Second Quarter 2022 Earnings Presentation

August 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 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.

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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 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

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

2Q22 Financial Summary

($ in thousands)

	2Q22	2Q21	*$ Chg y/y*	*% Chg y/y*
Net Sales	**$30,809**	**$18,685**	*$12,124*	***65%***
Cost of Sales	$28,458	$16,023	*$12,435*	*78%*
Gross Profit	**$2,351**	**$2,662**	*($311)*	***-12%***
Gross Margin(1)	*7.6%*	*14.2%*		*n/m*
Adjusted Gross Profit(2)	**$6,785**	**$3,896**	*$2,889*	***74%***
Adjusted Gross Margin(1)(2)	*22.0%*	*20.9%*		*110 bps*
Adjusted Operating Expenses	**$10,412**	**$5,537**	*$4,875*	***88%***
Adjusted EBIT	**($3,650)**	**($1,641)**	*($2,009)*	***n/m***
Adjusted EBITDA(2)(3)	**($3,246)**	**($1,447)**	*($1,799)*	***n/m***

- Net sales increased 65% to $30.8 million primarily due to strong growth in sales volumes of the Company's core products (Entrees and Breakfast), driven by expansion in the unmeasured channel, and greater demand from existing retail customers.
  - Measured channel sales grew ~97% driven by strong velocity gains of our core products and to a lesser extent new product and new customers
  - Unmeasured channel sales grew ~30% driven by distribution gains and strong velocities
- Adjusted gross margin(2) increased 110 bps primarily due to an increase in net price realization as well as 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 $3.2 million compared to Adjusted EBITDA loss of $1.4 million in the second quarter of 2021. Sequentially, as compared to the first quarter of 2022, the adjusted EBITDA loss narrowed by approximately $100 thousand and adjusted EBITDA margin increased by 170 basis points. The sequential improvement in adjusted EBITDA and adjusted EBITDA margin was driven by improvement in gross margin, partially offset by the increase in administrative 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 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.
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 appendix 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	**$150 - $160 million** ***78% - 90% growth***	**$155 - $160 million** ***84% - 90% growth***	**+2.5M mid-point**
Adjusted Gross Margin (1)	***17% - 23%***	***19% - 21%***	***Narrowed***
Adjusted EBITDA (2)	**$(4.0) - $(9.0) million**	**$(7.0) - $(9.0) million**	***Range Narrowed, Mid-Point Lower***

