

REVISIONS

Rating/Target	Rev.	Prior
Rating	Spec. Buy	Buy
Target Price (C\$)	\$0.40	\$0.30
Revenue F2021E (M)	\$29.6	\$29.5
Adj. EBITDA F2021E (M)	\$2.7	\$2.2
Adj. EPS F2021 (M)	-\$0.01	\$0.00

MARKET DATA

Date:	Dec 28, 2020
Current Price (C\$):	\$0.34
Target Price (C\$):	\$0.40
52-Week Range:	\$0.05 / \$0.36
Shares O/S (M):	39.9
Mkt Cap (C\$M):	\$13.4
EV (C\$M):	\$24.1
Avg. Weekly Vol. (M):	1.52

Website: www.organicgarage.com

FINANCIALS	F2020A	F2021E	F2022E
Revenue (\$M)	\$24.2	\$29.6	\$31.6
Adj. EBITDA (\$M)	-\$3.0	\$2.7	\$3.4
EPS (\$)	-\$0.14	-\$0.01	\$0.03
Cash (\$M)	\$0.2	\$1.3	\$2.9
Current Assets (\$M)	\$2.2	\$3.2	\$5.1
Net Cash (\$M)	-\$11.2	-\$9.8	-\$10.2
Total Assets (\$M)	\$17.4	\$17.0	\$20.4
Debt (\$M)	\$2.7	\$2.8	\$2.8
Total Liabilities (\$M)	\$14.6	\$14.1	\$16.2
Fiscal Year End:	31-Jan		

Source: Company Reports, S&P Capital IQ, Yahoo!Finance, eResearch Corp.

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Organic Garage Ltd. (TSXV:OG)

Revenue Rises with Stay-at-Home Bump as Online Sales Jump 40%

COMPANY DESCRIPTION:

Organic Garage Ltd. (“Organic Garage” or “the Company”) is an independent, Canadian chain of organic and natural product grocery stores that operate in Toronto and the Greater Toronto Area (“GTA”) in southern Ontario, Canada. The Company focuses on providing customers with healthy choices at a low cost. Its ability to efficiently source organic products allows it to pass along the savings to customers. Its store concept checks multiple boxes with today’s food customer: healthy food, good value, small store convenience, and an overall premium shopping experience.

INVESTMENT HIGHLIGHTS:

- **Sales continue to register a stay-at-home bump.** FQ3/2021 revenue was \$6.92M, an increase of 21.6% year-over-year. Organic Garage continues to show strong growth during the current health crisis and recognized revenue increases in FQ1/2021 and FQ2/2021 of 19% and 29% year-over-year, respectively. We believe this sales trend should continue for most of C2021.
- **Online sales jump over 40%.** Online sales increased to 8.5% of total sales in the quarter versus 6.0% in the previous quarter. Online sales continue to grow to meet the demand brought about by stay-at-home shoppers looking for home delivery. We believe that online sales should continue to increase.
- **Gross Profits remains steady above 30%.** Gross Profit increased to 30.4% from 25.7% in the same quarter last year and similar to the previous quarter of 30.6%.
- **Previous cost-cutting measures improve EBITDA.** As a percentage of sales, Operating Expenses decreased to 31.0% during the quarter from 37.4% in the same quarter last year. Cost reductions implemented during F2020 continued to help with margins. In FQ3/2021, EBITDA was substantially higher at \$0.69M compared to \$0.05M in FQ3/2020.
- **New Leaside store should increase revenue in C2021 and beyond.** The Company’s fifth store, slated to open in the first half of 2021, should boost revenue by 10-20% in F2022 and 15-25% in F2023.

FINANCIAL ANALYSIS & VALUATION:

- We estimated Organic Garage’s financials as:
 - **F2021E: Revenue \$29.6 million; Adj. EBITDA \$2.7 million;**
 - **F2022E: Revenue \$31.6 million; Adj. EBITDA \$3.4 million.**
- Due to the stock price re-rating, we have increased the revenue multiple to 0.8x from 0.6x.
- We calculated an equal-weighted price per share of \$0.41 from a multiple of 0.8x, the one-year forward Revenue of \$30.3M, a multiple of 9.0x the one-year forward EBITDA of \$3.0M, and a DCF from a multiple of 9.0x the five-year forward terminal EBITDA of \$4.2M at a 10% discount rate.
- **We are increasing our one-year price target to \$0.40 and revising our rating to a Speculative Buy.**

All figures in CAD unless otherwise stated.

COMPANY SUMMARY – Modern Organic Grocer

Organic Garage is an independent, Canadian retail chain of organic and natural product grocery stores that operate in Toronto and the GTA in southern Ontario, Canada. The Company focuses on providing customers with healthy choices at a low cost. Its ability to efficiently source organic products allows it to pass along the savings to customers.



Being an independent retail grocer, Organic Garage sets itself apart from its national competition, which has allowed it to compete alongside larger national brands. The Company brand holds itself to high-quality standards while fitting customers' expectations of costing less than the rest of the organic grocer competition. The Company's small store footprint allows shoppers to quickly pick up their basic (and organic) needs without having to traverse a large store.

In C2017, the Company launched its private label program under the Kitchen Originals banner and primarily focuses on Certified Organic products. The goal of the private label program is to deliver the highest quality products to its customers at a good price.



In January 2020, Organic Garage entered into an agreement with Cornershop to utilize Cornershop's digital app and website for online ordering and the delivery of groceries from all Organic Garage retail locations. Cornershop allows users to order groceries for delivery in as little as 60 minutes and is owned by Uber Technologies Inc. (NYSE:UBER).

