



## Goodfood Market (TSX:FOOD) Stock Price Dropped up to 34% on FY21 Earnings

### Description

**Goodfood Market's** ([TSX:FOOD](#)) stock price has declined about 24% (and fell as much as 34%) on Wednesday intraday trading, as the online grocery and meal solutions company reported its FY21 earnings.

### Goodfood stock price slumps on significant loss

- Net revenue climbed 33% in FY21 to \$379.2 million versus a year ago.
- Gross profit rose 34% to \$116.1 million.
- Adjusted EBITDA, a cash flow proxy, fell off the cliff to -\$15.3 million versus \$3.3 million in FY20.
- It had a net loss of -\$22.1 million versus net income of \$1.2 million in FY20.

### What happened in FY21 for Goodfood?

In fiscal 2021, Goodfood achieved record annual sales and launched an on-demand one-hour-or-less delivery that covers more than 30% of the Canadian population. The earnings release explained that “the increase was driven by a growing active customer and subscriber base, higher average basket sizes as well as an increasing order frequency, coupled with lower incentives and credits as a percentage of net sales.”

Unfortunately, the rise in revenue came with the expense of a massive loss due to growing operating costs from ramping up its scale in the launch of its on-demand grocery and meal-solution offering. Goodfood's stock price corrected 26% on the day of the earnings release by market close.

### What Goodfood management said

Goodfood is a relatively young company that's reasonably focused on sales growth, which it is performing on. The next step will be to get it to turn a profit persistently. Here's what management has to say.

"Fiscal 2021 was marked by strong year-over-year growth as we continued our investments and evolution into an on-demand online grocery and meal-solutions provider. We have made significant progress against our long-term objectives and are now firmly positioned as an online, on-demand grocery and meal solution source, providing deliveries within one hour or less in Toronto and soon Montreal, and offering over 1,000 products through our expanding distributed fulfillment network," said Chief Executive Officer Jonathan Ferrari.  
*GoodFood Q4 and FY21 [earnings release](#)*

## What's next for Goodfood?

In 2022, Goodfood expects to realize some of its multi-year efforts in launching its on-demand grocery and meal solutions. Meanwhile, it will continue to invest and open on-demand micro-fulfillment centers that it expects to expand sales. It just finished the construction of a Vancouver facility. Its Toronto facility is up and running. The Montreal facility will follow suit soon. Its automated fulfilment centre in Ottawa will start delivering orders in early 2022.

[Goodfood's stock](#) price has outperformed the benchmark **S&P/TSX Composite Index** by 16.25% over the FY21 period with above-average volatility. So, the 26% correction could be a buying opportunity if the company can continue to raise revenues and turn a profit at one point.



Total Return Level data by YCharts

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