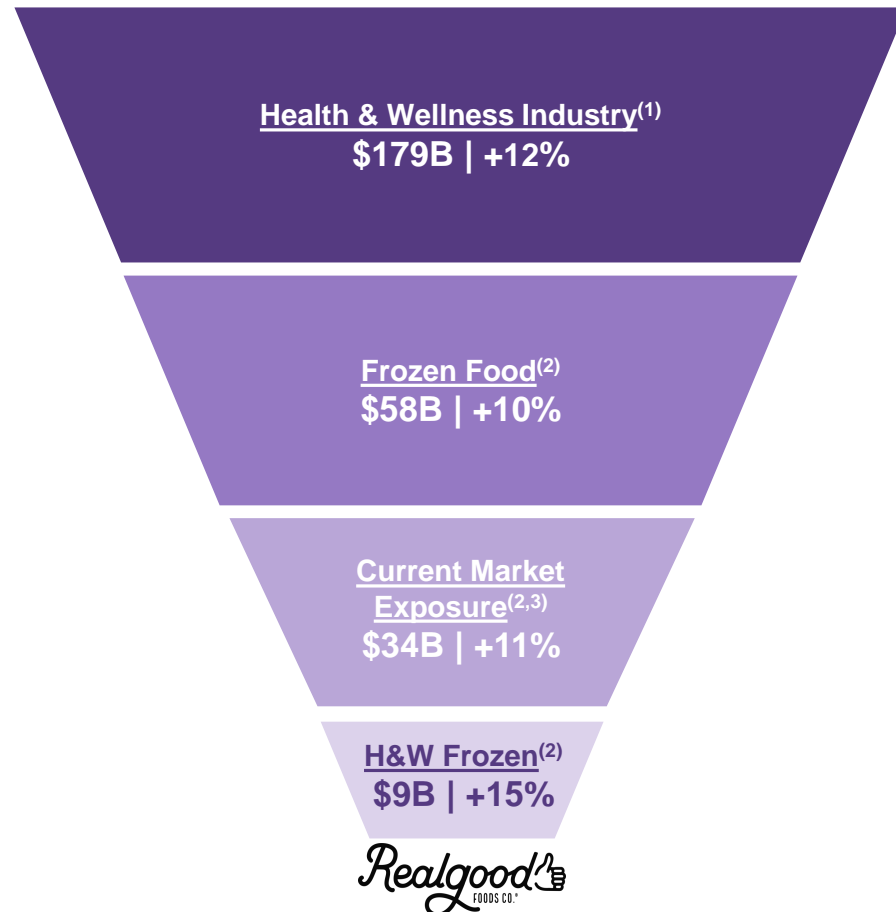
# Large and Growing Total Addressable Market



Large addressable Health & Wellness market of \$179B<sup>(1)</sup>, growing at 12%<sup>(1)</sup>

## Industry Snapshot

(Category growth represents 2 YR CAGR for CY 2018 – 2020)



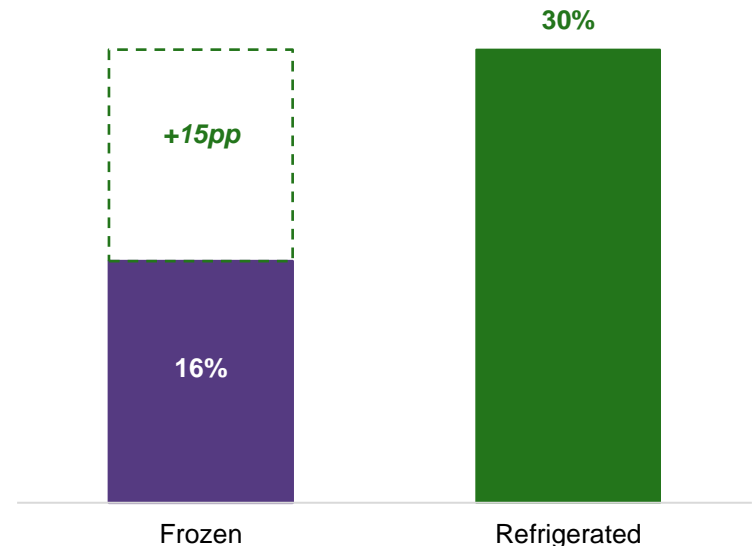
(1) For 52wk period ended 12/26/21 per SPINS. Health & Wellness category consists of specialty and natural products, as defined by SPINS. Total frozen food market excludes frozen and refrigerated meat. (2) For 52wk period ended 12/26/21 per SPINS. Health & Wellness category consists of specialty and natural products, as defined by SPINS. Total frozen food market excludes frozen and refrigerated meat. (3) Includes frozen appetizers & snacks, breakfast entrees, ice cream, meat/poultry/seafood entrees, vegetable entrees, and pizza.

