

# Investment memo – Foody

## Introduction

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Foody is an online grocery store established in 2022, that offers 2,400 grocery articles online with their own bike delivery service within 60 minutes, and focuses on high quality products and sustainability. As a grocery service, Foody is carbon neutral and the assortment includes organic food, close to expiration food at reduced prices to prevent waste, delivery via electric bikes and sustainable shopping bags, recycled as part of a deposit system. Foody is currently active in Copenhagen with one local distribution centre (dark store) covering 250.000 households, and plans to open 2 more in Copenhagen in 2023 to cover the city.

- [Website](#)
- [Pitch deck](#)

## Business Model and Product

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Foody's business model is to be a B2C online supermarket with in-house delivery service and local dark stores. The company buys grocery articles and resell them directly to consumers via a webshop and a Foody app. Foody has customised its operations, so it is tailored to the needs of their target customer segment characterised by sustainability and organic food preferences, which means they can sustain low cost margins, including:

- No need for a dispatcher, as Foody's logistics engine has automated the end-to-end order flow. The delivery system achieves 4 drops or more per hour per bike courier in peak hours, with the delivery time of 1 hour.
- Delivery by bike couriers, which is effective in Copenhagen compared to other means of transportation.
- Low variable costs in the dark store as Foody utilises low cost hourly workers for picking and packing and has access to the relevant workforce, due to its central location.
- The basket size is relatively high at approximately DKK 350 as the assortment enables customers in the target segment to use Foody as a one-stop shop and buy full baskets.
- A sustainability brand position, which is based on feedback from a survey of 500 citizens of Copenhagen. The survey concluded that no market incumbent has a strong sustainability brand, which Foody is promoting.
- By expanding operations to 3 dark stores, all of Copenhagen will be covered.

A significant component of Foody's operations is its IT infrastructure, which is tailored to its operational requirements, including:

- Foody's proprietary logistics engine comprising a courier app, an admin interface and a management control system, that provides real time optimal picking, packing and delivery sequences without dispatcher interference, and means the flow from order to delivery and invoicing is fully automated.
- The webshop, which is based on Magento 2, one of the most used ecommerce platforms globally, and with a developer team in India, that develops the core system to meet Foody's requirements.

- Foody's cloud-based warehouse management system, which is fully integrated to the proprietary systems and Apps. Foody also applies an automatic ordering system to manage procurement from e.g. Dagrofa.
- A monitoring dashboard covering orders, revenue, margins, customer development and other KPIs in real-time, which means they can adjust the team to remain lean and with limited back office costs.

## Market

The Danish grocery market is estimated to DKK 116 billion in 2022, of which online groceries amount to approximately DKK 7 billion. This market is expected to grow by roughly 12% to DKK 130 billion in 2027 and approximately DKK 9.75 billion of online groceries, which are expected to grow from approximately 6% to 7.5% of the total market.

## Competition

The competitors can be categorised into centralised online markets, supermarkets and delivery services with major players exemplified below:

Category name	Centralised online market	Supermarket	Delivery service	Local online market
Brand examples	Nemlig.com	Coop MAD, Reitan/REMA, Salling Group	Gorillas, Wolt	Foody
Market share	40%	38%	Unknown	Unknown
Delivery pricing	20-50 kr. depending on time window	n.a.	24-64 kr.	First order is free, 19 kr. delivery on following orders
Time to delivery	Approximately 1 day and within specified delivery window	Same day pick-up (no delivery)	Delivery in 10-60 minutes	Max 1-hour delivery
Delivery window	Next day, selected time, typically 1-4 hours depending on price	n.a.	Within 1 hour of payment	Within 1 hour of payment

## Growth plans

- Phase I (2022): establish a dark store in Copenhagen, covering a geographical area with 250,000 households in central Copenhagen
- Phase II (second half 2023): open 2 additional dark stores in Copenhagen, to cover the entire city
- Phase III (2024/2025): establish dark stores in larger Danish cities
- Phase IV (2024/2025): establish dark stores in capital cities in the Nordics, i.e. Stockholm, Helsinki and Oslo

## Team

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The team consists of 12 employees including 6 FTEs and 6 hourly workers located in Copenhagen.

**Jannik Haargaard, co-founder:** Finance, IT and operations. 16 years of experience at Zyxel Communications with Sales, IT and Operations as Senior Vice President and Head of Operations EMEA, as well as at Song Network as CTO.

**Morten Haargaard, co-founder:** Brand and Marketing. Business Designer with extensive experience from the development of new products and services.

**Simon Haargaard:** IT Development and Operations. BA in IT and Economics CBS. Simon designed and developed the Logistics Module and the Scheduler.

**Daniel Jensen:** Sales. 20 years of experience from the grocery industry, including as a sales manager at Nemlig.com and Løgismose.

