Q3 2021 Earnings Presentation

December 7, 2021

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; 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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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.

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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

Tyson | Better Bakery | AdvancePierre Foods | 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

J&J Snack Foods Corp.

Akshay Jagdale
CFO

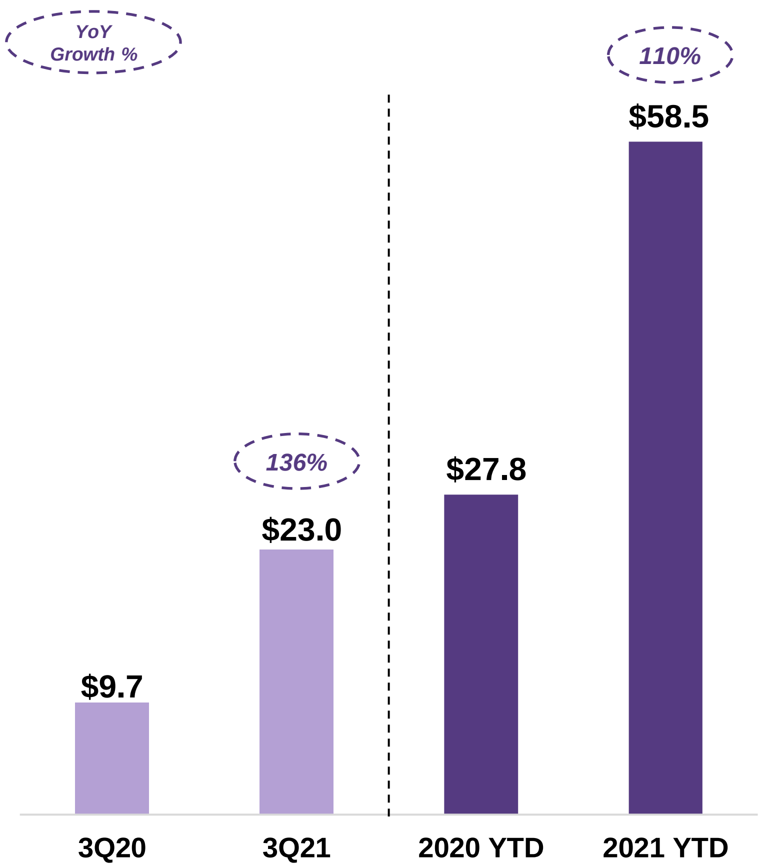
- 15+ years of experience as a securities analyst in the food and beverage sector
- Covered ~100 public food companies with a SMID-cap focus
- Strong relationships with institutional investors

