

The logo for FoodX, featuring the word "Food" in white and "X" in green, set against a background of a blurred road and green fields.

**FoodX**

# Accelerating eGrocery *Forward*

---

Scaling retailers profitably and sustainably

Retail Presentation

We helped build the eGrocery market in Canada.

# Now we're building a complete global eGrocery Management Solution

Since 1998 we have evolved from a local and organic online grocery company into an award winning complete eGrocery management solution with 20 years of experience. We've been there since the beginning and now we're building the future of eGrocery.



Voted best eGrocery 5 years running by the Georgia Straight



# How we did it

By sustainably advancing eGrocery technology every step of the way



1997

Local & Organic eGrocery

- Award winning online grocer
- Local and organic food pioneers



2017

Organic Brick & Mortar Grocer

- Alberta based community favourite
- 5 award winning physical stores in AB and 2 Be Fresh stores in BC
- Omni-channel strategy with SPUD.ca



2018

eGrocery 3rd Party Logistics

- White label e-grocery fulfillment & delivery
- Walmart Canada used Food-X for all Vancouver orders
- Only multi-client e-grocery fulfillment center in North America



2019

Complete eGrocery Software Solution

- SaaS for grocery retailers to operate profitable fulfillment centers
- Productized technology for inbound, inventory and outbound
- Partnered with Microsoft and others

.....▶ April 2020

**FoodX is working with its partners to develop an eGrocery Management System to make sure our health care workers, seniors and others have access to fresh food during this crisis**

Address to the Nation  
Justin Trudeau, Prime Minister of Canada

.....▶ July 2020

# Digital Technology Supercluster awards FoodX \$3 Million in funding to further eGrocery innovation

“We are proud to continue our partnership with FoodX Technologies during such a critical point in time for our society,”

Sue Paish, CEO of the Digital Technology Supercluster





# Our Mission

---

Using innovation and technology to reduce environmental impact while creating a safe and sustainable food eco-system for everyone.

# Our Vision

---

Building the leading global eGrocery Management Solution that provides a profitable landscape for all grocery retailers to compete in.

# Key Trends

---

eGrocery is not coming, it's here, and been transformed by the current pandemic.





# Convenience

---

Shopping patterns have been radically disrupted due to Covid-19 rapidly accelerating eGrocery adoption. Customers are clearly looking for an easier, safer and more convenient alternative to shopping in-store.

**84%**

GenY prefer to shop online<sup>2</sup>

**60%**

Consistently using eGrocery by 2022<sup>1</sup>



# Food Transparency

---

Local grocery delivery and food transparency is now something people are *expecting*. People want to know where their food comes from, increasing demand for farm to table eGrocery.

**60%**

Prefer local & organic when available<sup>1</sup>

**86%**

Prefer companies that display food transparency information<sup>2</sup>

# Sustainability

Recycling is simply not enough.

## Current food waste isn't sustainable

The world wastes \$400 billion\* of food before it even reaches store shelves.<sup>1</sup> This is unsustainable and irresponsible.

Food security is a pressing global issue, especially in this new landscape.

## Plastics are everywhere

Plastic pollution has emerged as a critical environmental issue. The packaging sector is the largest producer of global plastic waste<sup>2</sup>

Governments are introducing legislation on single use plastics.



# The Good News

Adaptation leads to growth.

## Consumers buy change

Given the opportunity 73% of consumers would change a behaviour to reduce their impact on the planet.<sup>1</sup>

People adapt to their environment, especially when it comes to convenience and protecting themselves and their family.

## Retailers can adapt

As the market shifts, inevitably, so do retailers. The largest eGrocery chains force this adaptation.

Retailers can turn this into a profitable growth phase and remain competitive in their marketplace.

# The Opportunity

eGrocery is expected to hit 25% of all grocery sales by 2025<sup>2</sup>

## \$38 Billion in spending<sup>2</sup>

The time to capitalize on this growth is now

Sources: Coresight data and statistics 2020, North America



Increase in eGrocery customers

### +228%

Sources: U.S. Grocery Shopper Trends COVID-19 Tracker (2020) Increases are YOY.



Increase in eGrocery orders

### +356%



Increase in eGrocery sales

### +440%

# The Challenges

---

Grocers are not prepared and do not understand how to meet this demand.