Organic Garage currently has four retail stores and a 40,000-square foot distribution centre in Etobicoke, Ontario. As the Company shifts to a decentralized supply model, the distribution centre is expected to close in FQ4/2021 (by January 31, 2021) and save the Company almost \$1 million in F2022. Organic Garage is currently concentrating on its presence in the GTA, with its addition of the Leaside location in Toronto, which is set to open in C2021.

The Organic Garage store concept checks multiple boxes with today's food customer: healthy food, good value, small-store convenience, and an overall premium shopping experience.

Figure 1: Rendering of New Leaside Location



Source: Company website

REVIEW OF FQ3/2021 FINANCIALS

- **Revenue**
 - FQ3/2021 Revenue (quarter ended October 31, 2020) was \$6.92 million, an increase of 21.6%, from \$5.69 million in FQ3/2020. Quarterly revenue was in-line with our estimate of \$6.83 million.
 - Online sales steadily increased to 8.5% in the quarter versus 6.0% in the previous quarter.
 - Gross Profit increased to 30.4% from 25.7% in the same quarter last year and similar to the previous quarter of 30.6%.
- **Expenses**
 - As a percentage of sales, Operating Expenses decreased to 31.0% during the quarter ended October 31, 2020, from 37.4% in the quarter ended October 31, 2019. Quarterly Operating Expenses of \$2.15 million was in-line with our estimate of \$2.10 million.
 - Even with the increase in revenue, Store Wages and Marketing Expenses has remained relatively flat year-over-year at \$0.490 million in the quarter versus \$0.498 million during the same quarter last year.
 - As the Company has been implementing strategies to reduce costs, G&A sharply decreased to \$0.296 million in FQ3/2021 from \$0.354 million in FQ3/2020, down over 16%.
- **EBITDA**
 - As sales increased year-over-year and the Company cut costs, FQ3/2021 EBITDA was substantially higher at \$0.69 million compared to \$0.05 million in FQ3/2020, and almost double our estimate of \$0.35 million due to slightly lower costs and the benefit of a higher depreciation charge.
- **Cash**
 - Although Cash Flow from Operating Activities was positive in the quarter, the Cash balance slightly decreased to \$0.8 million from \$0.9 million (as of July 31, 2020) due to an increase in the purchase of Property & Equipment.
 - Future cash requirements:
 - Lease Payments: \$1.54 million in F2022; \$1.78 million in F2023; and \$21.38 million thereafter;
 - Convertible Debentures Repayment: \$3.0 million in October 2022.
- **Business**
 - During the quarter, Organic Garage made progress on phasing out its current centralized distribution centre as it moves towards a decentralized model by the start of C2021. The Company expects to save approximately \$1.0 million from the change. In the model, we have estimated savings of \$0.5 million in C2021.
 - Construction has started on its Leaside location in Toronto, the Company's fifth store, with expected completion in the first half of 2021. As a result of previous construction delays, Organic Garage has negotiated favourable benefits to account for the delayed occupancy. However, since we regularly drive by the new location in Leaside, we think an opening before June 30, 2021, is very optimistic.
- **COVID-19 Impact**
 - With the upswing in food retail due to the stay-at-home measures from the current COVID-19 health crisis, Organic Garage recognized revenue increases in the past three quarters of 19%, 29%, and 22% year-over-year. This sales increase should remain until at least the first half of next year as the health crisis continues and until the vaccine has seen widespread deployment.
 - Fortunately, in January 2020, Organic Garage entered into an agreement with Cornershop to utilize Cornershop's digital app and website for online ordering and the delivery of groceries from all Organic Garage retail locations. Cornershop allows users to order groceries for delivery in as little as 60 minutes and is owned by Uber.
 - As previously mentioned, online sales increased to 8.5% in the quarter versus 6.0% in the previous quarter.

- **Guidance**

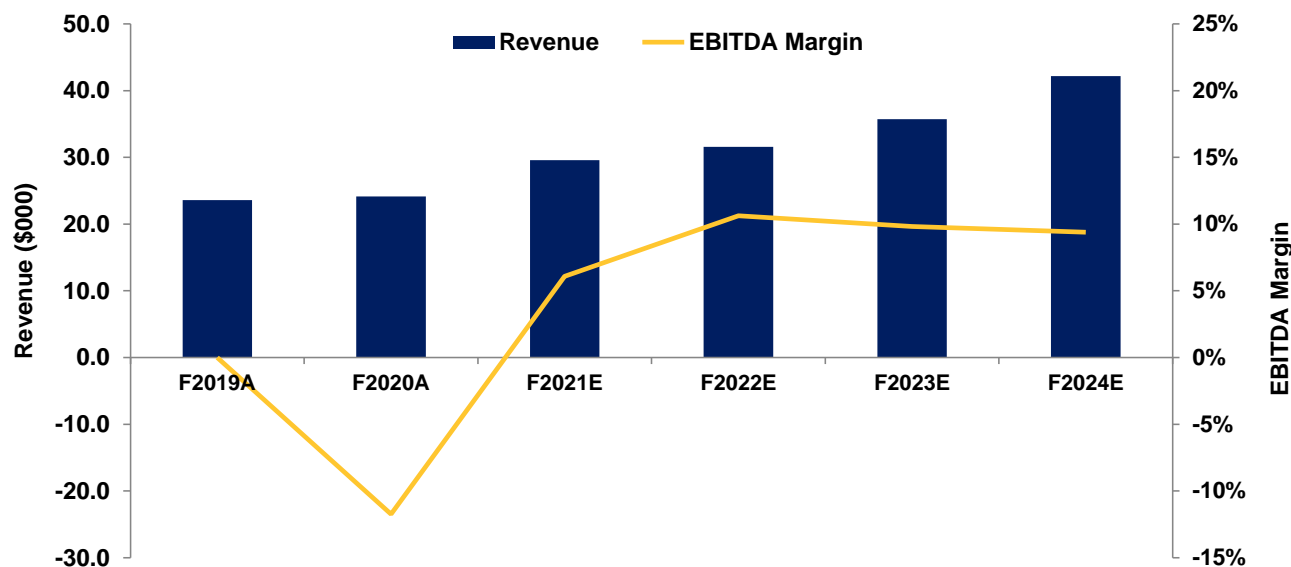
- Organic Garage did not provide any guidance for FQ4/2021. The Company reported that the “strong increase” in sales recorded at each location continued subsequent to October 31, 2020.
- Therefore, we modelled that revenue in FQ4/2021 would continue to grow in the trend exhibited during the past three quarters and estimate year-over-year revenue growth at 20%.