Jefferies | J.P.Morgan | KeyBank | aromyx

Financial Highlights

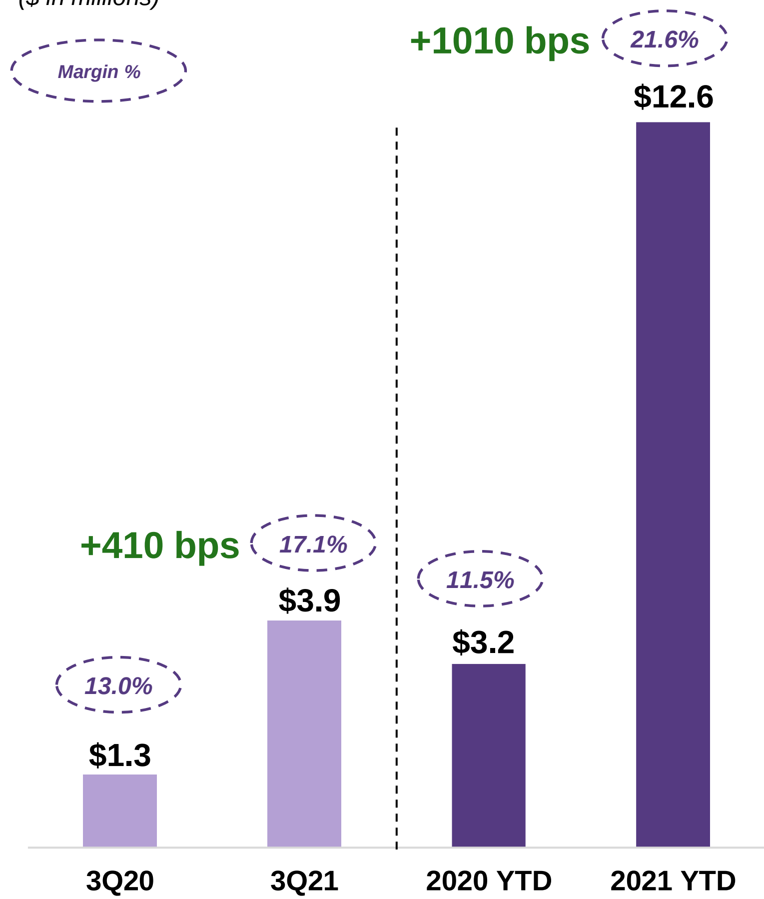
Net Sales

($ in millions)



Adjusted Gross Profit and Margin[1]

($ in millions)



(1) 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, and Adjusted Gross Margin means Adjusted Gross Profit as a percentage of net sales.

3Q21 Financial Summary

($ in thousands)

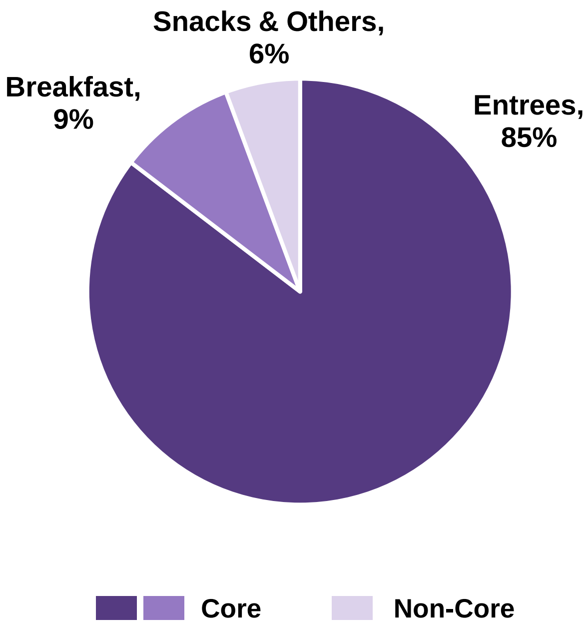
	3Q21	3Q20	*$ Chg y/y*	*% Chg y/y*
Net Sales	**$23,014**	**$9,745**	***$13,269***	***136%***
Cost of Goods Sold	$20,659	$9,907	*$10,752*	*109%*
Gross Profit	**$2,355**	**($162)**	***$2,517***	***n/m***
Gross Margin[(1)]	*10.2%*	*-1.7%*		*1,190 bps*
Adjusted Gross Profit[(2)]	**$3,941**	**$1,270**	***$2,671***	***210%***
Adjusted Gross Margin[(1)(2)]	*17.1%*	*13.0%*		*410 bps*
Adjusted Operating Expenses	$7,278	$2,693	*$4,585*	*170%*
Adjusted EBIT	**($3,337)**	**($1,423)**	***($1,914)***	***n/m***
Adjusted EBITDA[(3)]	**($2,993)**	**($1,270)**	***($1,723)***	***n/m***

- Net sales increased 136% to $23.0 million primarily due to strong growth in sales volumes of core products (Entrees and Breakfast), driven by continued strong momentum in the club channel, and an inflection in retail channel growth
- Adjusted gross margin increased 410 basis points to 17.1% 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
  - Margins compressed significantly sequentially (17% in 3Q21 vs. 24% in 1H21) owing to a spike in direct material cost inflation and our decision to not increase prices
  - We believe a significant portion of the cost inflation is structural in nature, and, as such, we are taking broad based pricing actions beginning in Q4 to offset these costs. We are also doubling down on our productivity initiatives.
- Adjusted EBITDA loss increased to $2.9 million compared to a loss of $1.3 million in the third quarter of 2020, primarily driven by higher operating expenses to support growth (marketing and selling expenses were up significantly) and higher distribution costs. Sales growth and gross margin expansion partially offset the increases in operating expenses.