## Health and Wellness Penetration<sup>(2)</sup>

On average across all departments of the grocery store, **H&W penetration is 23% compared to only ~16% for Frozen**. For further perspective, H&W penetration of adjacent category such as **Refrigerated is 30%**

At 20% penetration, H&W Frozen **would be a \$12B market**

At 30% penetration, H&W Frozen **would be a \$17B market**





# Established Presence in Multiple Categories with Focus On Breakfast & Entrees



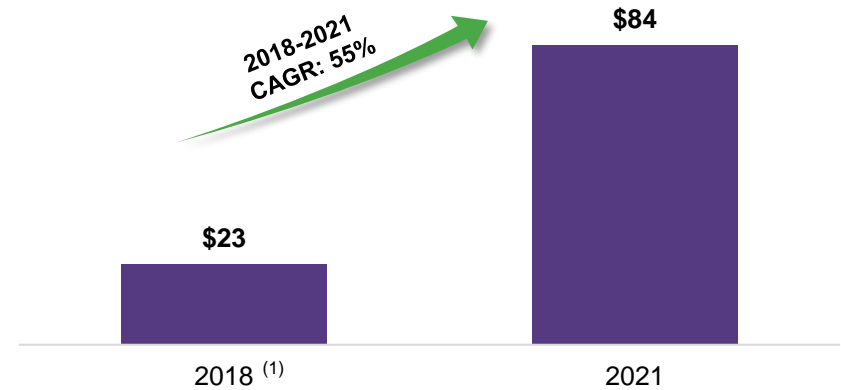
## Highly Extendable Brand



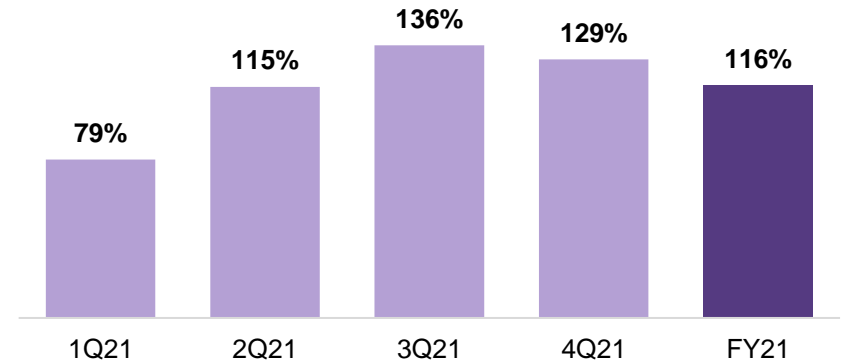
Core Category Segments

## Accelerated Growth in Recent Quarters

Net Sales (\$ in millions)



YoY Growth

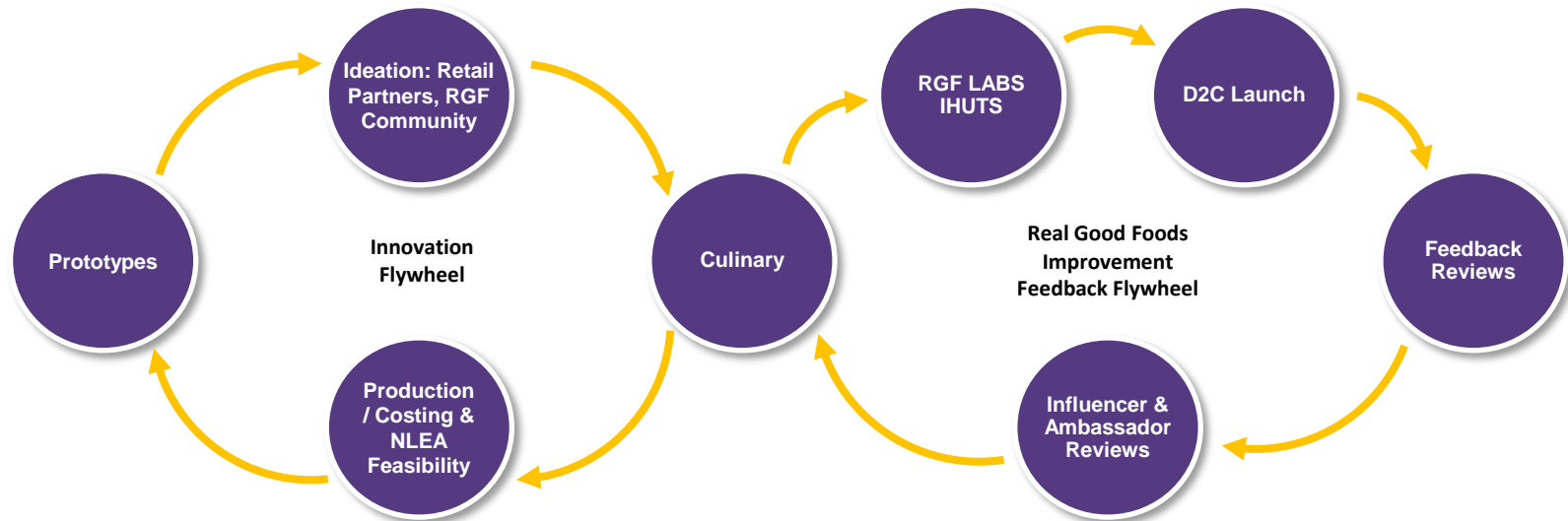


(1) Our net sales information for the year ended December 31, 2018 is unaudited and our independent registered public accounting firm has not audited, reviewed, compiled, or performed any procedures on such 2018 information.

