Fourth Quarter 2021 Earnings Presentation

March 2022

Realgood FOODS CO.®

(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 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.

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 prospectus, 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

SnackWorks, LLC

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

4Q21 Financial Summary

($ in thousands)

	4Q21	4Q20	*$ Chg y/y*	*% Chg y/y*
Net Sales	**$25,608**	**$11,185**	***$14,423***	***129%***
Cost of Sales	$24,344	$9,960	*$14,384*	*144%*
Gross Profit	**$1,264**	**$1,225**	***$39***	***-3%***
Gross Margin(1)	*4.9%*	*11.0%*		*n/m*
Adjusted Gross Profit(2)	**$4,447**	**$1,807**	***$2,640***	***146%***
Adjusted Gross Margin(1)(2)	*17.4%*	*16.2%*		*120 bps*
Adjusted Operating Expenses	$8,642	$2,740	*$5,902*	***n/m***
Adjusted EBIT	**($4,195)**	**($933)**	***($3,262)***	***n/m***
Adjusted EBITDA(2)(3)	**($3,868)**	**($792)**	***($3,076)***	***n/m***

- Net sales increased 129% to $25.6 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 105% and drove majority of the growth in the quarter
  - Club channel sales grew 158% driven by distribution gains and strong velocities
- Adjusted gross margin(2) increased 120 basis points to 17.4% primarily due to an increase in the amount of products sold that were self-manufactured, partially offset by increases in labor and raw material costs
- Adjusted EBITDA(2)(3) loss increased to $3.9 million compared to a loss of $0.8 million in the fourth quarter of 2020, primarily driven by driven by higher operating expenses partially offset by higher net sales and gross profit. The higher operating expenses include increased personnel expenses related to the build out of the Company's operations, finance and leadership teams, higher selling costs to support sales growth and increased investments in marketing to support brand growth.

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 24 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 25 for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net loss.

Q1 and Updated FY 2022 Financial Outlook

	1Q22	FY 2022
Net Sales	**\$33 - \$35 million** ***97% - 109% growth***	**\$140 - \$150 million** ***67% - 79% growth***
Adjusted Gross Margin (1)	**In line with 4Q21**	***17% - 23%***
Adjusted EBITDA (2)	**\$(2.5) - \$(4.0) million**	**\$(4.0) - \$(11.0) million**

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 24 for a reconciliation of adjusted gross profit and adjusted gross margin to the most directly comparable GAAP measures, gross profit and gross margin, respectively.
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Updated Long-Term Targets

	Previous	Current
Net Sales	30%+ growth Y/Y	~$500M
Adjusted Gross Margin [1]	30%+	35%
Adjusted EBITDA Margin [2]	Low-teens	15%

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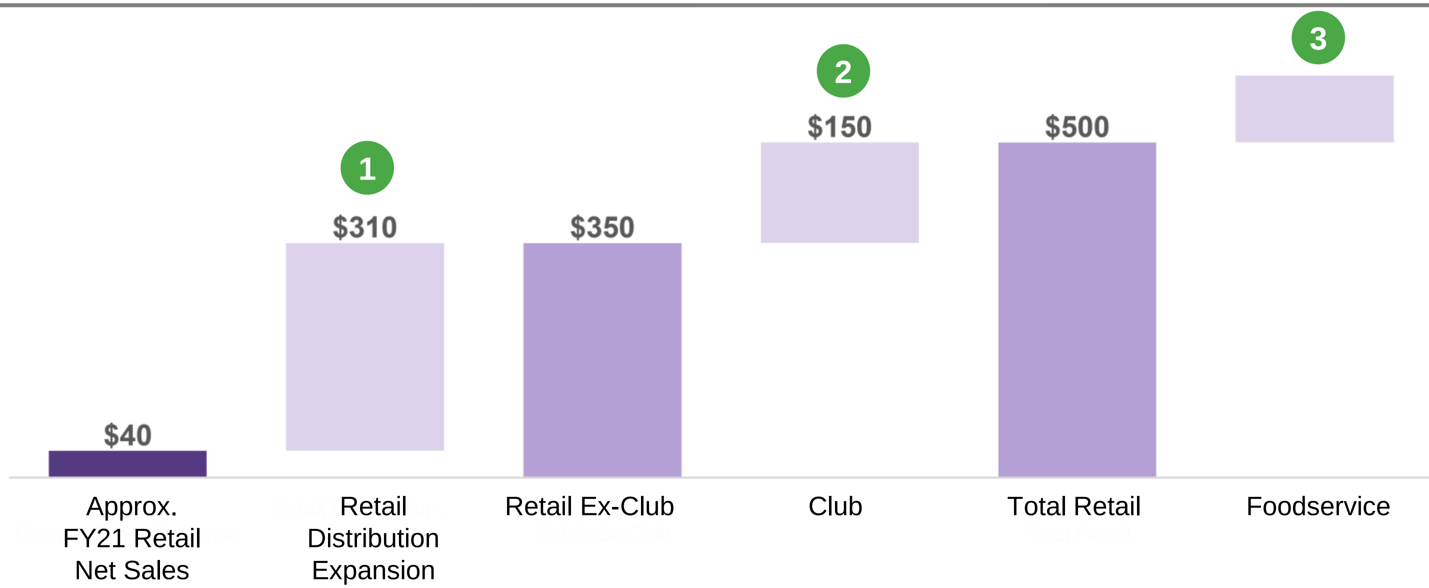
Path to $500M in Net Sales

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

Net Sales Bridge

($ in millions)