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 11 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 12 for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net loss.

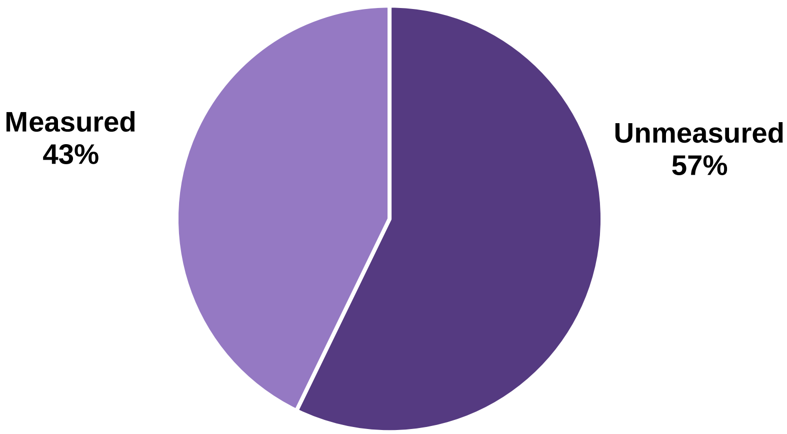
Financial Highlights

3Q21 Net Sales Breakdown By Product



	1Q21	2Q21	3Q21
Core[1] Net Sales YoY	+152%	+248%	+308%
Non-Core Net Sales YoY	-13%	-32%	-71%

3Q21 Gross Sales Breakdown



Unmeasured[2] channel Growth YoY	**1,133%**
Measured[2] channel Growth YoY	**9%**

(1) Core defined as Entrees and Breakfast Products
(2) Measured channels represent customers that are tracked by SPINS. Unmeasured channels represent customers that are excluded from SPINS data.

Q4 and FY 2021 Outlook

	4Q21	FY 2021
Net Sales	**$24.5 - $26.5 million** ***119% - 137% growth***	**$83 - $85 million** ***113% - 118% growth***
Adjusted Gross Margin (1)	**15.3% - 19.7%**	**19.6% - 21.0%**
Adjusted EBITDA (2)	**$(5.2) - $(3.7) million**	**$(9.5) - $(8.0) 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 11 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 12 for a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure, net loss.

FY 2022 & Long-Term Outlook

	FY 2022	Long-Term
Net Sales	**$115 - $125 million** *37% - 49% growth*	**30%+ growth Y/Y**
Adjusted Gross Margin (1)	***Increase Y/Y***	**30%+**
Adjusted EBITDA (2)	**$(8) - $(15) million**	**Low-teens Adjusted EBITDA Margin**