# Innovation Strategy – Fewer, Bigger, Better



## Product Development Lifecycle



## Real Good Foods vs. Conventional CPG

### Faster Speed to Market

**Direct-to-consumer** testing allows for **immediate feedback**

### Higher Rate of Success

**Rapid prototyping** with access to a **large community** of real users

### Constant Feedback Loop

- ✓ RGF Labs is an invite-only group of 100+ people from our consumer community
- ✓ **Real consumers** vs. focus groups that conventional CPG use; we validate enthusiasm/demand before we launch

# Innovative Food Design Capabilities



Real Good Foods currently uses multiple innovative base platforms that offer grain-free, gluten-free, high-protein foods with low carbohydrates

## Antibiotic-Free Chicken Breast and Parmesan Cheese System

*Used to Make:*



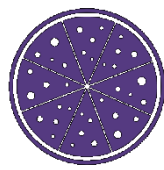
Tortillas



Stuffed Proteins



Lasagna Bowls



Crusts

## Vegetable, Cheese and Egg System

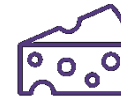
*Consists of:*



Broccoli



Cauliflower



Cheese



Eggs



Lupin Bean

*Used to Make*



Crusts



Bread



Appetizers



Handhelds



Outer Pasta Shells

Real Good Foods is Constantly Developing Additional Base Platforms to Meet Consumer Needs

# Real Good Consumer: Segmented by Need State



- ✓ RGF Marketing Managers organized by Need States to drive focus
- ✓ Today, the consumer is more defined – a segmented approach drives ad spend efficiency via customized messaging
- ✓ Core Focus Segments: Diabetic, Carb Reducers and Fitness



Weight Loss

Carb Reducers

Gluten Free

Athletes / Fitness

**Realgood**  
FOODS CO.  
**Marketing Efforts by Need state**




Sugar Reducer

Protein Seeker

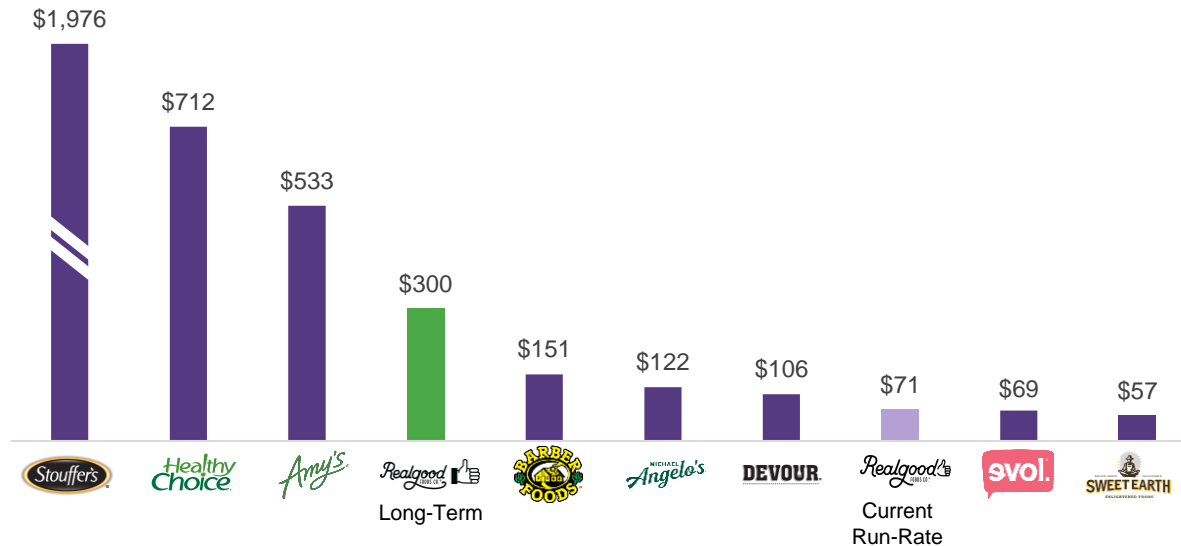
Diabetic

# RGF Entrée



		Current RR Retails Sales	Share of Category	Brand Proxy	RGF LT Sales Potential	RGF LT Share Potential	
SS Entrée - \$4.7B	Enchiladas		\$16M	0.33%	Amy's \$75M Enchiladas	\$75M	1.6%
	Stuffed Chicken		\$43M	0.91%	Barber SC \$150M	\$150M	3.2%
	Entrée Bowls		\$12M	0.26%	Evol bowls \$60M and Amy's Bowls \$300M	\$75M	1.6%

(\$ in millions)



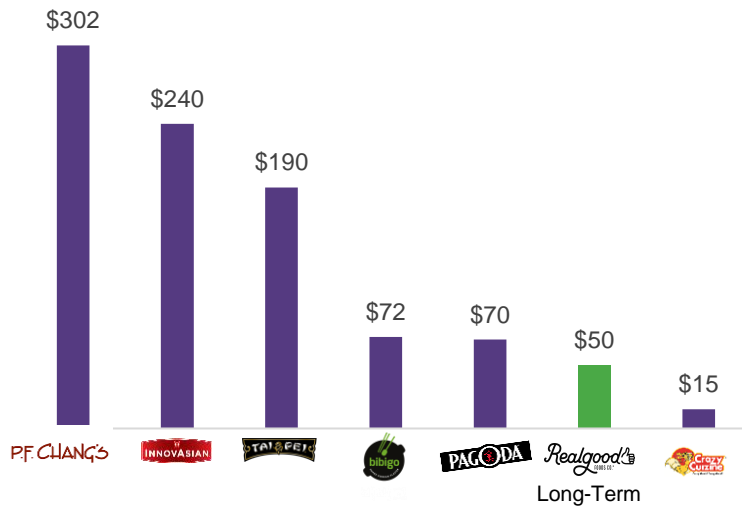


# RGF Asian & Breaded Poultry





		Current RR Retails Sales	Share of Category	Brand Proxy	RGF LT Sales Potential	RGF LT Market Share
Asian - \$1.0B	Entrees	--	--	Innovasion is a ~\$240M brand with strong SKUs and little competition	\$50M	5%
	Breaded Poultry	--	--	Fast Fixin is \$80M brand with lower HHP	\$100M	2%