Commentary

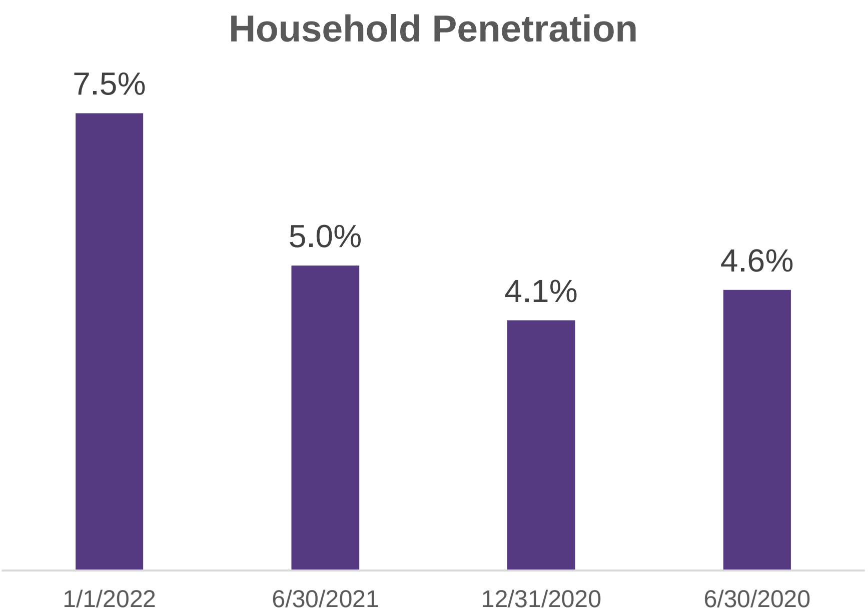
1 **Expansion of total distribution points (TDP) through new retail customers and new products**

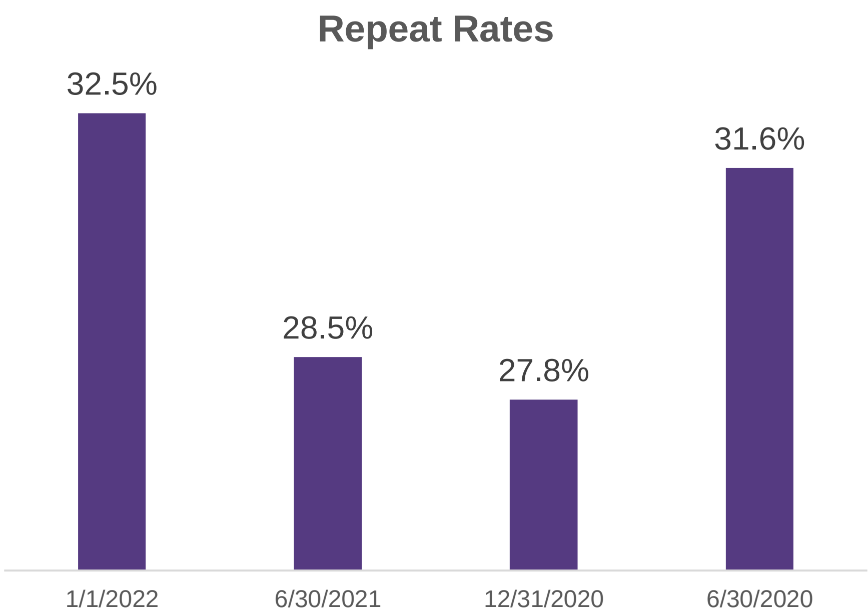
2 **Club primarily reflects growth in current customers**