# Managing fresh food at scale is incredibly difficult

---

It is a massive challenge for Grocers to replicate the in-store experience.

## Maintaining freshness

Multiple temperature zones for fresh food all require very specific handling and accurate timing to be delivered seamlessly.

## Maintaining quality

Fresh food is easily damaged, it needs to be handled precisely and with limited touch points throughout the conveyance and picking process.

# The current in-store fulfillment model doesn't work.

---

Grocers are finding that this is both unprofitable and leading to a negative customer experience



## Ineffective systems

Legacy assets and technologies are not set up to deliver groceries effectively.



## Limited capacity

Limited in-store fulfillment capacity requires frequent capital expenditures on new stores to meet demand



## Complex operations.

eGrocery operations requires new operational systems, processes & expertise.



## Disruptive experience

Additional pickers in aisles depleting inventory is disruptive to in-store shopping.

# Margins are razor thin.

“Food retailers are entering an unprecedented period of double disruption from rising online fulfillment costs and intensifying in-store competition. Industry margins could shrink by 90 bps, from ~3.0% to ~2.1% by 2023. This will spur further margin erosion and cause poorly positioned grocers to lose share.”

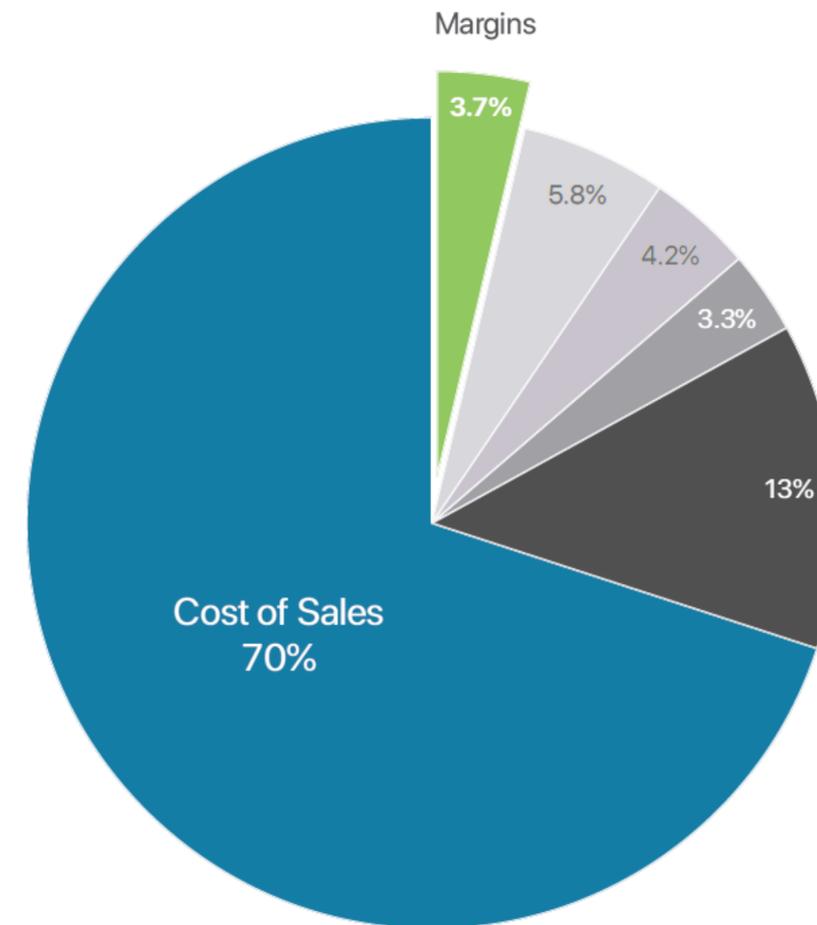
## In-store picking isn't profitable.

Even with a 3.7% EBITDA and a \$10 delivery fee, **it results in a \$10 net loss on every order\***

\*\$23 - \$24 CPO fulfillment

Morgan Stanley Research

The average incumbent grocery store generates EBITDA margin of approximately 3.7%



### “Four Wall” Expenses

- EBITDA Margin
- SG&A
- Other Costs
- Rent
- Labour
- Cost of Sales

**Walmart or Amazon reigns as the top online grocer, Jetta said he's done the math and “online grocery will never be profitable under the current business model.”**

Winsight Grocery Business August 25, 2020

# The Answer

An eGMS providing everything you need to operate successfully and meet demand.