(\$ in millions)

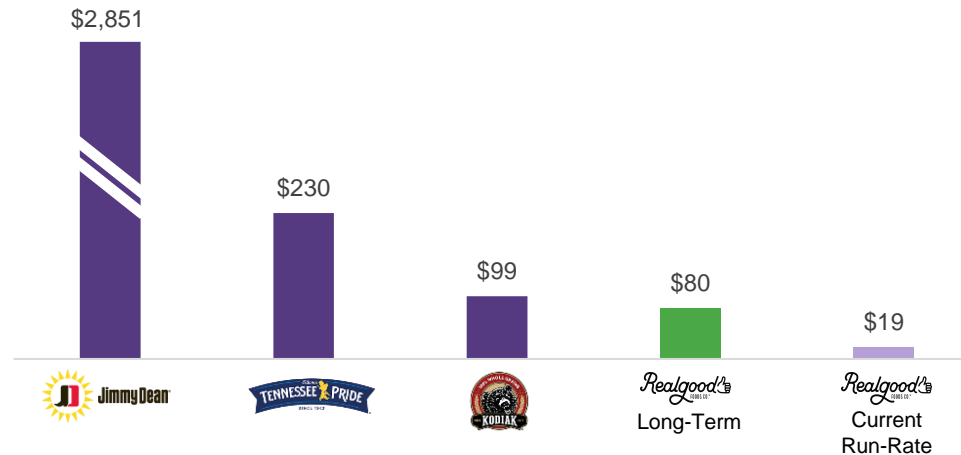


# RGF Breakfast



		Current RR Retails Sales	Share of Category	Brand Proxy	RGF LT Sales Potential	RGF LT Market Share	
Breakfast - \$4.4B	Sandwiches		\$19M	0.43%	Jimmy Dean's sandwich business is ~\$920M	\$40M	1%
	Bowls		--	--	Jimmy Dean's bowl business is between \$500-\$715M	\$40M	1%

(\$ in millions)