## Financials and traction

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Foody launched in April 2022 and covers approximately 250.000 households geographically of which roughly 1% are customers. Customers can be segregated into 3 categories, based on how many orders they have placed in the last 3 weeks; “new customers” with 1 order, “new active customers” with 2-5 orders and “onboarded customers” with more than 5 orders. The weekly customer growth shows a steady increase in all three segments which by end of week 6 2023, reached a total of roughly 820 with approximately one third in each customer segment.

The order value is expected to grow from roughly DKK 367 in January 2023 to some DKK 605 by end of year 2023. The corresponding gross margins are forecasted to improve from approximately 21% to approximately 33%. The main reasons include:

- Product discounts, cash back and incentives aimed at new customers, has been more prevalent since launch than it will going forward, and therefore Foody expects the contribution margin per order and basket value per order, to increase over time, following the increase in customer base.
- Foody plans to reduce product discounts over time and increase the delivery costs levied on customers, which will increase the profit margins.
- Introducing multi prices, expanding the article assortment and improving webshop functionality is expected to increase basket sizes.
- Finally, the current competitive landscape with Føtex and Coop MAD exiting, is expected to have a positive impact in general.

“Salaries, Fixed Personnel” denotes non-variable salaries for the dark store and includes a warehouse manager, three supervisors and one assistant, which is the right team to manage hourly workers (incl. pickers and couriers), and to manage incoming orders and receiving goods. This cost was comparably low in 2022 as there was only one warehouse manager with assistance from founders. Therefore, the ramped-up cost rate at DKK 166,010 is expected to remain fixed.

P&L REALISED												
Date	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22		
DKK	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised
No of Orders	0	46	313	499	321	444	616	894	1,116	1,249		
Order Value (incl. VAT)		301	275	410	288	318	302	333	361	377		
<b>Revenue (excl. VAT)</b>	0	11,078	68,920	163,589	74,003	113,045	148,630	237,834	322,444	376,442		
Direct costs	0	(41,184)	(59,296)	(229,961)	(107,560)	(134,040)	(142,735)	(179,426)	(243,257)	(283,994)		
<b>Gross profit I</b>	<b>0</b>	<b>(30,105)</b>	<b>9,624</b>	<b>(66,372)</b>	<b>(33,557)</b>	<b>(20,995)</b>	<b>5,895</b>	<b>58,408</b>	<b>79,187</b>	<b>92,448</b>		
GM1 %		-272%	14%	-41%	-45%	-19%	4%	25%	25%	25%		
Salaries, Fixed Personnel	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(100,000)	(100,000)	(100,000)		
Salaries, Hourly Workers	(7,157)	(44,588)	(44,588)	(44,588)	(72,687)	(72,687)	(72,687)	(40,751)	(40,751)	(87,668)		
Rent, utility cost and more	(500)	(1,478)	(1,478)	(1,478)	(10,937)	(10,937)	(10,937)	(70,423)	(70,423)	(70,423)		
Bicycles	(1,780)	(5,346)	(5,346)	(5,346)	(5,929)	(5,929)	(5,929)	(6,173)	(6,173)	(8,185)		
<b>Gross profit II</b>	<b>(1,780)</b>	<b>(121,517)</b>	<b>(81,787)</b>	<b>(157,784)</b>	<b>(163,110)</b>	<b>(150,548)</b>	<b>(123,658)</b>	<b>(158,939)</b>	<b>(138,160)</b>	<b>(173,828)</b>		
GM2 %		-1097%	-119%	-96%	-220%	-133%	-83%	-67%	-43%	-46%		
Salaries	(15,621)	0	(6,290)	(6,290)	0	(32,000)	(32,000)	(59,878)	(59,878)	(59,878)		
IT and other G&A	(102,394)	(61,221)	(61,221)	(61,221)	(35,141)	(35,141)	(35,141)	(32,387)	(32,387)	(32,387)		
Marketing	(17,468)	(80,032)	(80,032)	(80,032)	(80,032)	(28,787)	(28,787)	(103,787)	(100,164)	(100,164)		
Buffer (+ small investments)	(44,015)	(7,547)	(7,547)	(7,547)	(12,872)	(12,872)	(12,872)	(12,743)	(12,743)	(12,743)		
<i>Adjustment: normalised salaries</i>	(36,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(62,000)	(62,000)	(62,000)		
<b>Backoffice costs</b>	<b>(215,498)</b>	<b>(160,801)</b>	<b>(167,091)</b>	<b>(167,091)</b>	<b>(88,799)</b>	<b>(120,799)</b>	<b>(195,799)</b>	<b>(267,172)</b>	<b>(267,172)</b>	<b>(267,172)</b>		
<b>Net Profit</b>	<b>(217,278)</b>	<b>(282,318)</b>	<b>(248,878)</b>	<b>(324,874)</b>	<b>(251,909)</b>	<b>(271,347)</b>	<b>(319,457)</b>	<b>(426,111)</b>	<b>(405,332)</b>	<b>(440,999)</b>		