3 **Potential in foodservice is incremental to this path**

Strong Brand Health Indicators

Real Good Foods Brand Health Indicators

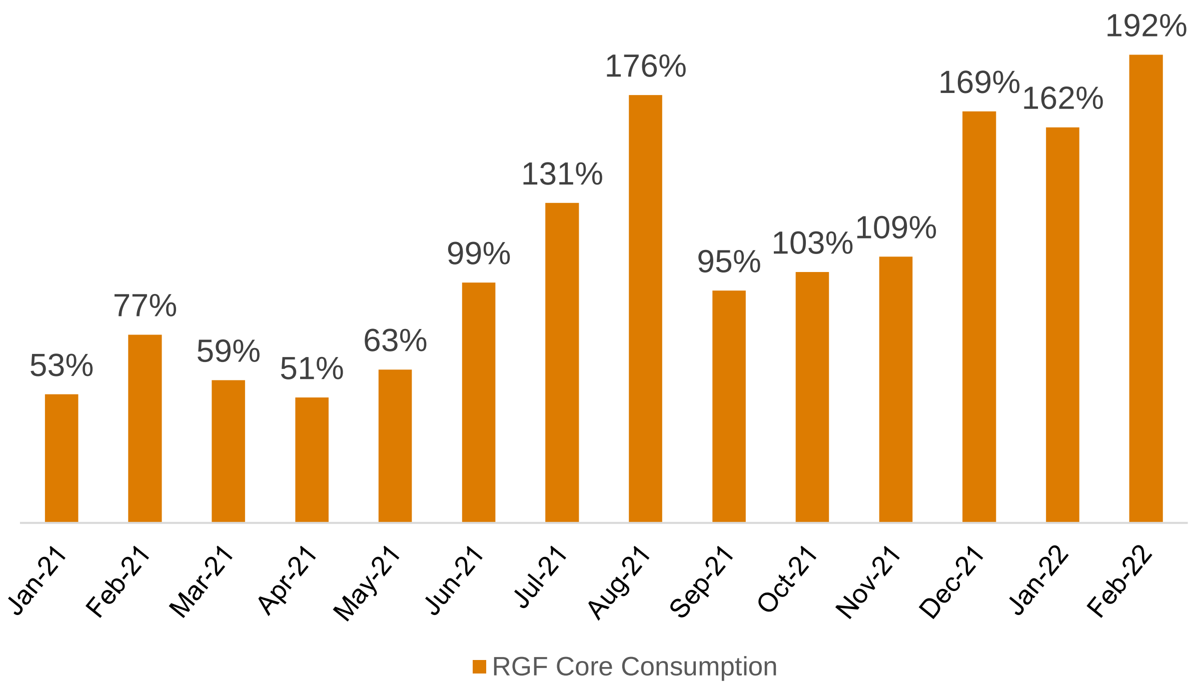




Numerator Data

Measured Channel Sales Growth Inflected & Expected To Accelerate

RGF Core Retail ex-Club – Consumption Trends



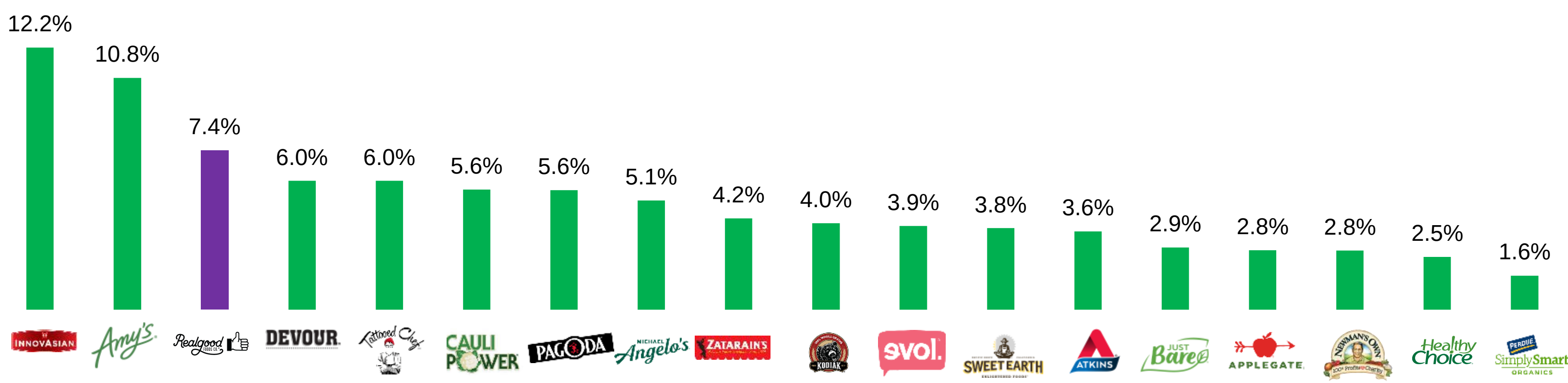
SPINS Data, 4-wk periods adjusted to calendar months

Key Indicators of Brand Health & Future Growth

Household Penetration points to much higher sales

Sales of Select Health & Wellness and Emerging Brands[1]

Household Penetration of Select Health & Wellness and Emerging Brands[2]



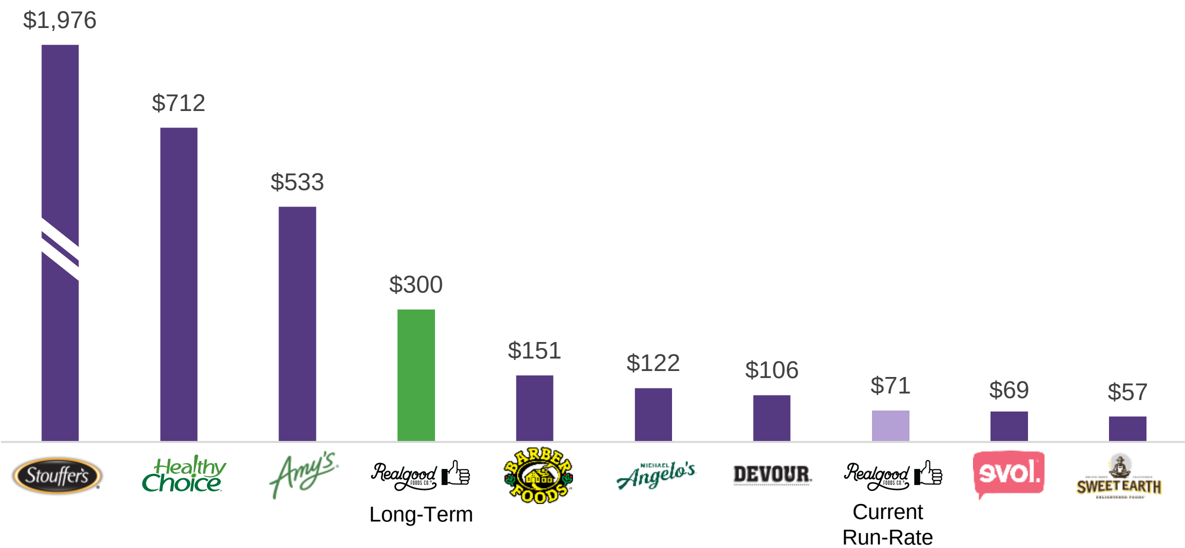
Source:
(1) Management estimates, SPINS 52 weeks ended 1/23/22
(2) Management estimates, & Numerator as of 3/9/22

RGF Entrée

SS Entrée - $4.7B

		Current RR Retails Sales	Share of Category	Brand Proxy	RGF LT Sales Potential	RGF LT Share Potential
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)



Source: Management estimates, SPINS 52 weeks ended 1/23/22

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%
Multi-serve Entrees- $4.1B	Breaded Poultry		--	--	Fast Fixin is $80M brand with lower HHP	$100M	2%

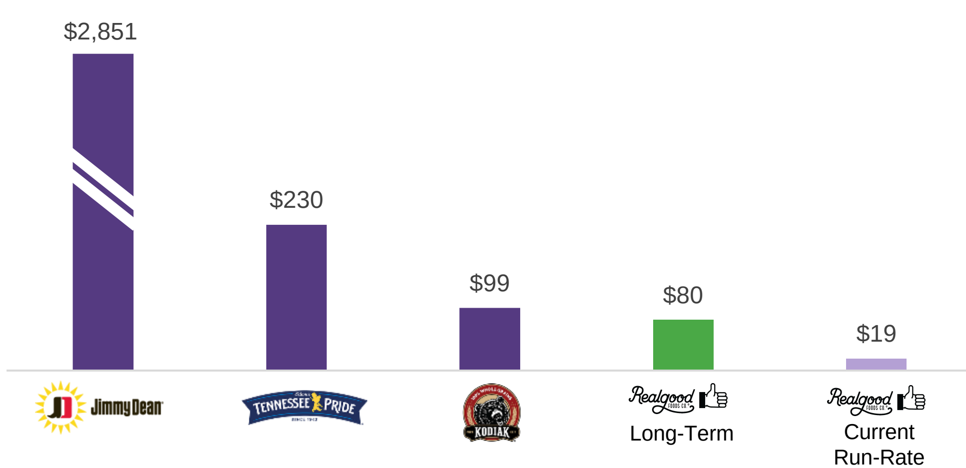
($ in millions)