Figure 2: Financial Highlights and Estimates

	FQ320A	FQ420A	F2020A	FQ121A	FQ221A	FQ321A	FQ321E	DIFF	FQ421E	F2021E
Total Revenue	\$5,690,732	\$5,529,214	\$24,154,621	\$7,952,876	\$8,063,735	\$6,921,169	\$6,828,878	1%	\$6,635,057	\$29,572,837
Total Operating Expenses	\$2,127,555	\$4,783,707	\$11,511,358	\$2,174,799	\$2,324,782	\$2,148,248	\$2,096,408	2%	\$1,995,608	\$8,643,437
Operating Income	(\$665,759)	(\$2,822,761)	(\$4,807,473)	\$259,111	(\$130,857)	(\$47,050)	(\$30,148)	56%	(\$5,091)	\$76,113
Adjusted EBITDA	(\$248,597)	(\$2,285,271)	(\$3,014,318)	\$1,063,296	\$443,600	\$691,725	\$350,000	98%	\$500,000	\$2,698,621
Diluted EPS	(\$0.02)	(\$0.07)	(\$0.14)	\$0.01	(\$0.01)	(\$0.00)	\$0.00	(\$0.00)	(\$0.00)	(\$0.01)
Cash	\$336,390	\$194,268	\$194,268	\$1,208,004	\$902,944	\$800,220	\$762,142		\$1,281,575	\$1,281,575
Debt	\$2,550,490	\$2,718,632	\$2,718,632	\$2,743,473	\$2,768,866	\$2,794,259	\$2,768,866		\$2,794,259	\$2,794,259

Source: Company reports; eResearch Corp.

Figure 3: Revenue and EBITDA Margins



Source: Company reports; eResearch Corp.

VALUATION

Organic Garage's stock trades at 0.8x Enterprise Value to F2021E Revenue (EV/Revenue) and 8.9x Enterprise Value to F2021E EBITDA (EV/EBITDA) compared with the overall Canadian Food Grocer Industry averages for C2020E of 0.9x EV/Revenue and 8.7x EV/EBITDA (see [APPENDIX C: FOOD INDUSTRY COMPARABLES](#)).

Organic Garage's F2021 estimates with a year end of January 31, 2021, are the closest comps to C2020 estimates.

Even with the recent share price increase, we believe there are still positive catalysts for the Company:

- Increased sales from the current health crisis should continue for the remainder of F2021 and into next year;
- Online sales, currently representing 8.5% of sales, should continue to increase;
- The new Leaside store opening in the first half of F2022 should boost revenue by 10-20% in F2022 and 15-25% in F2023;
- Cost reductions implemented during F2020 should continue and help with overall margins;
- Market awareness takes time. As the Company continues to grow the number of locations, market awareness improves and builds the customer base, which should increase repeat visitors and recurring revenue.

Assumptions:

- Same-store sales will increase 3% annually.
- Revenue will increase by 18% when the new store in Leaside is fully operational.
- Organic Garage will open a new store in F2024.
- Closing of the Distribution Warehouse will save \$500,000 annually starting in FQ1/2022.

Valuation Method 1: Our DCF model with a 10% WACC and a five-year terminal multiple of 9.0x EBITDA yields a one-year target share value of \$0.39.

Valuation Method 2: Due to the stock price re-rating, we have increased the revenue multiple to 0.8x from 0.6x. Using a revenue multiple of 0.8x and a one-year ahead Revenue of \$30.3 million yields a one-year target share price of \$0.38.

Valuation Method 3: Using an EBITDA multiple of 9.0x and a one-year ahead EBITDA of \$3.0 million yields a one-year target share price of \$0.46.

The equal-weighted target price per share is \$0.41 and we are increasing our one-year price target to \$0.40.

Figure 4: Target Price (1-year) Calculation

				TARGET PRICE
Method 1:	DCF	WACC:10%	Terminal Multiple:9x EBITDA	\$0.39
Method 2:	Revenue Multiple	0.8x	1 Year Fwd Revenue (Est.): \$30.3M	\$0.38
Method 3:	EBITDA Multiple	9.0x	1-Year Fwd EBITDA (Est.): \$3M	\$0.46
Equal-Weighted Target Price (1 year forward)				\$0.41

Source: eResearch Corp.