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 11 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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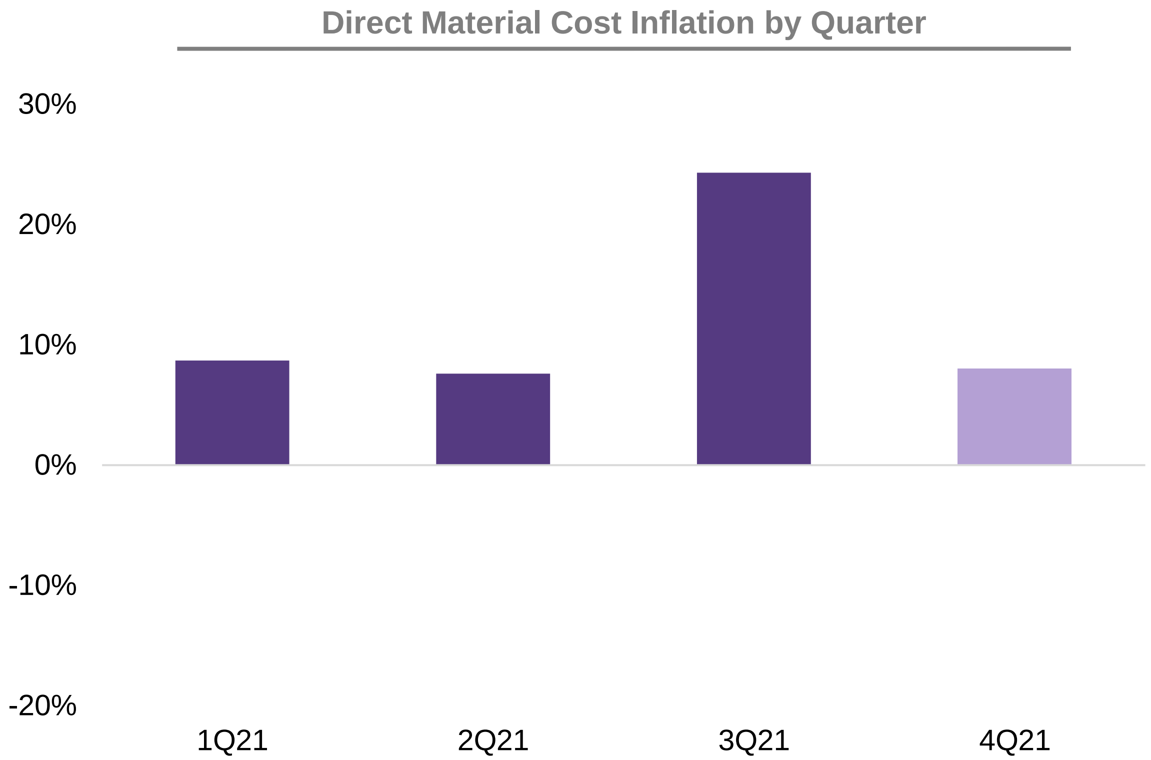
Balance Sheet and Cash Flow Plans

Commentary

- Pro forma cash balance of ~$44 million and pro forma debt balance of $21 million
- Expanded credit facility capacity to $50 million (from $18.5 million) at much lower rates (7% vs. 12% before)
  - Currently ~$14 million drawn, which implies $36M in incremental borrowing capacity
- Expanded cap-ex facility to $20 million (from $3 million)
  - $3 million drawn as of 9/30, implying $17 million in incremental borrowing capacity
- **Total liquidity of $87 million** ($44M cash + $36M revolver capacity + $17M cap-ex facility capacity - $10M contingent proceeds) **vs. projected cumulative losses of $40 million**
- Bolingbrook expansion not expected to materially impact liquidity and should be net positive to cash flow over time

Significant Material Cost Inflation in 2021



- Direct materials cost inflation is expected to be ~10% in 2021
  - Cost inflation peaked in 3Q21 at a rate ~2-3x the other quarters in 2021
  - Chicken, bacon and packaging are main drivers of inflation
  - These estimates are based on cash purchase data, implying a lag in terms of P&L impact


Realgood
9g
CARBS
15g
PROTEIN
Chicken Burrito Bowl
Tender Chicken Breast Strips, Riced Cauliflower, Black Beans & Zesty Pico de Gallo
NET WT 9oz (255g)
Realgood
2g
CARBS
20g
PROTEIN
2 CHICKEN BREAST GRANDE ENCHILADAS WITH TOMATILLO SAUCE & MONTEREY JACK CHEESE
NET WT. 9 OZ (255 G)
Mashed Cauliflower & Braised Beef Bowl
9g
CARBS
19g
PROTEIN
Realgood
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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
Gross Profit	$2,355	$(162)	$9,030	$1,453
Cost related to financial hardship of co-manufacturer (1)	0	967	0	967
Inventory write-downs (2)	0	465	0	465
Start-up and idle capacity costs (3)	904	0	2,398	0
Costs related to the COVID-19 pandemic (4)	682	0	1,175	308
Adjusted Gross Profit	$3,941	$1,270	$12,603	$3,193
Adjusted Gross Margin	17.1%	13.0%	21.6%	11.5%

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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
Net Loss	$(11,835)	$(4,216)	$(22,170)	$(11,698)
Depreciation and amortization	344	153	791	449
Provision for income tax	0	0	0	13
Interest expense	839	1,262	4,322	3,744
Other Income	(309)	0	(309)	0
Change in fair value of convertible debt [1]	5,730	0	6,100	0
Cost related to financial hardship of co-manufacturer [2]	0	967	0	967
Inventory write-down [3]	0	465	0	465
Start-up and idle capacity costs [4]	904	0	2,398	0
Costs related to the COVID-19 pandemic [5]	682	0	1,175	308
Share-based compensation [6]	0	0	0	0
Transaction expenses [7]	652	99	3,353	277
Adjusted EBITDA	$(2,993)	$(1,270)	$(4,340)	$(5,475)

Note: $ in thousands.