Source: Management estimates, SPINS 52 weeks ended 1/22/22

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)



Source: Management estimates, SPINS 52 weeks ended 1/23/22

Bolingbrook Facility Enables Entry into Markets Valued at $5B

Frozen Breaded Poultry	Frozen Asian	Frozen Potatoes	Frozen Breakfast
~$1.5-$2.0B	**~$1.0B+**	**~$2.4B**	**~$2.5B**
Platform(1)	Platform(1)	Category (2)	Category (2)

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

Zero Sugar Asian Entree Platform
Expected to Launch 2022

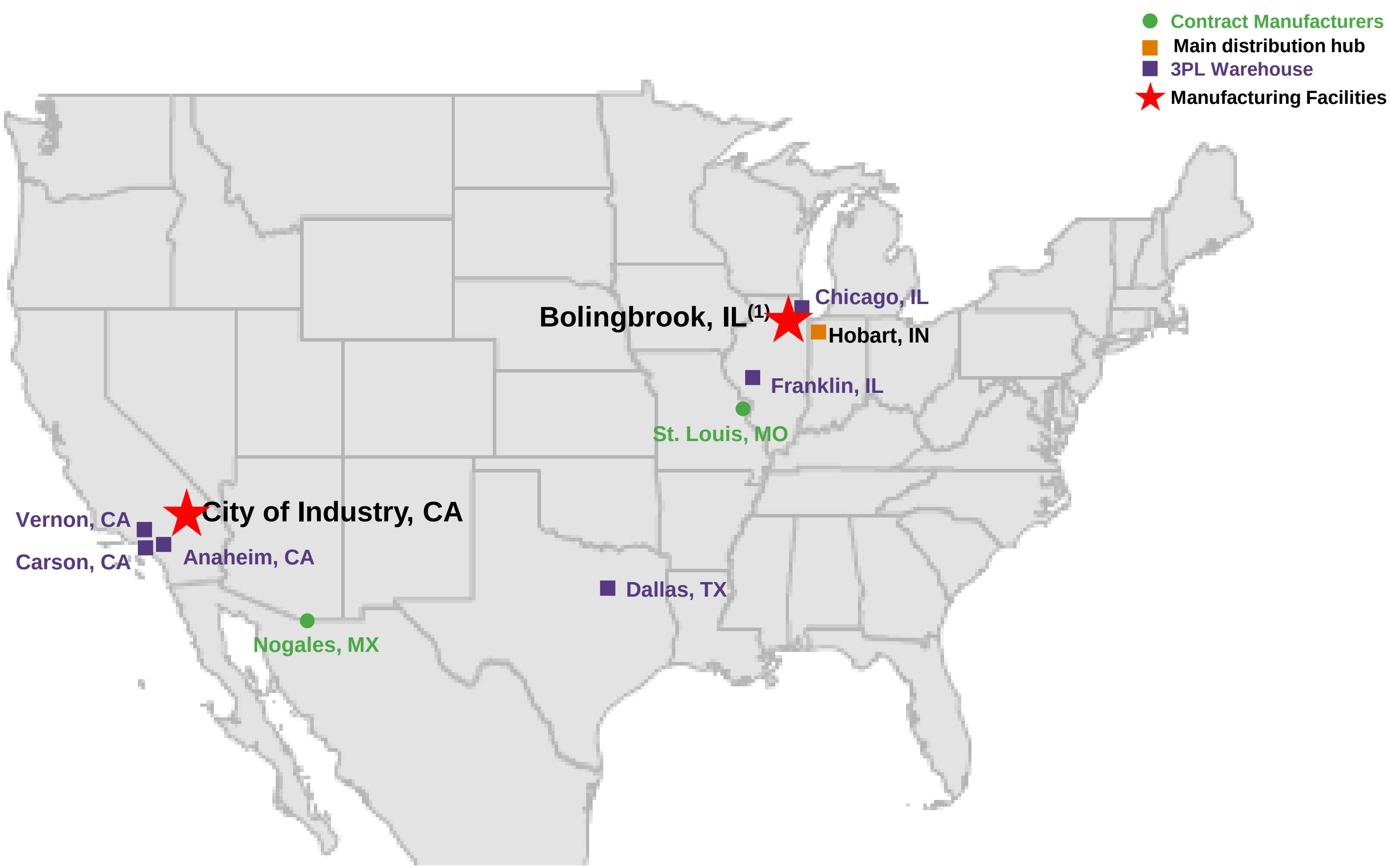
Protein Fries & Protein Tots
Expected to Launch 2022

Breakfast Protein Bites & Breakfast Bowls
Expected to Launch 2022

~$5B Opportunity with Bolingbrook

(1) For 52wk period ending 12/27/20 per SPINS.
(2) Front-panel claims are subject to change.