Figure 5: Organic Garage DCF Analysis

Organic Garage Ltd. FYE (January 31)								
DCF Analysis (C\$)	F2019A	F2020A	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E
Revenue (\$)	23.6	24.2	29.6	31.6	35.7	42.2	43.4	44.7
Revenue Growth		2.3%	22.4%	6.8%	13.1%	18.0%	3.0%	3.0%
EBITDA (\$)	(0.7)	(3.0)	2.7	3.4	3.5	4.0	4.1	4.2
EBITDA Growth		n/a	n/a	24.3%	4.5%	12.9%	2.8%	2.8%
EBITDA Margin	-2.8%	-12.5%	9.1%	10.6%	9.8%	9.4%	9.4%	9.3%
Depreciation and Amortization	0.7	1.7	1.7	1.6	1.5	1.4	1.3	1.2
EBIT (\$)	(1.4)	(4.7)	1.0	1.7	2.0	2.5	2.7	3.0
NOPAT	-	(4.6)	0.1	1.5	1.7	2.2	2.4	2.6
Plus Amortization (\$)	0.7	1.7	1.7	1.6	1.5	1.4	1.3	1.2
Less Capital Expenditures (\$)	(2.2)	(0.6)	(0.4)	(1.1)	(0.3)	(0.9)	(0.3)	(0.4)
Capital Intensity	9.2%	2.4%	1.2%	3.4%	0.7%	2.2%	0.8%	0.9%
Net Working Capital Changes	0.3	0.1	(0.3)	(0.3)	(0.0)	0.0	(0.1)	(0.1)
EPS (Continuing)	(0.06)	(0.14)	(0.01)	0.03	0.04	0.05	0.05	0.06
Unlevered Free Cash Flow (\$)	(1.2)	(3.4)	1.1	1.8	3.0	2.7	3.3	3.3
PV of Unlevered FCFs (\$)	(1.4)	(3.7)	1.1	1.6	2.4	2.0	2.3	2.1
Valuation Assumptions:								
Discount Rate	10.0%							
Terminal Multiple	9.0x							
Valuation Analysis:								
	Current	1-Yr Target	2-Yr Target					
Total PV of FCFs (\$M)	11.5	11.4	10.6					
Terminal Value (\$M)	37.6	37.6	37.6					
PV of Terminal Value (\$M)	23.2	25.5	28.0					
Net (debt) cash position (\$M)	(10.1)	(10.7)	(8.1)					
Total Value (\$M)	24.6	26.2	30.6					
DCF Value/Share (C\$)	C\$0.37	C\$0.39	C\$0.46					
DCF Value/Share (US\$)	US\$0.29	US\$0.30	US\$0.36					
FD Shares O/S (M)*	66.8	66.8	66.8					

*Includes Options, Warrants and Convertible Debt Dilution using the Treasury Method

		Terminal EV/EBITDA Multiplier						
		6.00	7.00	8.00	9.00	10.00	11.00	12.00
Discount Rate	6.0%	0.32	0.37	0.42	0.47	0.52	0.57	0.62
	8.0%	0.29	0.34	0.38	0.43	0.47	0.52	0.57
	10.0%	0.26	0.31	0.35	0.39	0.43	0.48	0.52
	12.0%	0.24	0.28	0.32	0.36	0.40	0.44	0.48
	14.0%	0.22	0.25	0.29	0.33	0.36	0.40	0.44
	16.0%	0.20	0.23	0.26	0.30	0.33	0.37	0.40

Source: Company reports; eResearch Corp.

Figure 6: Shares Outstanding for Fully Diluted Share Count and Valuation

Shares Outstanding - Valuation ('000)		
Shares Outstanding: End of Quarter	October 31/20	39,298
Shares Outstanding: Basic - End of Previous Quarter	July 31/20	38,507
Shares issued in Quarter		792
Shares Outstanding: Basic - current quarter		39,298
- In the money options: Stock Price above Strike Price		-
- In the money warrants: Stock Price above Strike Price		-
Shares Outstanding, Fully Diluted		39,298
Note: Shares increase when Share Price is greater than Derivative Strike Price		
Shares Outstanding - DCF ('000)		
Shares Outstanding: Basic - current quarter		39,298
- In the money options: Target Price above Strike price		2,780
- In the money warrants: Target Price above Strike price		-
- Convertible Debt		40,909
Shares Outstanding, Fully Diluted		82,988
Shares Outstanding, Fully Diluted (Treasury Method)		66,849
Note: Shares increase when Target Price is greater than Derivative Strike Price		

Source: Company reports; eResearch Corp.

APPENDIX A: INVESTMENT THESIS – Why Invest in Organic Garage

MODERN ORGANIC GROCER FITS WELL WITH CHANGING DEMOGRAPHICS

Organic Garage is one of the more differentiated grocery store concepts in the Canadian food market. Its low priced but pure organic strategy resonates well with health-conscious buyers and is in step with current food buying trends. In C2019, the Company won awards for the Best Organic Food store and the Organic Retailer of the Year.

RECENT COVID-19 SALES BUMP SHOULD CONTINUE

With the upswing in food retail due to the stay-at-home measures from the current COVID-19 health crisis, Organic Garage recognized revenue increases in the past three quarters of 19%, 29%, and 22% year-over-year. This sales increase should remain until at least the first quarter of next year as the health crisis continues.

ONLINE ORDERING AND DELIVERY STRATEGY MEET COVID-19 DEMANDS

The timing of the Company's partnership with Cornershop was fortuitous in meeting the demand brought about by the COVID-19 health crisis. Online sales represented 6.0% of total sales last quarter and 8.5% of total sales this quarter; we believe this trend should continue to increase into C2021.

NEW LEASIDE STORE IN TORONTO SHOULD INCREASE REVENUE IN F2021 AND BEYOND

The Company's fifth store, slated to open in the first half of 2021, should boost revenue by 10-20% in F2022 and 15-25% in F2023. However, since we regularly drive by the new location in Leaside, we think an opening before June 30, 2021, is very optimistic. The Company continues to scout out new locations and, as the number of locations grows, market awareness should improve and build the customer base which should increase repeat visitors and recurring revenue.