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

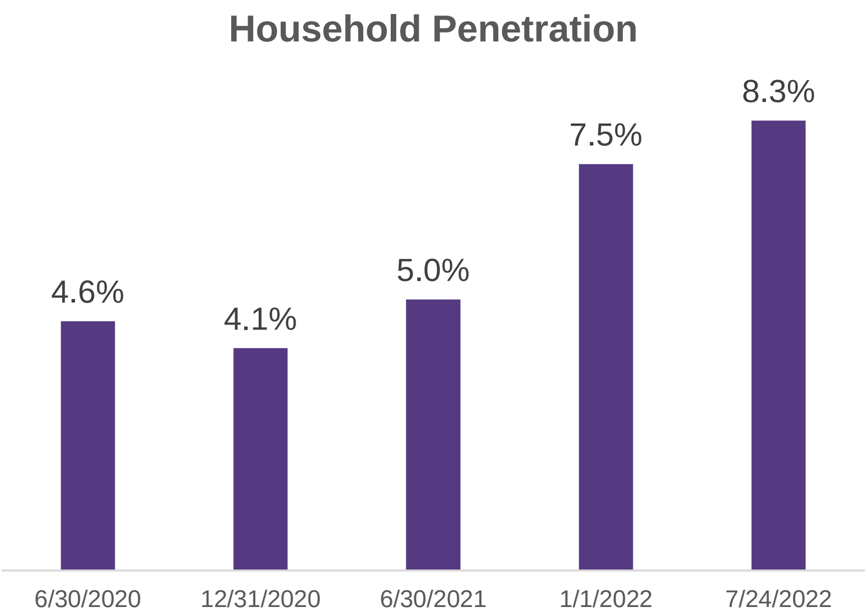
Balance Sheet and Cash Flow Plans

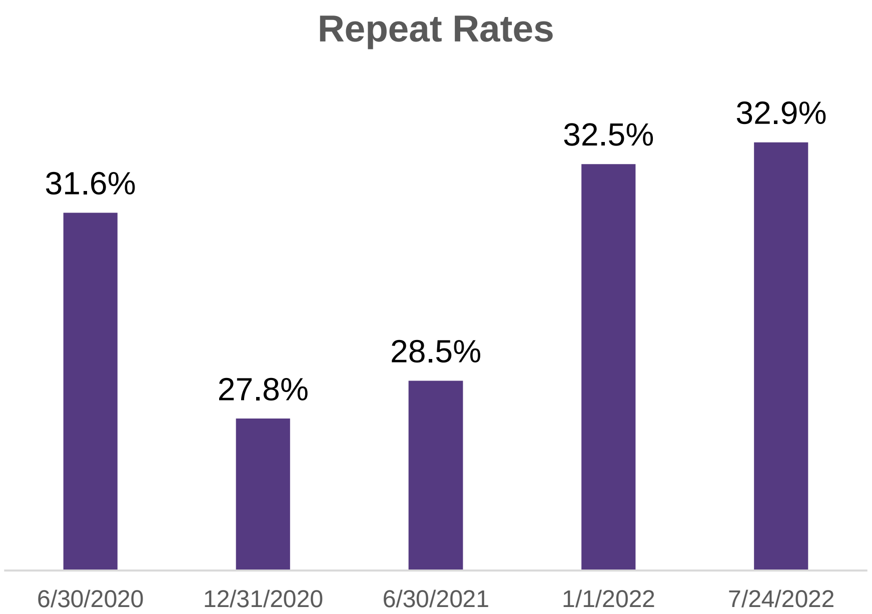
Commentary

- Cash and cash equivalents balance of $12.6 million and total debt of $49.0 million
- Credit facility capacity of $75 million
  - Currently ~$40.5 million drawn, which implies $34.5M in incremental borrowing capacity
- **<u>Total liquidity of $47.2 million</u>** ($12.6M cash + $34.5M revolver capacity)
  - Year to date operating cash flow was -$30.6M, of which -$19.7M was driven by working capital investments to support growth, -$14.8M by cash operating loss and +$3.9M from other items.
    - Cash losses are expected to narrow for the remainder of 2022 with improving profitability
    - Working capital is expected to reduce - driven primarily by lower (more normalized) inventory levels – and should be at least neutral to cash flow for remainder of year
  - Operating cash flow expected to improve in 2H driven by margin improvement and continued cash conversion cycle improvements
  - Minimal cap-ex spending in 2022
    - City of Industry facility is not yet automated and hence requires minimal maintenance cap-ex
    - Bolingbrook 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 breakeven in 2023
- 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