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



(1) *Bolingbrook manufacturing facility operations expected to commence production in March 2022.*

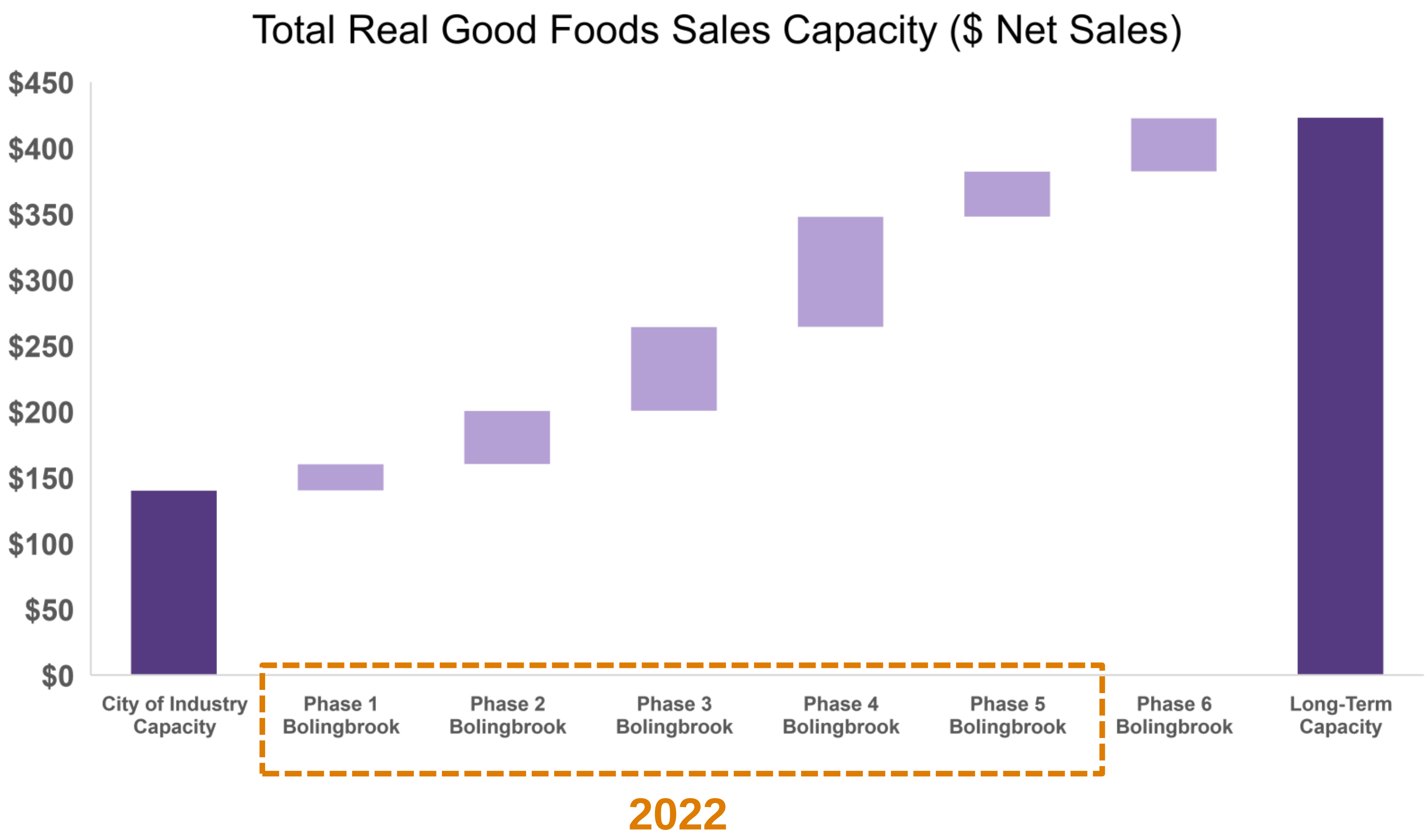
Investing in Growth – Bolingbrook Plant – Building Capacity In Anticipation of Demand

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 capacity to achieve $250-$300 million in sales
- Productivity: Highly automated facility requires lower labor costs and will increase margins and accelerate profitability
- Capabilities - high-throughput, flexible, production lines
  - Breading and frying (Strips, Nuggets, Stuffed Chicken, Tots)
  - Assembly (Bowls, Enchiladas, Bacon Wrap)
  - Chicken logs