FOCUS ON COST SAVINGS SHOULD CONTINUE TO IMPROVE MARGINS

The Company leverages its strong relationships with its suppliers to keep prices low. Cost reductions implemented during F2020 should continue and help with margins in F2021 and beyond. The shift to a decentralized distribution model by the start of C2021 should also help lower costs and improve margins.

PRIVATE LABEL OFFERING HAS ROOM TO GROW

In C2017, Organic Garage launched its private label program under the Kitchen Originals banner that primarily focuses on Certified Organic products. The Company continues to expand its private label offering, now with 60 SKUs, and plans to add new products each year, which is anticipated to enhance gross margins.

ORGANIC SALES CONTINUE STRONG ANNUAL GROWTH

Recent market research showed that Canadian consumers are on track to spend \$6.9 billion on organic products in C2020, up from \$5.4 billion in C2017, a Compound Annual Growth Rate ("CAGR") of 8.7%, and four times the growth rate of the overall grocery industry. The organic market share is still small at only 3.2% of overall food sales but up 23.0% from 2.6% in C2017.

EXPERIENCED MANAGEMENT TEAM

Organic Garage has established a highly experienced team of professionals in the food industry. The Company's CEO Matt Laurie is a fourth-generation grocer, bought his first food franchise business when he was 19 years old, and now has over 14 years of experience running Organic Garage.

APPENDIX B: FINANCIAL STATEMENTS

Figure 7: Income Statement

Organic Garage Income Statement - FYE (January 31)	F2019A	F2020A	FQ121A	FQ221A	FQ321A	FQ421E	F2021E	F2022E
Total Revenue	23,609,377	24,154,621	7,952,876	8,063,735	6,921,169	6,635,057	29,572,837	31,587,982
Total Cost of Sales	17,136,671	17,450,736	5,518,966	5,869,810	4,819,971	4,644,540	20,853,287	22,111,587
Gross Profit	6,472,706	6,703,885	2,433,910	2,193,925	2,101,198	1,990,517	8,719,550	9,476,394
Sales & Marketing	2,154,247	2,352,573	501,932	672,213	490,176	464,454	2,128,775	2,369,099
General and Administrative	1,961,145	1,824,886	363,988	421,533	295,743	331,753	1,413,017	1,358,283
Rent & Utilities	2,452,302	1,541,640	351,080	386,215	410,484	298,578	1,446,357	1,105,579
Other operating costs	575,602	1,765,136	426,298	552,280	497,123	458,154	1,933,855	1,288,796
Stock Based Compensation	427,536	59,920	8,211	-	-	16,588	24,799	78,970
Depreciation of Property & Equipment	690,852	1,733,235	523,290	292,541	454,722	426,082	1,696,635	1,629,695
Total Operating Expenses	8,261,684	11,511,358	2,174,799	2,324,782	2,148,248	1,995,608	8,643,437	7,830,423
Operating Income	(1,788,978)	(4,807,473)	259,111	(130,857)	(47,050)	(5,091)	76,113	1,645,972
Interest Income	13,271	9,295	566	969	1,085	1,085	3,705	10,539
Interest	(242,191)	(285,388)	(70,274)	(71,836)	(71,836)	(72,651)	(286,597)	(290,603)
Total Other Income	(228,920)	(276,093)	(69,708)	(70,867)	(70,751)	(71,566)	(282,892)	(280,064)
EBT	(2,017,898)	(5,083,566)	189,403	(201,724)	(117,801)	(76,657)	(206,779)	1,365,908
Income Taxes	-	-	-	-	-	-	-	(136,591)
Net Income (Loss)	(2,017,898)	(5,083,566)	189,403	(201,724)	(117,801)	(76,657)	(206,779)	1,229,317
EPS								
Basic EPS	(0.06)	(0.14)	0.01	(0.01)	(0.00)	(0.00)	(0.01)	0.03
Diluted EPS	(0.06)	(0.14)	0.01	(0.01)	(0.00)	(0.00)	(0.01)	0.03
Adjusted EBITDA	(670,590)	(3,014,318)	1,063,296	443,600	691,725	500,000	2,698,621	3,354,637
Shares Outstanding								
Shares Outstanding, Basic	36,569,278	37,168,753	37,617,028	38,365,084	39,459,996	39,459,996	39,459,996	39,459,996
Shares Outstanding, Diluted	36,569,278	37,168,753	37,617,028	38,365,084	39,459,996	39,459,996	39,459,996	39,459,996

Source: Company reports; eResearch Corp.