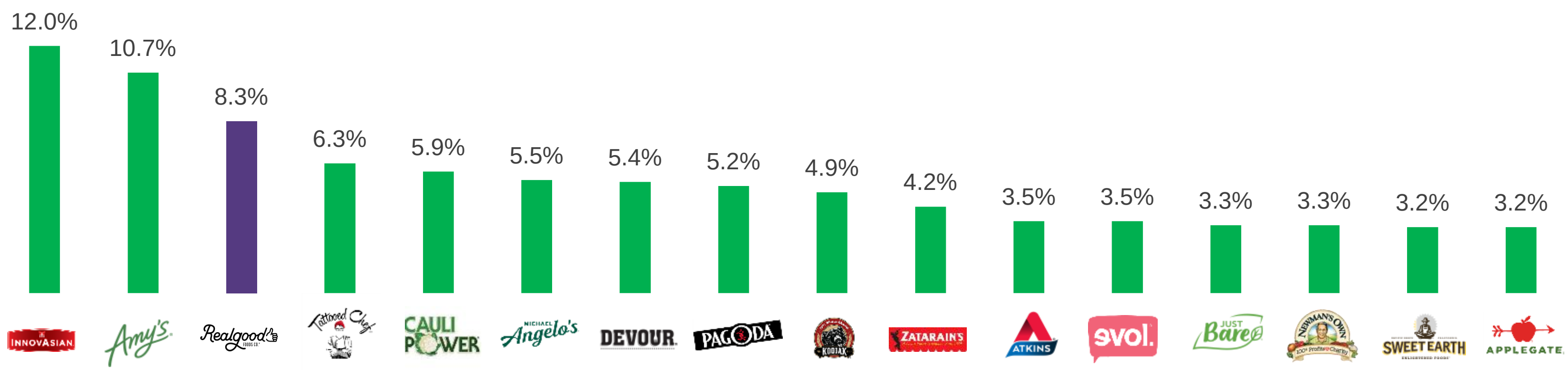
Numerator Data

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]

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



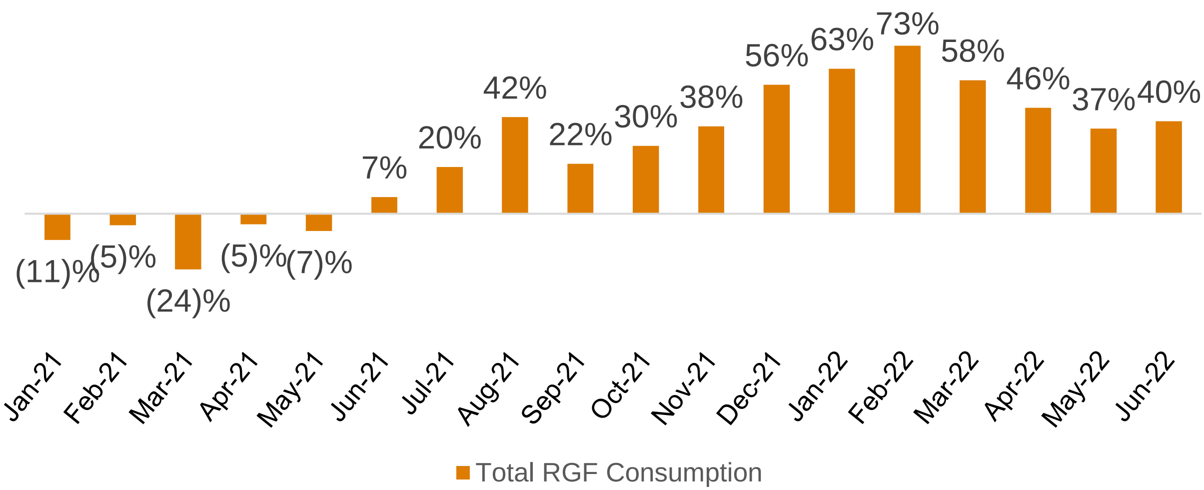
Source:

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

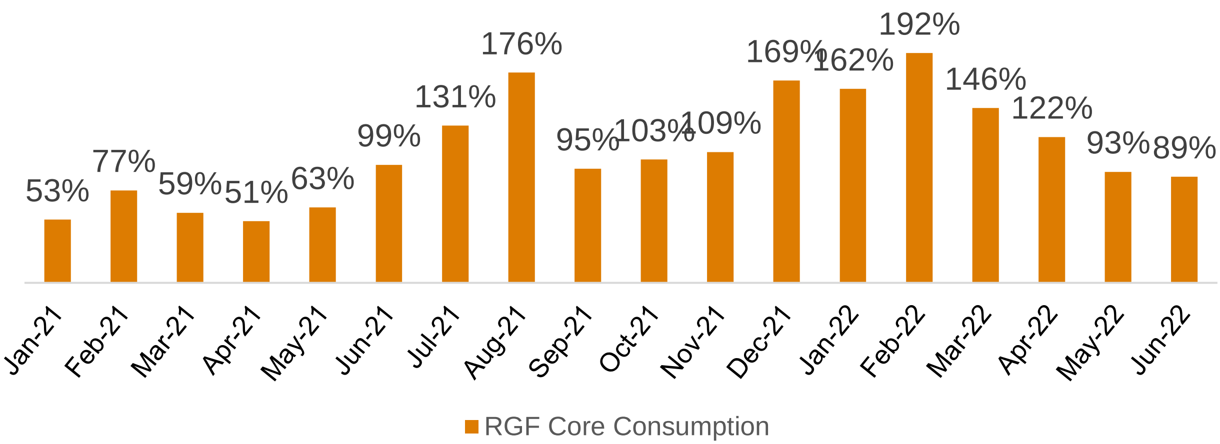
(2) Numerator as of 7/24/22

Measured Channel Growth Remains Robust Despite Comps Getting Tougher

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)

