



Goodfood Stock Plummets 12% as Sales Continue to Drop

Description

Goodfood Market ([TSX:FOOD](#)) reported second-quarter earnings that saw net sales continue to drop during its second quarterly report, with a slight improvement in the company's net loss. Shares were down 12% at market open on Thursday.

- Net sales were down to \$73.4 million — a 6% decrease quarter over quarter and a 27% decrease year over year.
- Its net loss decreased to \$20.6 million from \$21.6 million during the first quarter of 2022.
- Its micro-fulfillment centres increased to six, with a 108% increase quarter over quarter in households.
- Goodfood stock expects net sales to be lower during the next season.

What happened in the Q2 2022 for Goodfood stock?

Goodfood stock continues to put more pressure on its micro-fulfillment centres (MFC), [expanding](#) to six MFCs. It grew its customer base by 108% quarter over quarter. While net sales were down, management remained positive on the growth of its “value-creating drivers.”

Such indicators included the improvement of the company's net loss, bringing it down to \$20.6 million. Furthermore, Goodfood stock brought its operating cash flow down to \$13.7 million, down from \$23.7 million the year before.

Overall, there were signs of improvement, but net sales continue to drop. The company reported net sales of \$73.4 million. This was a 6% decrease quarter over quarter from \$77.8 million and a 27% decrease from \$100.7 million the prior year.

What did Goodfood management say?

Management focused in on these “value-creating drivers” during the report. This included reducing costs, growing the on-demand customer base, and launching MFCs to meet the growing demand.

“Only Goodfood, through our vertically integrated on-demand grocery and meal solutions network, allows Canadians to fulfill their meal planning needs in minutes with no mark-up to in-store prices. We are thrilled to have grown our on-demand Active Customer base to over 27,000 households in Toronto and Montreal, clearly demonstrating Canadians’ appetite for a fast delivery of our unique selection of products, and we are excited by the opportunity the recent opening of our digital store to non-subscriber creates.”

Johnathan Ferrari, chief executive officer of Goodfood

What’s next for Goodfood stock?

Goodfood stock continues to focus heavily on the expansion of its MFCs. After launching three during the last quarter for a total of six, it hopes to reach 20 by 2022 alone. Another 15 should then be launched in 2023. Management stated that it would sacrifice short-term profitability to allow for this investment.

This coupled with a slower spring and summer season should be something [Goodfood investors](#) need to be aware of, management stated. Furthermore, fewer COVID-19 restrictions and supply-chain demands could continue to weigh on Goodfood stock as well.

Shares of Goodfood stock were down 12% as of writing.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Investing

Date

2025/08/21

Date Created

2022/04/14

Author

alegatewolfe

default watermark

default watermark