Figure 8: Balance Sheet

Organic Garage Balance Sheet - FYE (January 31)	F2019A	F2020A	FQ121A	FQ221A	FQ321A	FQ421E	F2021E	F2022E
Current Assets								
Cash	2,055,764	194,268	1,208,004	902,944	800,220	1,281,575	1,281,575	2,872,753
Account Receivables	89,583	7,004	29,907	55,076	92,545	25,432	25,432	30,519
Prepaid Expenses & Other Assets	76,121	25,418	19,193	19,715	29,770	24,383	24,383	23,841
Inventory	1,817,174	2,018,540	2,018,314	1,869,280	1,869,279	1,831,112	1,831,112	2,197,335
Total Current Assets	4,038,642	2,245,230	3,275,418	2,847,015	2,791,814	3,162,502	3,162,502	5,124,448
Non-Current Assets								
Property and Equipment	7,119,291	15,033,347	14,592,520	14,343,414	14,062,079	13,692,245	13,692,245	13,141,152
Goodwill	2,233,968	0	0	0	0	0	0	0
Other	337,509	145,175	145,175	145,175	145,175	145,175	145,175	2,145,175
Total Assets	13,729,410	17,423,752	18,013,113	17,335,604	16,999,068	16,999,922	16,999,922	20,410,775
Current Liabilities								
Accounts Payables	2,484,768	2,809,230	3,195,200	2,714,054	2,494,683	2,670,257	2,670,257	2,610,927
Lease Liability	151,435	417,789	405,581	426,317	449,938	331,753	331,753	493,648
Short-Term Debt	3,002,118	0	0	0	0	0	0	0
Total Current Liabilities	5,638,321	3,227,019	3,600,781	3,140,371	2,944,621	3,002,010	3,002,010	3,104,575
Non-Current Liabilities								
Lease Liability	524,000	8,628,359	8,549,461	8,437,443	8,317,815	8,317,815	8,317,815	10,317,815
Convertible debentures	0	2,718,632	2,743,473	2,768,866	2,794,259	2,794,259	2,794,259	2,794,259
Total Liabilities	6,162,321	14,574,010	14,893,715	14,346,680	14,056,695	14,114,084	14,114,084	16,216,649
Shareholders Equity								
Capital Stock	10,921,267	10,926,017	10,998,059	11,069,309	11,140,559	11,140,559	11,140,559	11,140,559
Warrants & Options	0	0	2,351,848	2,351,848	2,351,848	2,351,848	2,351,848	2,351,848
Contributed Surplus	1,982,168	2,343,637	0	0	0	16,588	16,588	95,558
Deficit	(5,336,346)	(10,419,912)	(10,230,509)	(10,432,233)	(10,550,034)	(10,626,691)	(10,626,691)	(9,397,374)
Total Shareholders Equity	7,567,089	2,849,742	3,119,398	2,988,924	2,942,373	2,885,839	2,885,839	4,194,126
Total Liabilities & Shareholders Equity	13,729,410	17,423,752	18,013,113	17,335,604	16,999,068	16,999,922	16,999,922	20,410,775

Source: Company reports; eResearch Corp.

Figure 9: Cash Flow Statement

Organic Garage Cash Flow Statement - FYE (January 31)	F2019A	F2020A	FQ121A	FQ221A	FQ321A	FQ421E	F2021E	F2022E
Cash Provided By Operating Activities								
Net Income (Loss)	(2,017,898)	(5,083,566)	189,403	(201,724)	(117,801)	(76,657)	(206,779)	1,229,317
Depreciation of Property & Equipment	690,852	1,733,235	523,290	292,537	454,726	426,082	1,696,635	1,629,695
Stock Based Compensation Expense	427,536	59,920	8,211	-	-	16,588	24,799	78,970
Finance Cost (Interest on Convertible Debt)	-	-	70,274	71,836	71,836	-	213,946	-
Other	-	2,435,126	96,883	96,643	96,643	-	290,169	-
Changes in Non-Cash Working Capital								
Account & Other Receivables	362,257	82,579	(22,903)	(25,169)	(37,469)	67,113	(18,428)	(5,086)
Inventory	(230,647)	(201,366)	226	149,035	-	38,167	187,428	(366,222)
Prepaid Expenses & Other Current Assets	(3,598)	(88,472)	6,225	(522)	(10,055)	5,387	1,035	542
Accounts Payable & Other Payables	(15,683)	277,004	243,654	(506,898)	(261,714)	175,574	(349,384)	(59,330)
Other	200,000	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	(118,185)	(118,185)	161,895
Total Cash Provided By Operating Activities	(587,181)	(785,540)	1,371,317	(380,316)	196,166	534,069	1,721,236	2,669,780
Investing Activities								
Purchase of Property & Equipment	(2,168,949)	(575,963)	(82,463)	(17,473)	(199,349)	(56,248)	(355,533)	(1,078,602)
Total Cash From Investing Activities	(2,168,949)	(575,963)	(82,463)	(17,473)	(199,349)	(56,248)	(355,533)	(1,078,602)
Financing Activities								
Operating Line (Repayment)	2,833,338	-	-	-	-	-	-	-
Repayment of Loan	-	(3,002,118)	-	-	-	-	-	-
Issue/Repurchase of Equity/ Convertible	-	2,925,000	72,042	(72,042)	-	-	-	-
Proceeds from exercise of Stock Options and Warrants	463,695	-	-	-	-	-	-	-
Total Cash From Financing Activities	3,103,984	(499,993)	(275,118)	92,729	(96,006)	-	(278,395)	-
Net Increase in Cash	347,854	(1,861,496)	1,013,736	(305,060)	(99,189)	477,820	1,087,307	1,591,178
Beginning Cash	1,707,910	2,055,764	194,268	1,208,004	902,944	803,755	194,268	1,281,575
Ending Cash	2,055,764	194,268	1,208,004	902,944	803,755	1,281,575	1,281,575	2,872,753

Source: Company reports; eResearch Corp.