Frozen Asian
~$1.0B+
Platform(1)

Frozen Potatoes
~$2.4B
Category (1)

Frozen Breakfast
~$2.5B
Category (1)

Low Carb, High Protein, Grain Free Chicken Nuggets
Launched in 2022

Zero Sugar Asian Entree Platform
Launched in 2022

Protein Fries & Protein Tots
Launched in 2022

Breakfast Protein Bites & Breakfast Bowls
Launched in 2022

~$5B Opportunity with Bolingbrook

(1) For 52wk period ending 10/03/21 per SPINS.

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

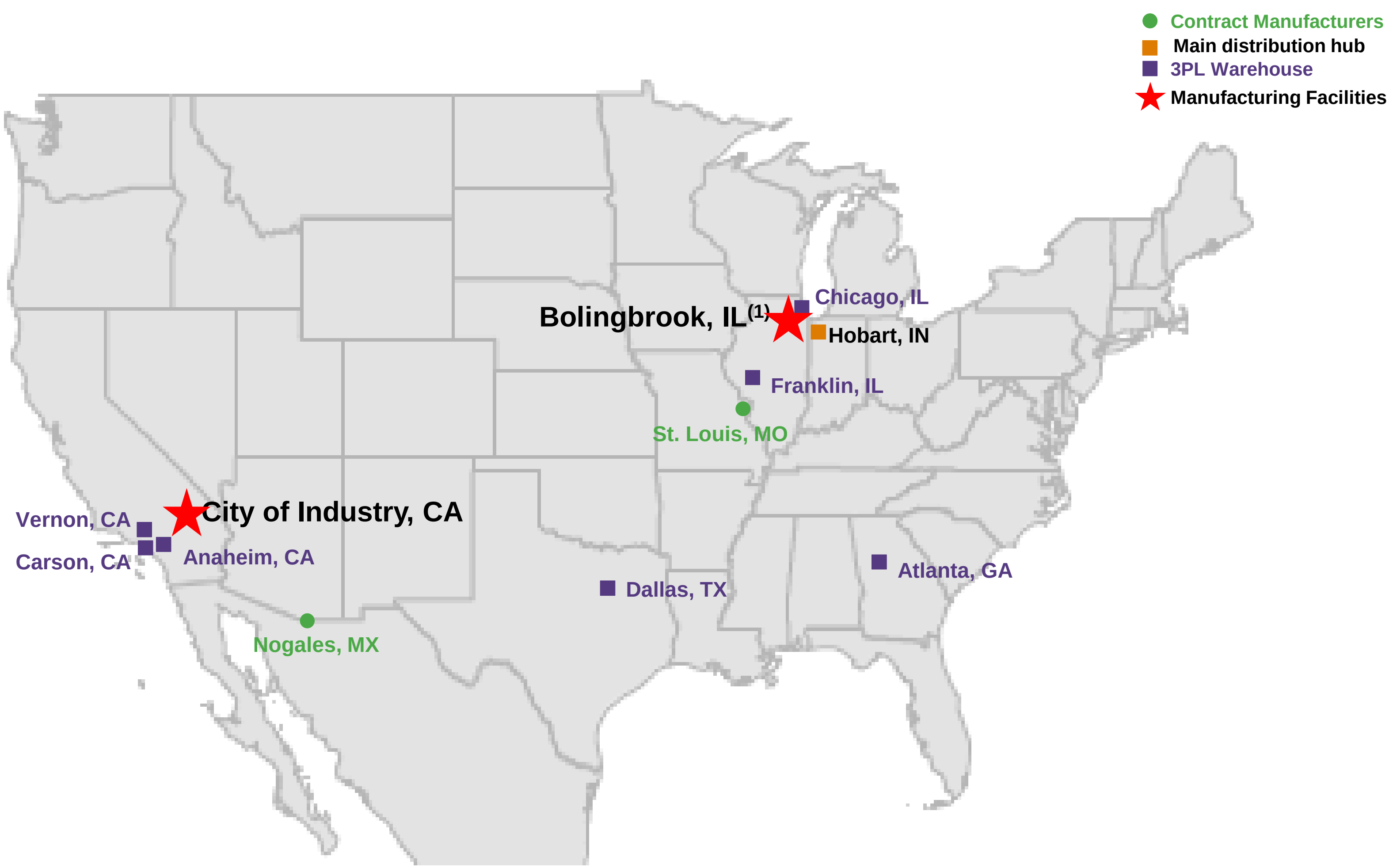
Overview

- 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