**FoodX**

Copyright © 2020. FoodX. Private & Confidential. All Rights Reserved. [www.foodx.io](http://www.foodx.io)



**FoodX**

## The Complete eGrocery Management Solution (eGMS)

---

Our eGMS is tailored specifically to the changing needs and demands of your business.

# The eGMS model is the answer.

---

Allowing Grocers to adapt their approach and compete in their marketplace.



## Flexible components

Integrates with your existing technology assets and is customizable to their unique business operations



## Expandable capacity

Whether it's micro fulfillment or dedicated fulfillment, it scales with demand allowing you to increase market share



## Streamlined operations.

We've been there and done it ourselves, and our implementation team will show you how.



## Seamless experience

Quick, convenient and pleasant shopping experience that brings your customers back time and again.



# Scaling with demand

---

We facilitate warehouse designs that are adaptable to any size, in any location, with new or existing buildings.

## Micro Fulfillment

Within or adjacent to retail store

1,000 - 10,000 SF [929 m<sup>2</sup>]

## Dark Stores

Dedicated separate location

10,000 - 100,000+ SF [9,920 m<sup>2</sup>]

# With Proven Technology

---

Walmart's eGrocery fulfillment is driven entirely by FoodX Technology in Vancouver.

save time, shop online

**walmart.ca**  
Grocery

## Key Wins

- Multi banner warehouse
- Fast speed to market
- Low capital expenditure
- Profitable unit economics

---

98% on time delivery

---

**Walmart**  **Canada**



## Key Performance Metrics

---

The FoodX eGMS model outperforms industry standards

**99%**

**Fill Rate**

Using automated fulfillment

**98%**

**Delivery Accuracy**

Utilizing FoodX Technology

**0.5%**

**Food Waste**

Food waste % of sales



# Key Advantages

---

We test new products and features in our own sandbox before introducing them into customer environments.

## Innovation

Development teams that partner with our operations to continuously deliver transformative solutions

## Data

Unlocking new insights that improves flow in your warehouse while creating better customer experiences

## Automation

Proving out where Robotics and AI drive value in our own fulfillment facilities



# Our Competitors

FoodX is the most viable and economically feasible solution for retailers of every size.

				
<b>Capital Investment</b>	Low	High	Medium	Medium
<b>Speed to Market</b>	Less than 9 months	2 years	"3 months"	"100 days"
<b>Complete Solution</b>	✓	✗	✗	✗

The competition is either prohibitively more expensive or only a partial solution . Only FoodX builds a relationship with support and boots on the ground during design, implementation and growth.

# How it Works

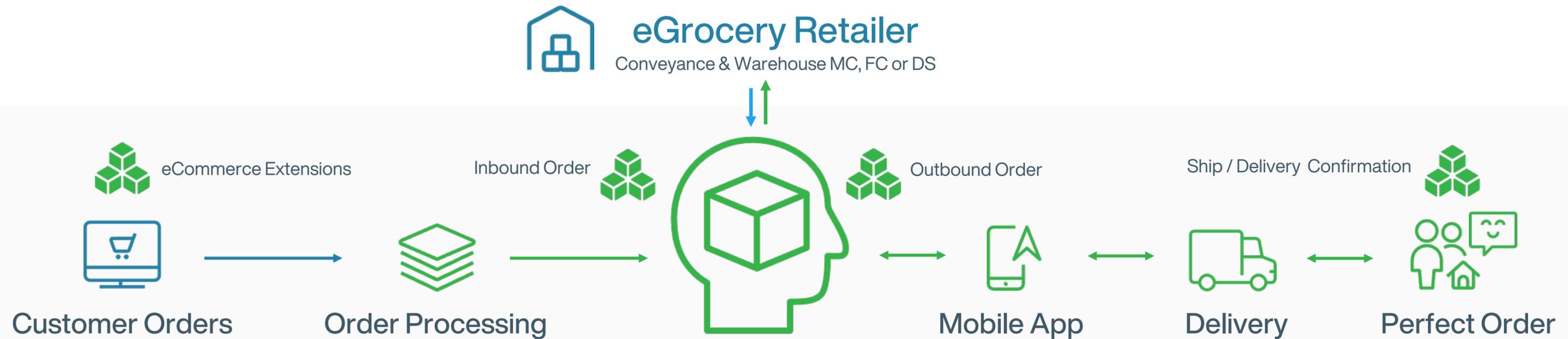
---

FoodX Technology

**FoodX**

# Technology

You utilize your staff, inventory, conveyance and vehicle fleet, we handle the rest.