APPENDIX C: FOOD COMPARABLES

Figure 10: Food Comparables

Name	Ticker	Dec 28 Close (US\$)	Mkt Cap (US\$ M)	EV** (US\$ M)	REVENUE (US\$ M)			EBITDA (US\$ M)			EV/Revenue			EV/EBITDA		
					2019A	2020E	2021E	2019A	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
US Comps																
Albertsons Companies, Inc.	NYSE:ACI	\$15.98	\$7,553	\$21,574	\$61,035	\$69,249	\$64,879	\$2,667.1	\$2,729	\$3,384	0.4x	0.3x	0.3x	8.1x	7.9x	6.4x
Costco Wholesale Corporation	NASDAQ:COST	\$371.06	\$164,363	\$160,588	\$154,674	\$165,568	\$183,122	\$6,379.0	\$7,614	\$8,096	1.0x	1.0x	0.9x	25.2x	21.1x	19.8x
The Kroger Co.	NYSE:KR	\$31.39	\$23,899	\$42,364	\$122,286	\$122,274	\$132,255	\$5,354.0	\$6,652	\$6,091	0.3x	0.3x	0.3x	7.9x	6.4x	7.0x
Natural Grocers by Vitamin	NYSE:NGVC	\$13.50	\$305	\$676	\$904	\$1,000	\$1,000	\$46.6	\$0	\$0	0.7x	0.7x	0.7x	14.5x		
Sprouts Farmers Market, Inc.	NASDAQ:SFM	\$20.57	\$2,426	\$3,792	\$5,635	\$6,441	\$6,476	\$345.5	\$491	\$429	0.7x	0.6x	0.6x	11.0x	7.7x	8.8x
Village Super Market, Inc.	NASDAQ:VLGEA	\$22.09	\$322	\$637	\$1,659	\$0	\$0	\$49.1	\$0	\$0	0.4x			13.0x		
Walgreens Boots Alliance, Inc.	NASDAQ:WBA	\$39.66	\$34,342	\$75,544	\$137,412	\$139,176	\$143,594	\$6,536.0	\$6,519	\$7,153	0.5x	0.5x	0.5x	11.6x	11.6x	10.6x
Walmart Inc.	NYSE:WMT	\$145.22	\$410,869	\$471,817	\$523,964	\$521,416	\$552,029	\$32,935.0	\$35,036	\$35,594	0.9x	0.9x	0.9x	14.3x	13.5x	13.3x
Weis Markets, Inc.	NYSE:WMK	\$48.13	\$1,295	\$1,285	\$3,543	\$0	\$0	\$175.3	\$0	\$0	0.4x			7.3x		
Mean (EV/Rev <20; EV/EBITDA <50)											0.6x	0.6x	0.6x	12.5x	11.4x	11.0x
Median											0.5x	0.6x	0.6x	11.6x	9.7x	9.7x

Name	Ticker	Dec 28 Close (C\$)	Mkt Cap (C\$ M)	EV** (C\$ M)	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
					2019A	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019A	2020E	2021E
Organic Garage Ltd.*	TSXV:OG	\$0.34	\$13.4	\$24.1	\$24.2	\$29.6	\$31.6	-\$3.0	\$2.7	\$3.4	1.0x	0.8x	0.8x	8.9x	7.2x	
Canadian Comps																
Alimentation Couche-Tard Inc.	TSX:ATD.B	\$44.62	\$49,659.8	\$55,337.5	\$57,558.5	\$43,613.5	\$52,617.0	\$3,844.4	\$4,986.4	\$4,292.0	1.0x	1.3x	1.1x	14.4x	11.1x	12.9x
Empire Company Limited	TSX:EMP.A	\$35.07	\$9,415.9	\$15,514.3	\$25,796.2	\$28,323.3	\$28,168.5	\$1,367.7	\$2,133.0	\$2,105.0	0.6x	0.5x	0.6x	11.3x	7.3x	7.4x
Loblaw Companies Limited	TSX:L	\$63.72	\$22,228.0	\$37,456.6	\$48,037.0	\$52,486.7	\$51,800.8	\$3,548.0	\$5,002.8	\$5,200.8	0.8x	0.7x	0.7x	10.6x	7.5x	7.2x
Metro Inc.	TSX:MRU	\$57.38	\$14,327.6	\$18,598.3	\$16,819.6	\$18,346.5	\$18,096.4	\$1,359.5	\$1,731.0	\$1,759.2	1.1x	1.0x	1.0x	13.7x	10.7x	10.6x
The North West Company Inc.	TSX:NWC	\$33.32	\$1,625.9	\$2,038.5	\$2,094.4	\$2,357.7	\$2,166.9	\$180.0	\$300.6	\$261.7	1.0x	0.9x	0.9x	11.3x	6.8x	7.8x
Mean (EV/Rev <20; EV/EBITDA <50)											0.9x	0.9x	0.9x	12.3x	8.7x	9.2x
Median											1.0x	0.9x	0.9x	11.3x	7.5x	7.8x

*NOTE: Organic Garage recorded as next Fiscal Year

Name	Ticker	Dec 28 Close (local)	Mkt Cap (M)	EV** (M)	REVENUE (M)			EBITDA (M)			EV/Revenue			EV/EBITDA		
					2019A	2020E	2021E	2019A	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
Specialty Foods																
Blue Apron Holdings, Inc.	NYSE:APRN	US\$5.93	104.9	125.3	454.9	456.3	472.7	-17.3	-4.2	7.2	0.3x	0.3x	0.3x			17.4x
Else Nutrition Holdings Inc.	TSXV:BABY	C\$3.91	369.8	364.8	0.6	1.4	8.7	-2.8	-7.5	-18.8	658.4x	259.6x	42.0x			
Goodfood Market Corp.	TSX:FOOD	C\$10.60	714.6	669.1	188.0	315.5	400.8	-19.9	9.3	7.9	3.6x	2.1x	1.7x	71.9x	84.7x	
HelloFresh SE	DB:HFG	€ 60.20	10,450.7	10,011.6	1,809.0	3,639.8	4,186.5	-10.9	438.1	443.3	5.5x	2.8x	2.4x	22.9x	22.6x	
Marley Spoon AG	ASX:MMM	AUD 2.62	670.8	704.4	129.6	250.8	310.3	-33.1	0.9	8.9	5.4x	2.8x	2.3x	782.7x	79.1x	
Mean (EV/Rev <20; EV/EBITDA <50)											3.7x	2.0x	1.6x	22.9x	20.0x	
Median											5.4x	2.8x	2.3x	71.9x	50.9x	

**NOTE: Enterprise Value includes Lease Liability in Net Debt

Source: S&P Capital IQ; eResearch Corp.