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



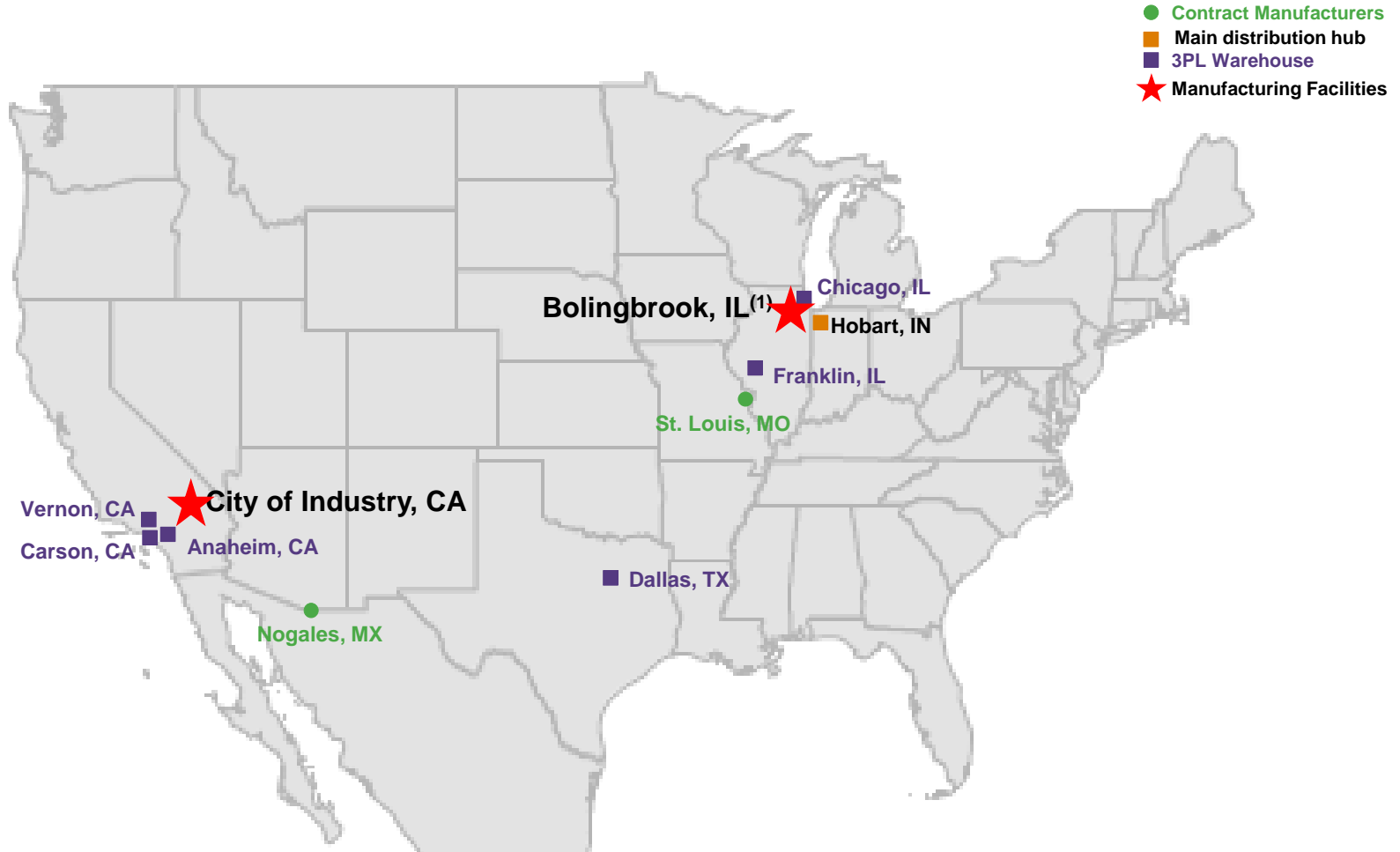
## Overview

- 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

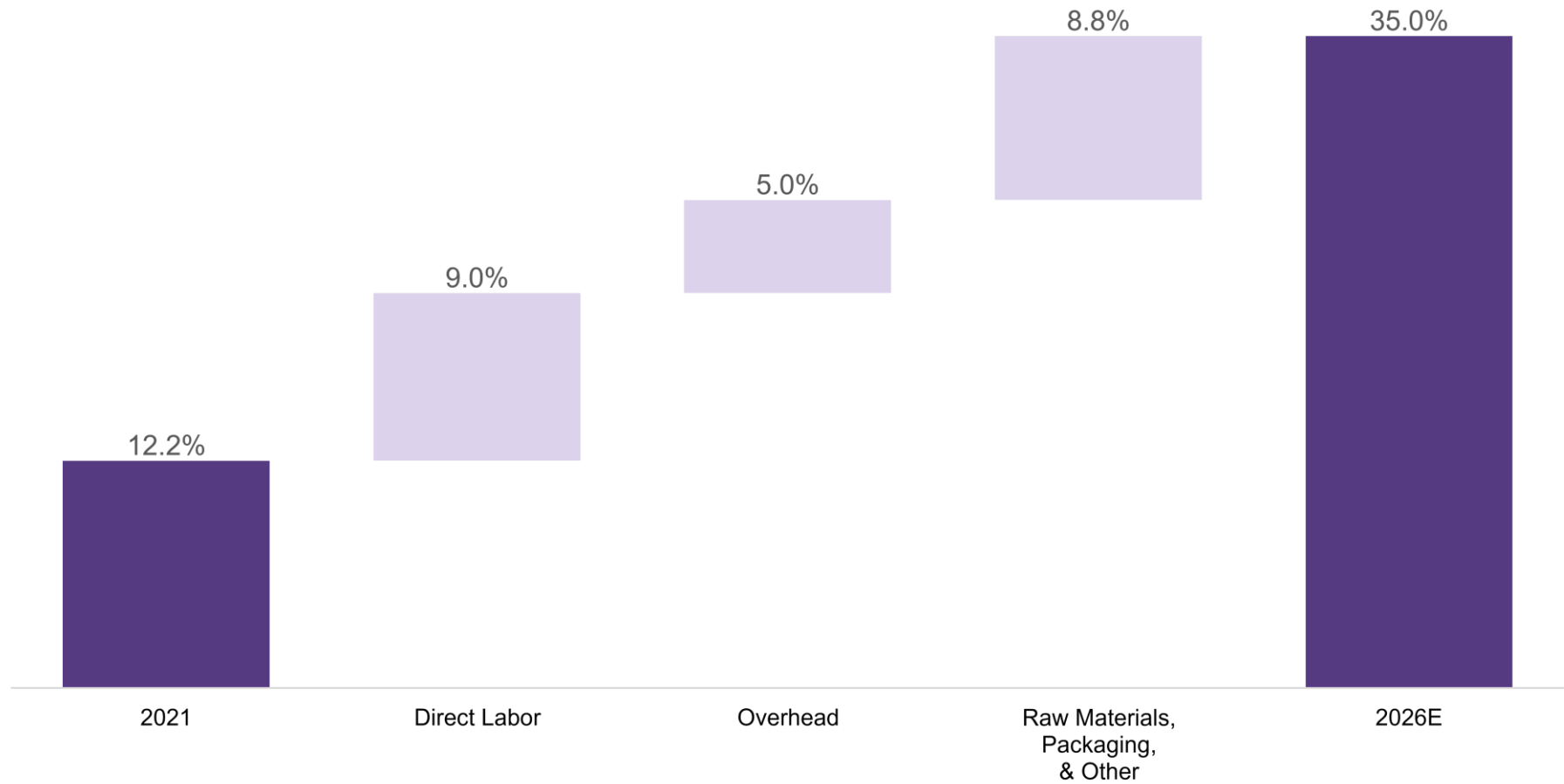


(1) Bolingbrook manufacturing facility operations commenced production in March 2022.