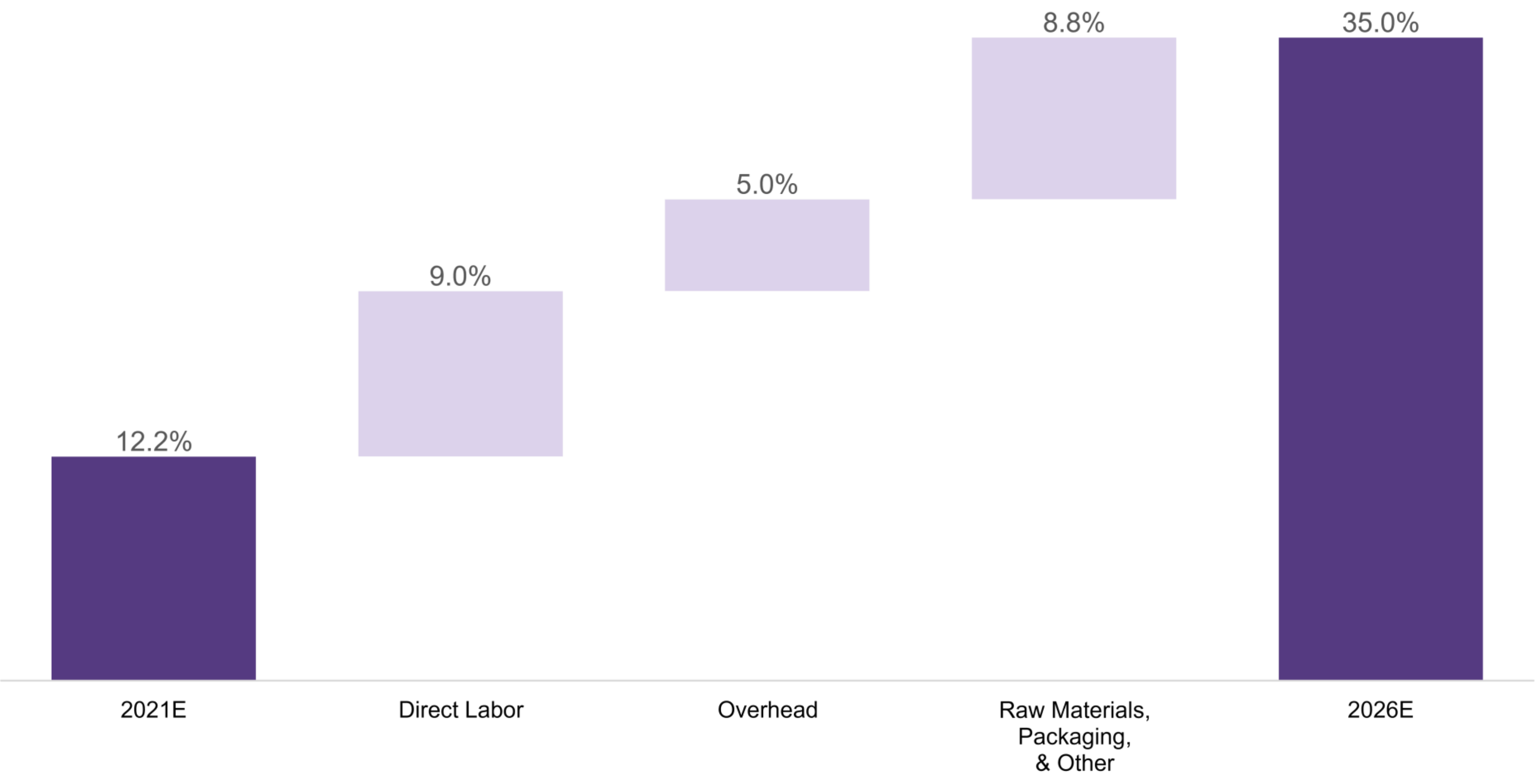
Commencing production March 2022

Production Capacity Evolution



Drivers to Materially Increase of Gross Margins

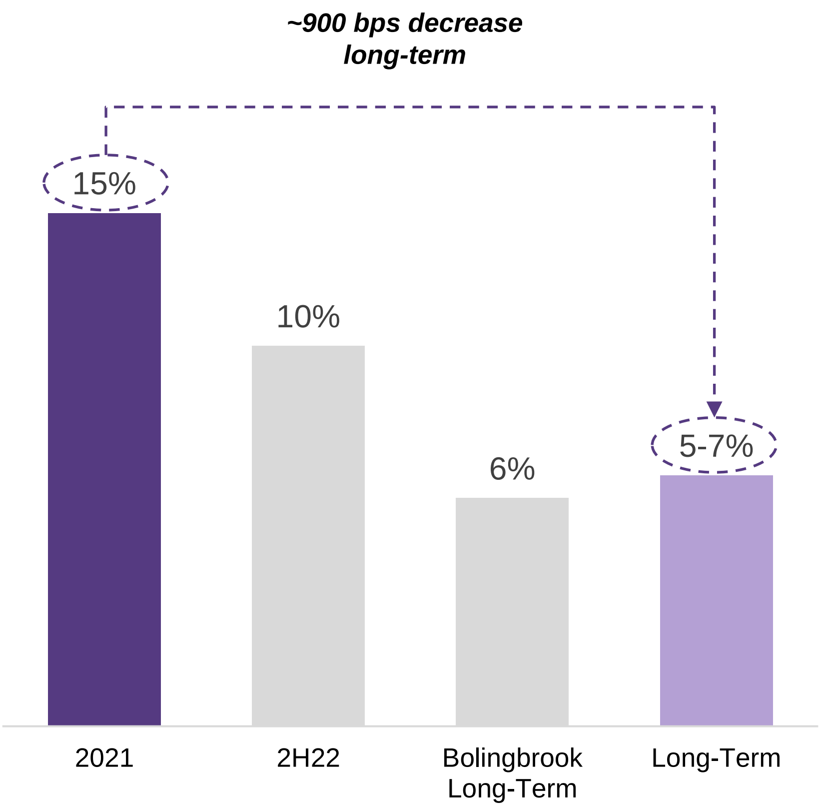
Improvements to Gross Margin[1]