## FoodX

### Complete eGrocery Management Solution

Freshness & Inventory Accuracy • Customizable Rules Engine • Real Time Substitutions • Smart Delivery • Problem Solve • Perfect Pack • Exception Management • Business Intelligence



# eGrocery+

## FoodX Subscribe

Allow your customers to easily schedule their favourite items.

Enhance the customer experience and create predictable demand by enabling customers to subscribe to their favourite items

## FoodX TimeSlots

Customers can pick the time of day they want to receive their order

Your customers are busy, TimeSlots makes it simple to plan around their schedules

## FoodX Calendar

Enable multiple orders booked into the future on multiple dates

Customers can reliably have fresh quality goods arrive spread out through the week replicating the schedule of going into the grocery store.



# Inbound

## FoodX Fresh

Accurate freshness and inventory, always.

Fresh gives you visibility into exactly when product is set to expire, and most importantly, what to do about it. When doing freshness checks, you also ensure inventory accuracy at the same time.

By reducing overall waste and donating items back into the local economy, you are actively making a difference.

## FoodX Streamline

Simplify the receiving workflow and minimize exceptions

Streamline enables your team to focus on the priority and demand of the product they receive instead of being tied to the purchase order.

Staff understand the priority and urgency of which products to put on the shelf first. If another shipment comes in that's more urgent, Streamline allows users to quickly refocus.

Better throughput results in happier customers

# Inbound

## FoodX Logic

Intelligent tote packing minimizes product damage and delivers the perfect order to your customer.

The Logic Rules Engine moves totes through warehouse zones efficiently, filling totes up with as many items as possible from a single zone.

Groceries are beautifully organized and delivered to your customer undamaged and unspoiled.

## FoodX SmartSub

Pre-induction substitutions allows for changes that keep your order induction flowing seamlessly

SmartSub Automates the substitution process in real time allowing your team to focus on filling orders instead of managing exceptions.



# Inventory

## FoodX Stock

The right product, on the right shelf, at the right time, consistently.

Stock is inventory replenishment optimized for efficiency, removing the guesswork of what goes where and when.

Replenish saves you money on labour and gives your outbound team a stress free process.

## FoodX Control

Proactively handle inventory deviations as they happen

Exceptions are inevitable, now you know precisely how to handle and manage them.

Leveraging insight we turn data into actionable tasks to fix the issue immediately

## FoodX Velocity

Make the right slotting decisions based on real time data

Take control of your warehouse.

Velocity empowers you to make the right slotting decisions and create the most effective pick path.

# Delivery



## FoodX Solve

Flag inaccurate totes and receive intelligent suggestions that enables staff to problem solve on their own.

If a tote makes it through all of the picking zones and isn't 100% accurate, Solve flags it and presents to staff with intelligent solutions.

Staff can then perfectly complete the order while minimizing stock outs.

## FoodX Route

Maximizing vehicle space capacity and delivery drop off routing while knowing where your vehicles are in real-time.

Route shows drivers how to maximizing vehicle space capacity for delivery drop off. Route App dispatches the most efficient routes to your drivers and maximizes your fleet capacity with shorter routes.

Real time tracking via GPS for both you and your customers peace of mind



# Data

## FoodX Insight

When you can operate with visibility and clarity, you can deliver with absolute certainty.

Our Business Intelligence and Reporting Suite gives you the ability to see orders, inventory and operations at 10,000ft or on the ground floor. Combined with labor and performance tools, you can leverage Insight to make informed decisions that maximizes warehouse productivity and profitability.

**Built for Humans. Powered by Data. Engineered for eGrocery**

# Implementation

It's not just technology, our dedicated teams will be with you every step of the way.