APPENDIX D: LOCATIONS

Organic Garage currently has four retail stores and a 40,000-square foot distribution centre in Etobicoke, Ontario. The distribution centre is expected to close in FQ4/2021. The exhibit below highlights the Company’s current retail locations.

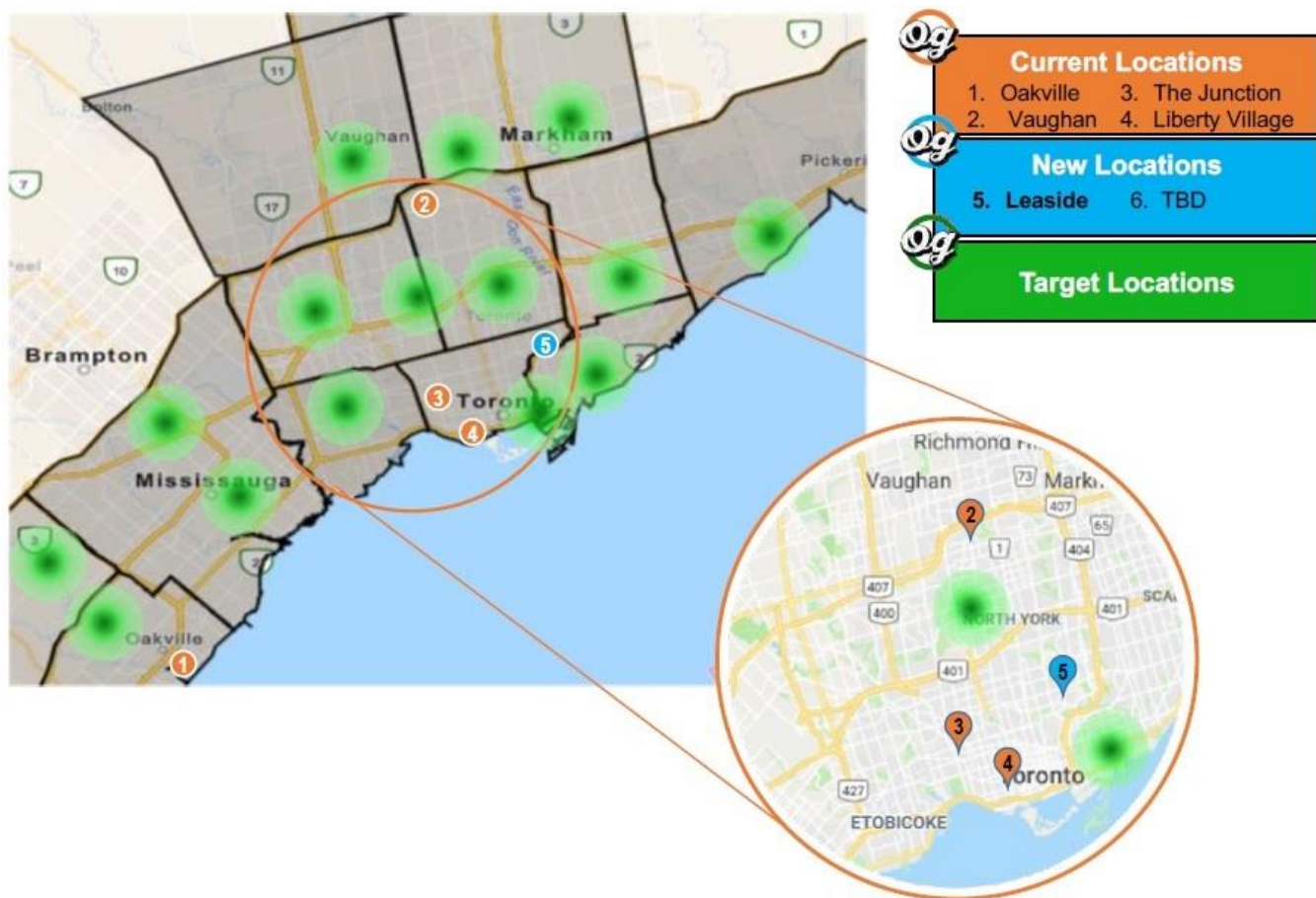
Organic Garage is currently concentrating on its presence in the GTA with its addition of the Leaside location, but believes there is a larger market in Ontario and the rest of Canada for its retail focus.

Figure 11: Organic Garage Locations and Store Sizes

	LOCATION	CITY	PROV.	SIZE (Sq. ft.)	OPENED
1	Organic Garage Oakville	Oakville	Ontario	13,000	2006
2	Organic Garage Thornhill	Thornhill	Ontario	13,000	2013
3	Organic Garage Junction	Toronto	Ontario	15,000	2017
4	Organic Garage Liberty Village	Toronto	Ontario	13,000	2018
5	Organic Garage Leaside	Toronto	Ontario	12,000	Q2/2021

Source: Company website; eResearch Corp.

Figure 12: Organic Garage Locations and Targets



Source: Company presentation; eResearch Corp.

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Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, I do not own common shares, share options or share warrants of Organic Garage Ltd. (TSXV:OG).

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