(1) *Gross margin represents reported figures.*

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

Labor Expense as a % of Net Sales

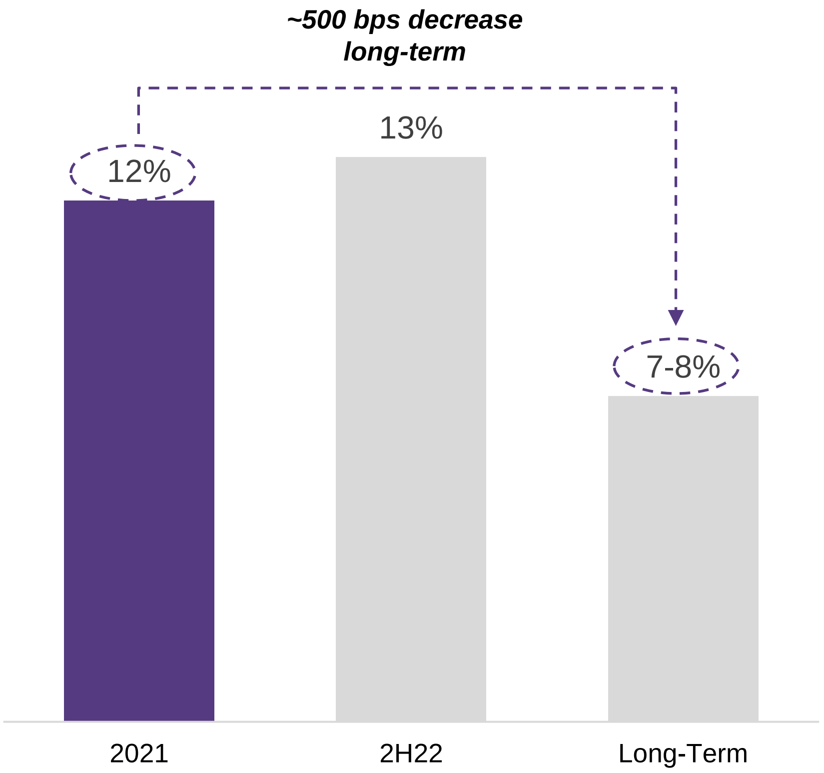


Commentary

- 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

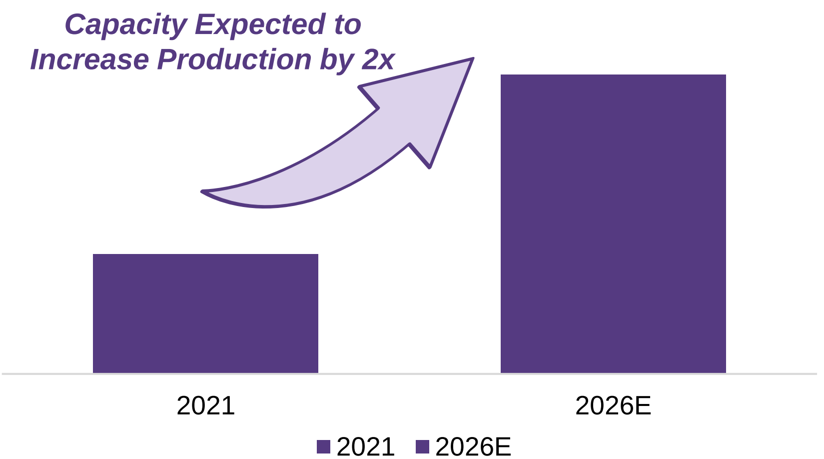
Overhead Expense Leverage

Overhead Expense as a % of Net Sales



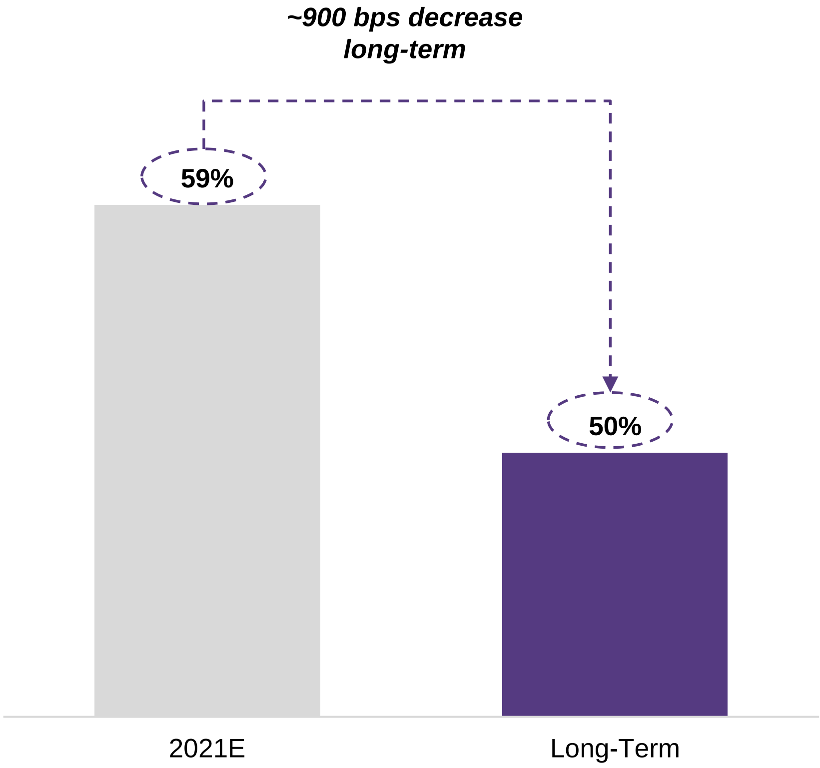
Commentary

- 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



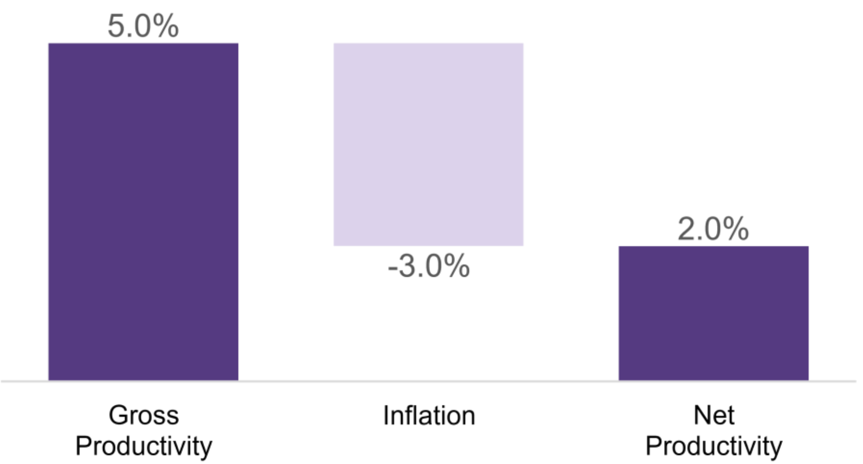
Productivity Improvement: Raw Materials & Packaging Expense

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)

Balance Sheet and Cash Flow Plans

Commentary

- Cash and cash equivalents balance of $29.7 million and total debt of $22.0 million, net cash position of $7.7 million
- Credit facility capacity of $50 million
  - Currently ~$14 million drawn, which implies $36M in incremental borrowing capacity
- **Total liquidity of $66 million** ($30M cash + $36M revolver capacity)
- Expect to be at least EBITDA break-even in 2023 on an adjusted basis
- Cap-ex is expected to be $3 million to $7 million over next two years
  - Bolingbrook facility and equipment is being leased with costs flowing through the P&L (no cap-ex spending associated with that plant)
- We believe we have ample liquidity to fund our current needs and execute our 2022 and long-term plan