  - Breading 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.*

Long-Term Targets

	Long-Term
Net Sales	~$500M
Adjusted Gross Margin (1)	35%
Adjusted EBITDA Margin (2)	15%

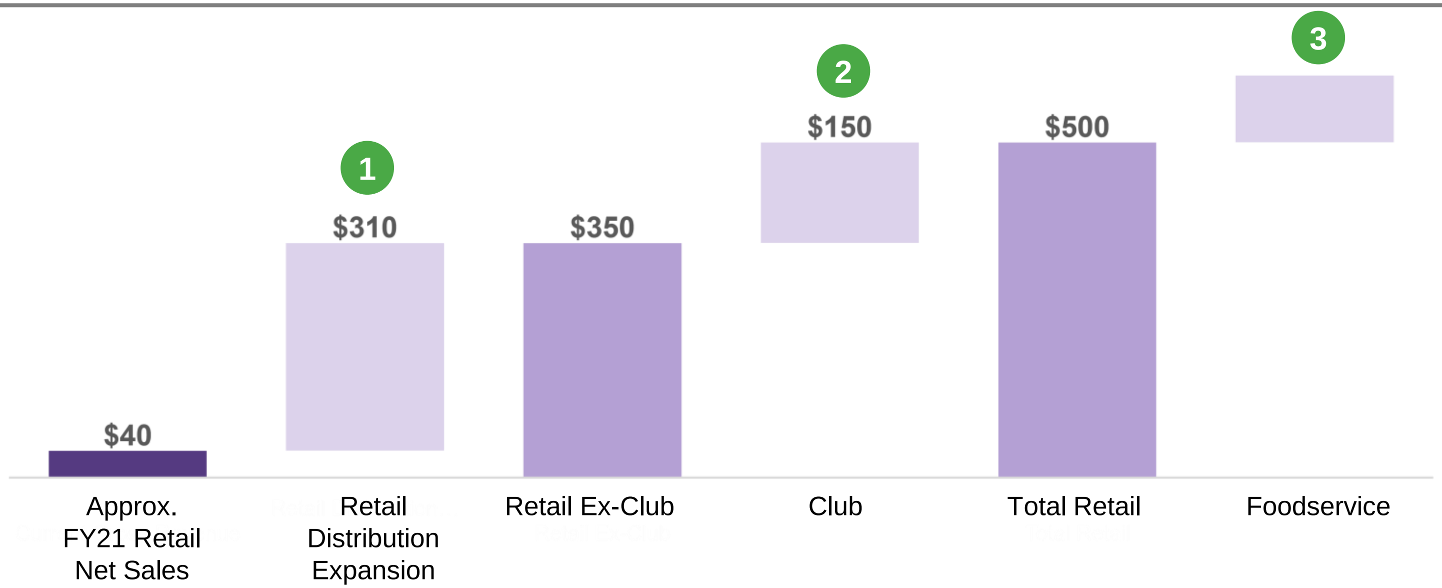
1) Adjusted gross margin is a non-GAAP financial measure. Adjusted gross profit means, for any reporting period, gross profit adjusted to exclude the impacts of costs and adjustments identified by management as affecting the comparability of our gross profit from period to period. Adjusted gross margin 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)