(1) For the periods prior to the three months ending September 30, 2021, amounts related to the changes in fair value of convertible debt were excluded due to those amounts being de minimis for those periods.

(2) 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.

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(4) 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.

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

(6) Represents equity-based compensation expense

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

Summary of Adjustments – Nine Months Ended

NINE MONTHS ENDED SEPTEMBER 30, 2021	Net Sales	Gross Profit	Gross Margin	Administrative Expenses	Income from Operations	Operating Margin
Reported	$58,477	$9,030	15.4%	$7,677	$(12,057)	(20.6)%
Items Affecting Comparability:						
Cost related to financial hardship of co-manufacturer (1)	-	-		-	-	
Inventory write-downs (2)	-	-		-	-	
Start-up and idle capacity costs (3)	-	2,398		-	2,398	
Costs related to the COVID-19 pandemic (4)	-	1,175		-	1,175	
Share-based compensation (5)	-	-		-	-	
Transaction expenses (6)	-	-		(3,353)	3,353	
Adjusted	$58,477	$12,603	21.6%	$4,324	$(5,131)	(8.8)%

NINE MONTHS ENDED SEPTEMBER 30, 2020	Net Sales	Gross Profit	Gross Margin	Administrative Expenses	Income from Operations	Operating Margin
Reported	$27,799	$1,453	5.2%	$1,755	$(7,941)	(28.6)%
Items Affecting Comparability:						
Cost related to financial hardship of co-manufacturer (1)	-	967		-	967	
Inventory write-downs (2)	-	465		-	465	
Start-up and idle capacity costs (3)	-	-		-	-	
Costs related to the COVID-19 pandemic (4)	-	308		-	308	
Share-based compensation (5)	-	-		-	-	
Transaction expenses (6)	-	-		(277)	277	
Adjusted	$27,799	$3,193	11.5%	$1,478	$(5,924)	(21.3)%

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 related to a commercial agreement with an investor.

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

Summary of Adjustments – Three Months Ended

THREE MONTHS ENDED SEPTEMBER 30, 2021

	Net Sales	Gross Profit	Gross Margin	Administrative Expenses	Income from Operations	Operating Margin
Reported	$23,014	$2,355	10.2%	$1,875	$(5,575)	(24.2)%
Items Affecting Comparability:						
Cost related to financial hardship of co-manufacturer (1)	-	-		-	-	
Inventory write-downs (2)	-	-		-	-	
Start-up and idle capacity costs (3)	-	904		-	904	
Costs related to the COVID-19 pandemic (4)	-	682		-	682	
Share-based compensation (5)	-	-		-	-	
Transaction expenses (6)	-	-		(652)	652	
Adjusted	$23,014	$3,941	17.1%	$1,223	$(3,337)	(14.5)%

THREE MONTHS ENDED SEPTEMBER 30, 2020

	Net Sales	Gross Profit	Gross Margin	Administrative Expenses	Income from Operations	Operating Margin
Reported	$9,745	$(162)	(1.7)%	$682	$(2,954)	(30.3)%
Items Affecting Comparability:						
Cost related to financial hardship of co-manufacturer (1)	-	967		-	967	
Inventory write-downs (2)	-	465		-	465	
Start-up and idle capacity costs (3)	-	-		-	-	
Costs related to the COVID-19 pandemic (4)	-	-		-	-	
Share-based compensation (5)	-	-		-	-	
Transaction expenses (6)	-	-		(99)	99	
Adjusted	$9,745	$1,270	13.0%	$583	$(1,423)	(14.6)%

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.

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Real Food You Feel Good About Eating