Realgood
9g
Net CARBS*
Per Serving
15g
PROTEIN
Per Serving
Grain Free
Certified GF Gluten-Free
Chicken Burrito Bowl
Tender Chicken Breast Strips, Riced Cauliflower, Black Beans & Zesty Pico de Gallo
Cook and serve. Keep frozen my friends.
NET WT 9oz (255g)
Realgood
NO Antibiotics EVER
2g NET CARBS*
20g PROTEIN
2 CHICKEN BREAST GRANDE ENCHILADAS WITH TOMATILLO SAUCE & MONTEREY JACK CHEESE
HAND ROLLED INTO A CHICKEN AND CHEESE TORTILLA
GRAIN FREE
Cook & Serve. Keep frozen amigos.
NET WT. 9 OZ (255 G)
Mashed Cauliflower & Braised Beef Bowl
9g NET CARBS*
19g PROTEIN
Realgood
2g CARBS*
20g PROTEIN
Real Chicken Enchiladas you feel Good About
Real Food you feel Good About eating.
RAW Bacon Wrapped Broccoli & Cheddar Stuffed Chicken
3g CARBS*
32g PROTEIN

Appendix

Adjusted Gross Profit and Adjusted Gross Margin Reconciliation

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2021	**2020**	**2021**	**2020**
Gross Profit	$1,264	$1,225	$10,294	$2,678
Cost related to financial hardship of co-manufacturer (1)	-	-	-	967
Inventory write-downs (2)	-	255	-	720
Start-up and idle capacity costs (3)	2,043	327	4,441	327
Costs related to the COVID-19 pandemic (4)	1,140	-	2,315	308
Adjusted Gross Profit	$4,447	$1,807	$17,050	$5,000
Adjusted Gross Margin	17.4%	16.2%	20.3%	12.8%

Note: $ in thousands.

(1) Represents costs recognized as a result of a co-manufacturer's financial hardship. These costs include the non-recurring write down of unrecoverable raw materials inventory.

(2) Represents a non-recurring write-down of obsolete inventory related to a change in strategy for certain products and customers. The amount of the write-down reflects only that portion of obsolete inventory that management estimates to be above normalized levels.

(3) 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.

(4) 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 DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2021	**2020**	**2021**	**2020**
Net Loss	$(44,923)	$(3,864)	$(67,093)	$(15,562)
Depreciation and amortization	349	141	1,140	590
Provision for income tax	-	9	-	22
Interest expense	1,043	1,938	5,365	5,682
Other Income	-	-	(309)	-
Change in fair value of convertible debt	2,825	-	8,925	-
Cost related to financial hardship of co-manufacturer (1)	-	-	-	967
Inventory write-down (2)	-	255	-	720
Start-up and idle capacity costs (3)	2,043	327	4,441	327
Costs related to the COVID-19 pandemic (4)	1,140	-	2,315	308
Share-based compensation (5)	28,725	82	28,725	82
Transaction expenses (6)	4,617	320	7,971	598
Bolingbrook start-up administrative costs (7)	313	-	313	-
Adjusted EBITDA	$(3,868)	$(792)	$(8,207)	$(6,266)
Adjusted EBITDA Margin	(15.1)%	(7.1)%	(9.8)%	(16.1)%

Note: $ in thousands.
(1) Represents costs recognized as a result of a co-manufacturer's financial hardship. These costs include the non-recurring write down of unrecoverable raw materials inventory.
(2) Represents a non-recurring write-down of obsolete inventory related to a change in strategy for certain products and customers. The amount of the write-down reflects only that portion of obsolete inventory that management estimates to be above normalized levels.
(3) 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.
(4) Represents direct costs incurred in connection with the COVID-19 pandemic, including freight rush charges, labor costs, tolling upcharges, and storage.
(5) Represents equity-based compensation expense.
(6) Represents costs incurred in connection with pursuing certain strategic and financing transactions, including legal, consulting, and accounting costs.
(7) Represents administrative costs incurred in connection with start-up of the new Bolingbrook Facility.

Summary of Adjustments – Three Months Ended

THREE MONTHS ENDED

DECEMBER 31, 2021

	Net Sales	Gross Profit	Gross Margin	Marketing Expenses	Administrative Expenses	Income from Operations	Operating Margin
Reported	$25,608	$1,264	4.9%	$17,530	$20,115	$(41,055)	(160.3)%
Items Affecting Comparability:							
Cost related to financial hardship of co-manufacturer (1)	-	-		-	-	-	
Inventory write-downs (2)	-	-		-	-	-	
Start-up and idle capacity costs (3)	-	2,043		-	-	2,043	
Costs related to the COVID-19 pandemic (4)	-	1,140		-	-	1,140	
Share-based compensation (5)	-	-		(15,824)	(12,901)	28,725	
Transaction expenses (6)	-	-		-	(4,617)	4,617	
Bolingbrook start-up administrative costs (7)	-	-		-	(313)	313	
Adjusted	$25,608	$4,447	17.4%	$1,706	$2,284	$(4,217)	(16.5)%

THREE MONTHS ENDED

DECEMBER 31, 2020

	Net Sales	Gross Profit	Gross Margin	Marketing Expenses	Administrative Expenses	Income from Operations	Operating Margin
Reported	$11,185	$1,225	11.0%	$415	$837	$(1,917)	(17.1)%
Items Affecting Comparability:							
Cost related to financial hardship of co-manufacturer (1)	-	-		-	-	-	
Inventory write-downs (2)	-	255		-	-	255	
Start-up and idle capacity costs (3)	-	327		-	-	327	
Costs related to the COVID-19 pandemic (4)	-	-		-	-	-	
Share-based compensation (5)	-	-		-	(82)	82	
Transaction expenses (6)	-	-		-	(320)	320	
Adjusted	$11,185	$1,807	16.2%	$415	$435	$(933)	(8.3)%

Note: $ in thousands.

(1) Represents costs recognized as a result of a co-manufacturer's financial hardship. These costs include the non-recurring write down of unrecoverable raw materials inventory.

(2) Represents a non-recurring write-down of obsolete inventory related to a change in strategy for certain products and customers. The amount of the write-down reflects only that portion of obsolete inventory that management estimates to be above normalized levels.

(3) 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.

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

(5) Represents equity-based compensation expense.

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

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

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