# Drivers to Materially Increase of Gross Margins



## Improvements to Gross Margin<sup>(1)</sup>

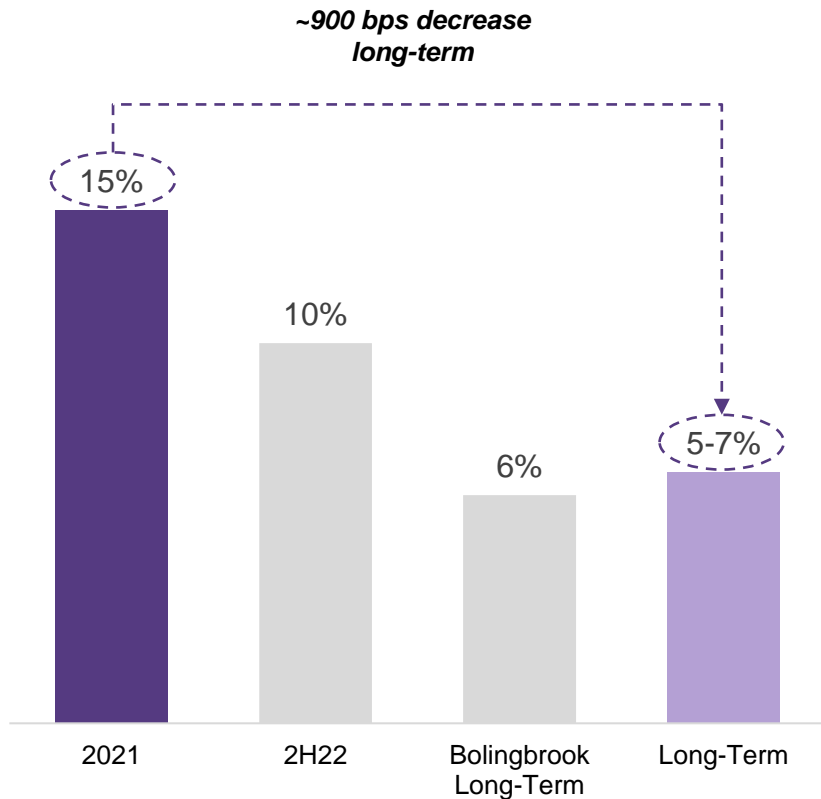


(1) Gross margin represents reported figures.

# Automation Enables Significantly Lower Labor Costs - ~900 bps margin upside



## Labor Expense as a % of Net Sales



## Commentary

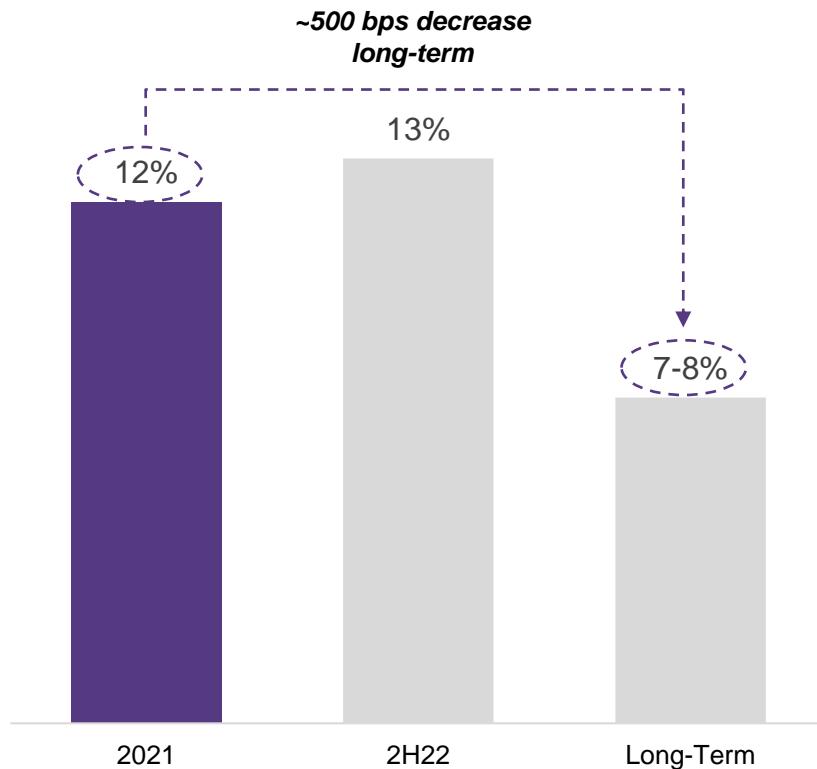
- Investment in Bolingbrook's automated set-up expected to significantly reduce our labor costs starting in 2H22
- We anticipate labor cost as % of sales should be cut in half compared to 2021 levels
- Management has identified machinery to reduce labor on one line from **55 people to 15 people**
- Relatively low cap-ex investment needed to drive significant improvements



# Overhead Expense Leverage



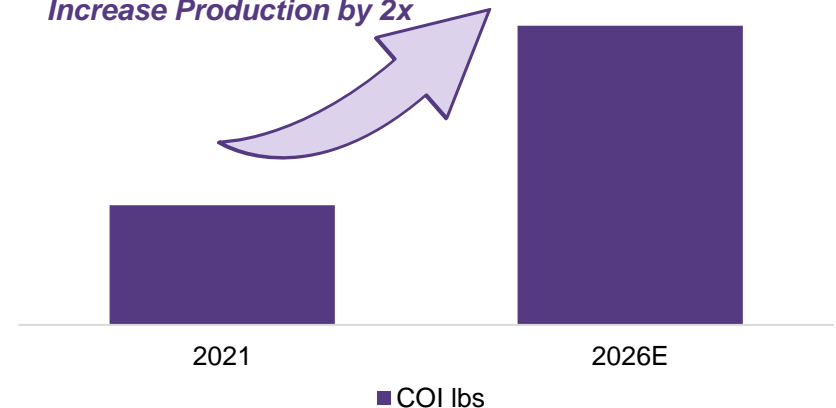
## Overhead Expense as a % of Net Sales



## Commentary

- As we increase scale and leverage our overhead costs, primarily made up of fixed costs (rent, indirect labor, D&A, equipment leases), we anticipate we will be able to significantly reduce our overhead expense per pound
- 2022 Overhead will be higher as a percentage of sales as we incur Bolingbrook Overhead while still ramping up capacity
- Included in Bolingbrook and Long-Term overhead expense is a lease expense of approximately \$4mm annually, associated with Bolingbrook