Realgood
9g
CARBS
15g
PROTEIN
Grain 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
CARBS
20g
PROTEIN
2 CHICKEN BREAST GRANDE ENCHILADAS WITH TOMATILLO SAUCE & MONTEREY JACK CHEESE
HAND ROLLED INTO A CHICKEN AND CHEESE TORTILLA
Cook & Serve. Keep frozen amigos.
GRAIN FREE
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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2022	**2021**	**2022**	**2021**
Gross Profit	$2,351	$2,662	$6,598	$6,675
Start-up and idle capacity costs (1)	3,563	741	4,873	1,494
Costs related to the COVID-19 pandemic (2)	871	493	1,772	493
Adjusted Gross Profit	$6,785	$3,896	$13,243	$8,662
Adjusted Gross Margin	22.0%	20.9%	19.4%	24.4%

Note: $ in thousands.

(1) Represents start-up costs associated with commencing operations at our City of Industry and Bolingbrook facilities and other costs associated with temporary manufacturing capacity at our City of Industry and Bolingbrook facilities, 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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2022	2021	2022	2021
Net Loss	$(11,110)	$(5,934)	$(20,644)	$(10,335)
Depreciation and amortization	404	194	804	447
Provision for income tax	-	-	-	-
Interest expense	1,291	1,440	2,181	3,483
Other Income	-	370	-	370
Start-up and idle capacity costs [1]	3,563	741	4,873	1,494
Costs related to the COVID-19 pandemic [2]	871	493	1,772	493
Share-based compensation [3]	1,735	18	3,432	36
Transaction expenses [4]	-	1,231	-	2,702
Other [5]	-	-	25	-
Bolingbrook start-up administrative costs [6]	-	-	1,017	-
Adjusted EBITDA	$(3,246)	$(1,447)	$(6,540)	$(1,310)
Adjusted EBITDA Margin	(10.5)%	(7.7)%	(9.6)%	(3.7)%

Note: $ in thousands.

(1) Represents start-up costs associated with commencing operations at our City of Industry and Bolingbrook facilities and other costs associated with temporary manufacturing capacity at our City of Industry and Bolingbrook facilities, 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 share-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
JUNE 30, 2022

	Net Sales	Gross Profit	Gross Margin	Selling Expenses	Marketing Expenses	Administrative Expenses	Income from Operations	Operating Margin
Reported	$30,809	$2,351	7.6%	$4,909	$1,172	$6,089	$(9,819)	(31.9)%
Items Affecting Comparability:								
Start-up and idle capacity costs (1)	-	3,563		-	-	-	3,563	
Costs related to the COVID-19 pandemic (2)	-	871		-	-	-	871	
Share-based compensation (3)	-	-		(64)	-	(1,670)	1,734	
Transaction expenses (4)	-	-		-	-	-	-	
Other (5)	-	-		-	-	-	-	
Bolingbrook start-up administrative costs (6)	-	-		-	-	-	-	
Adjusted	$30,809	$6,785	22.0%	$4,845	$1,172	$4,419	$(3,651)	(11.9)%

THREE MONTHS ENDED
JUNE 30, 2021

	Net Sales	Gross Profit	Gross Margin	Selling Expenses	Marketing Expenses	Administrative Expenses	Income from Operations	Operating Margin
Reported	$18,685	$2,662	14.2%	$3,049	$755	$2,982	$(4,124)	(22.1)%
Items Affecting Comparability:								
Start-up and idle capacity costs (1)	-	741		-	-	-	741	
Costs related to the COVID-19 pandemic (2)	-	493		-	-	-	493	
Share-based compensation (3)	-	-		-	-	(18)	18	
Transaction expenses (4)	-	-		-	-	(1,231)	1,231	
Other (5)	-	-		-	-	-	-	
Bolingbrook start-up administrative costs (6)	-	-		-	-	-	-	
Adjusted	$18,685	$3,896	20.9%	$3,049	$755	$1,733	$(1,641)	(8.8)%

Note: $ in thousands.

(1) Represents start-up costs associated with commencing operations at our City of Industry and Bolingbrook facilities and other costs associated with temporary manufacturing capacity at our City of Industry and Bolingbrook facilities, 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.

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(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