## Design Team

Set the foundation for a successful project by designing for growth

We work with retailer stakeholders on detailed discovery about your eGrocery needs, project planning and execution while bringing our experience and expertise.

## Implement Team

Catalyze processes and learning with our team in your facility.

Our subject matter experts will be on-site to deliver your customized solution. Specialists support the process learning, training and hand-off to expedite ramp-up.

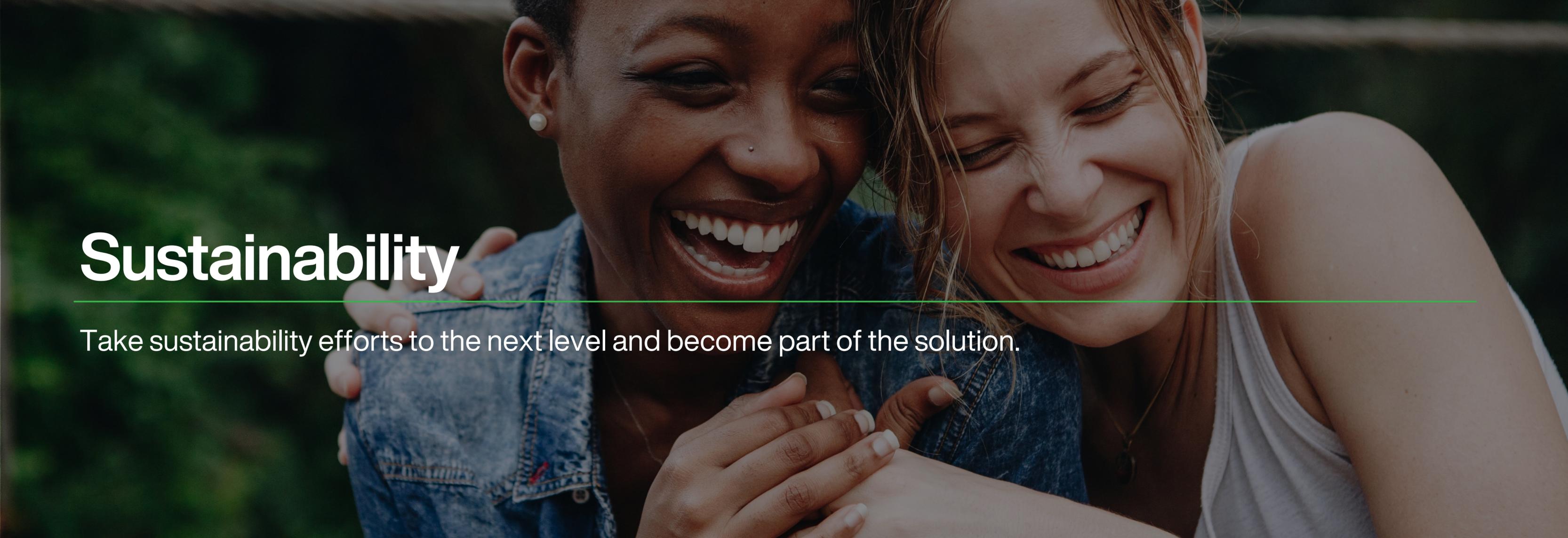
## Growth Team

Dedicated R&D based on needs allows you to grow with demand.

Move from reactive based methodologies to a pro-active model with our technical operations and support teams. Together, we'll build the enhancements and roadmaps you need to continue delivering operation excellence at scale.

# FoodX levels the playing field so you not only compete in eGrocery, you thrive.

An eGMS with dedicated support, fast speed to market and low capital expenditure enables success in any landscape



# Sustainability

---

Take sustainability efforts to the next level and become part of the solution.

## Eliminate food waste

Being able to know when food is about to spoil, the ability to transfer it out into retail, or donate it to those in need gives you the opportunity to actively be part of the solution and a leader in your community

## Minimize plastics

Zero plastic bags alongside reusable totes and packaging drastically reduces your ecological impact. Reverse logistics can take sustainability even further by minimizing single use plastics.

## Decrease emissions

With optimized vehicle utilization and delivery routing, your vehicles spend less time on the road, and more time delivering orders



# Be part of the solution

Let's drive eGrocery forward, *together*

**FoodX**

Profitable Solutions. Seamlessly Integrated. Proven Technology.