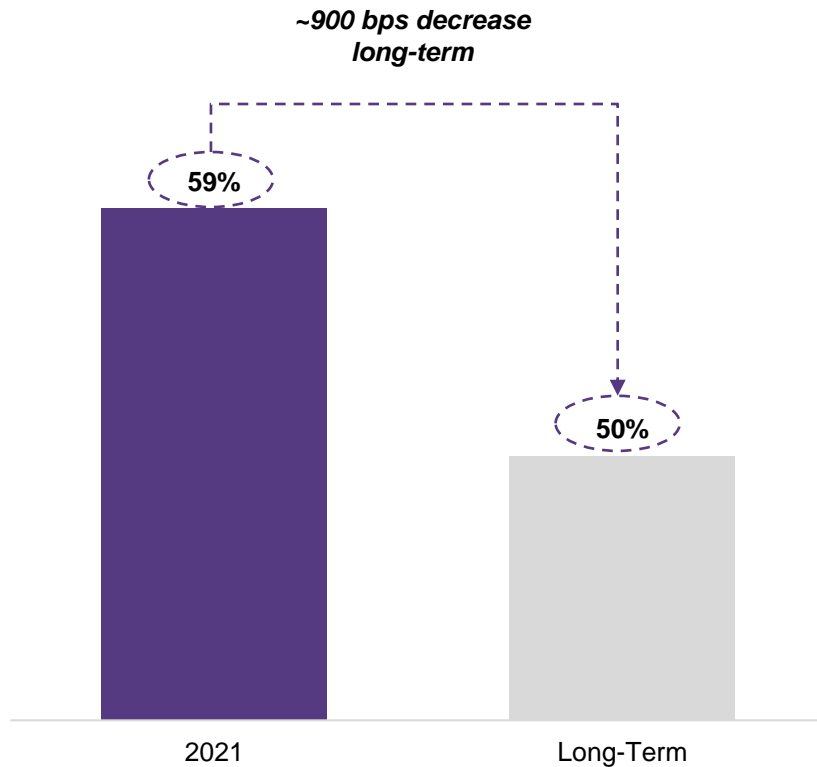
*Capacity Expected to Increase Production by 2x*



# Productivity Improvement: Raw Materials & Packaging Expense

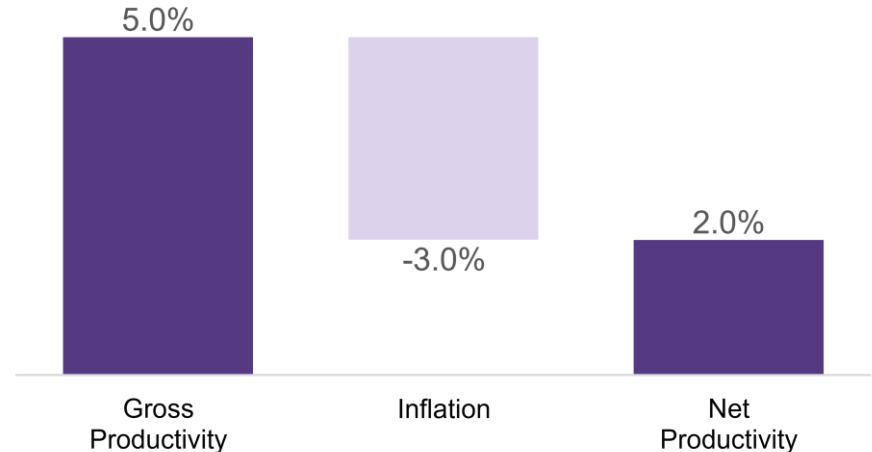


## Raw Materials Expense as a % of Net Sales



## Commentary

- Two points of net productivity, five points of gross productivity, annually planned for through the following initiatives:
  - Product reformulations
  - Strategic sourcing (specification optimization)
  - Internal production
  - Procurement savings
  - Bulk buying



# 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)



# 1Q22 Financial Summary



(\$ in thousands)

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

- 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<sup>(2)</sup> 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<sup>(2)(3)</sup> 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.

# RGF Market Cap and EV Calculation



Fully diluted shares outstanding *	28,239,371
Share price (6/3/22) **	6.15
<b>Market Cap</b>	<b>173,672,132</b>
(+) Net Debt ***	8,300,000
<b>Enterprise Value</b>	<b>181,972,132</b>
<hr/>	
2022 Revenue Guidance Midpoint	155,000,000
<b>EV/Revenue</b>	<b>1.17x</b>

\* Fully Diluted share count includes 25,747,566 basic shares outstanding + 2,491,806 issued incentive shares

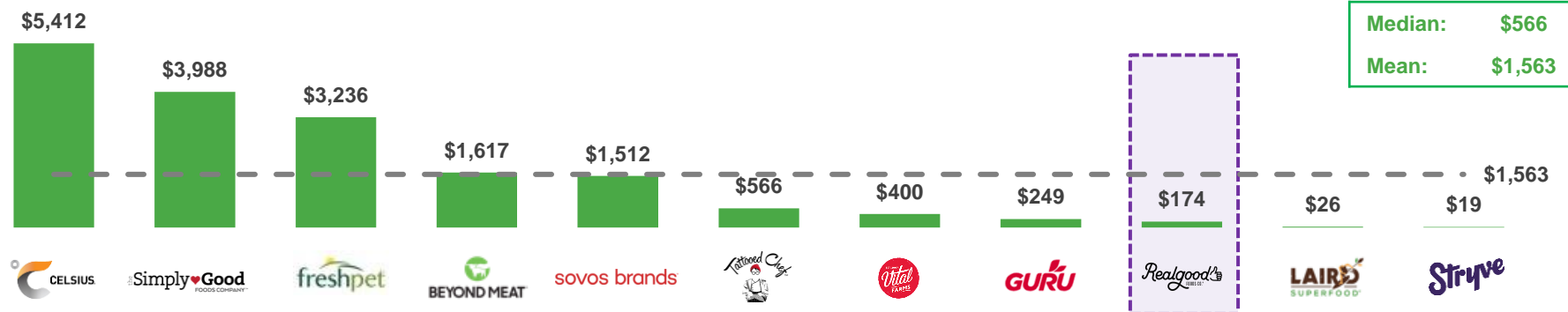
\*\* Share price is as of June 3, 2022

\*\*\* Net debt is based on cash of \$14.4M and debt of \$22.7M as disclosed in 1Q22 earnings release

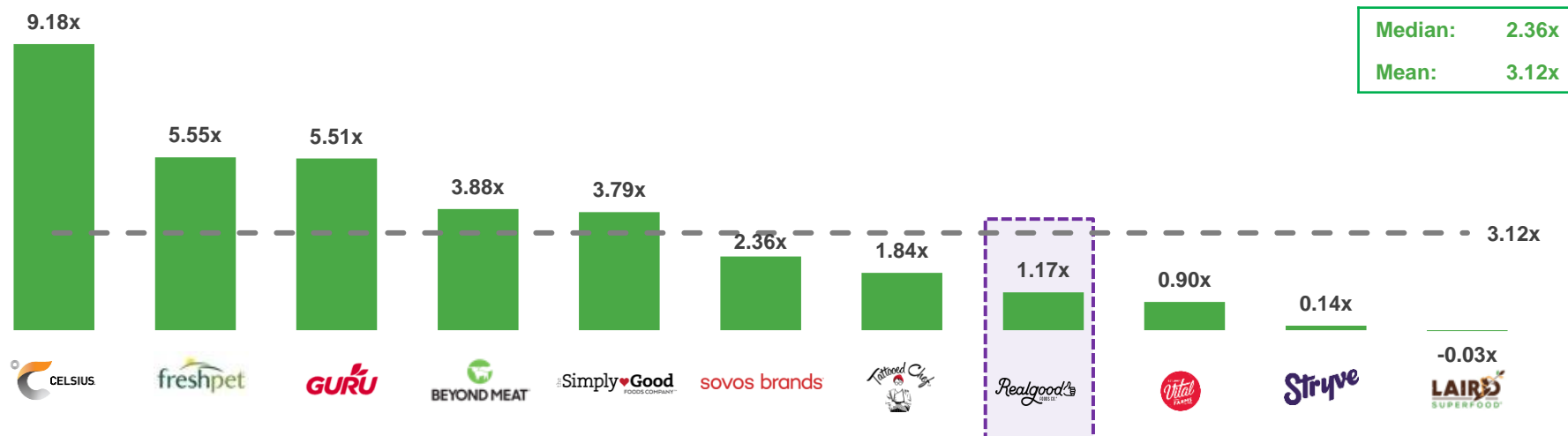
# RGF Trading At Low End Of Peer Group



## Market Cap (\$m)



## EV/2022E Revenue Multiple



# 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 <sup>(1)</sup>	1,310	752
Costs related to the COVID-19 pandemic <sup>(2)</sup>	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 <sup>(1)</sup>	1,310	752
Costs related to the COVID-19 pandemic <sup>(2)</sup>	900	-
Share-based compensation <sup>(3)</sup>	1,698	18
Transaction expenses <sup>(4)</sup>	-	1,470
Other <sup>(5)</sup>	25	-
Bolingbrook start-up administrative costs <sup>(6)</sup>	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 <sup>(1)</sup>	-	1,310		-	-	-	1,310	
Costs related to the COVID-19 pandemic <sup>(2)</sup>	-	900		-	-	-	900	
Share-based compensation <sup>(3)</sup>	-	-		(62)	-	(1,636)	1,698	
Transaction expenses <sup>(4)</sup>	-	-		-	-	-	-	
Other <sup>(5)</sup>	-	-		-	-	(25)	25	
Bolingbrook start-up administrative costs <sup>(6)</sup>	-	-		-	-	(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 <sup>(1)</sup>	-	752		-	-	-	752	
Costs related to the COVID-19 pandemic <sup>(2)</sup>	-	-		-	-	-	-	
Share-based compensation <sup>(3)</sup>	-	-		-	-	(18)	18	
Transaction expenses <sup>(4)</sup>	-	-		-	-	(1,470)	1,470	
Other <sup>(5)</sup>	-	-		-	-	-	-	
Bolingbrook start-up administrative costs <sup>(6)</sup>	-	-		-	-	-	-	
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.

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

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