P&L FORECAST												
Date	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
DKK	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
No of Orders	1,774	1,810	2,668	2,458	2,746	3,637	1,697	3,007	5,008	4,334	4,618	5,923
Order Value (incl. VAT)	367	408	422	435	448	461	474	486	504	512	512	605
<b>Revenue (excl. VAT)</b>	<b>521,313</b>	<b>591,398</b>	<b>899,782</b>	<b>854,862</b>	<b>983,556</b>	<b>1,340,262</b>	<b>642,972</b>	<b>1,170,460</b>	<b>2,020,867</b>	<b>1,775,788</b>	<b>1,892,620</b>	<b>2,864,662</b>
Direct costs	(409,859)	(456,120)	(678,079)	(629,248)	(706,820)	(939,704)	(439,523)	(779,512)	(1,348,420)	(1,185,673)	(1,263,485)	(1,935,052)
<b>Gross profit I</b>	<b>111,454</b>	<b>135,278</b>	<b>221,703</b>	<b>225,614</b>	<b>276,736</b>	<b>400,558</b>	<b>203,449</b>	<b>390,948</b>	<b>672,447</b>	<b>590,116</b>	<b>629,135</b>	<b>929,610</b>
GM1 %	21%	23%	25%	26%	28%	30%	32%	33%	33%	33%	33%	32%
Salaries, Fixed Personnel	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)	(166,010)
Salaries, Hourly Workers	(61,210)	(84,944)	(107,936)	(126,330)	(144,724)	(154,887)	(77,727)	(161,417)	(227,496)	(246,120)	(264,284)	(271,035)
Rent, utility cost and more	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Bicycles	(10,500)	(12,250)	(12,250)	(14,000)	(15,750)	(15,750)	(15,750)	(21,000)	(21,000)	(21,000)	(22,750)	(22,750)
<b>Gross profit II</b>	<b>(211,266)</b>	<b>(212,926)</b>	<b>(149,493)</b>	<b>(165,726)</b>	<b>(134,748)</b>	<b>(21,089)</b>	<b>(141,038)</b>	<b>(42,479)</b>	<b>172,941</b>	<b>71,986</b>	<b>91,091</b>	<b>384,815</b>
GM2 %	-41%	-36%	-17%	-19%	-14%	-2%	-22%	-4%	9%	4%	5%	13%
Salaries	(59,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
IT and other G&A	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)
Marketing	(100,000)	(100,000)	(125,000)	(100,000)	(100,000)	(125,000)	(100,000)	(100,000)	(125,000)	(100,000)	(100,000)	(125,000)
Buffer (+ small investments)	(25,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
<i>Adjustment: normalised salaries</i>	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)	(57,000)
<b>Backoffice costs</b>	<b>(273,000)</b>	<b>(314,000)</b>	<b>(339,000)</b>	<b>(314,000)</b>	<b>(314,000)</b>	<b>(339,000)</b>	<b>(314,000)</b>	<b>(314,000)</b>	<b>(339,000)</b>	<b>(314,000)</b>	<b>(314,000)</b>	<b>(339,000)</b>
<b>Net Profit</b>	<b>(484,266)</b>	<b>(526,926)</b>	<b>(488,493)</b>	<b>(479,726)</b>	<b>(448,748)</b>	<b>(360,089)</b>	<b>(455,038)</b>	<b>(356,479)</b>	<b>(166,059)</b>	<b>(242,014)</b>	<b>(222,909)</b>	<b>45,815</b>

## Unit Economics

The unit economics show that the contribution margin after direct costs is positive from august 2022 and after all variable costs from november 2022. With a one time investment of DKK 100K, the dark store can support sales of up to DKK 3.5m per month, which is its full capacity. Three key revenue thresholds are outlined below:

- When Foody achieves approximately **DKK 2.0m in revenue**, the case is in break-even after variable and dark stores costs, before back office fixed costs. The corresponding contribution margin after variable costs ("Contribution Margin I") is approximately 21%.
- When Foody achieves approximately **DKK 2.5m in revenue** the total break-even point is reached, at which point back office fixed costs are also covered. The corresponding Contribution Margin II is approximately 22%.

- When Foody achieves approximately **DKK 3.5m in revenue**, full capacity is reached. The corresponding Contribution Margin II equals 23%.

Unit economics											
Date	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	
DKK (1 unit = 1 order)	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised	Realised
Revenue (excl. VAT)	0	11,078	68,920	163,589	74,003	113,045	148,630	237,834	322,444	376,442	
Amount of orders	0	46	313	499	321	444	616	894	1,116	1,249	
Revenue per order (excl. VAT)	0	241	220	328	231	255	241	266	289	301	
Direct costs	0	(895)	(189)	(461)	(335)	(240)	(232)	(259)	(198)	(204)	
<b>Contribution margin I</b>	<b>0</b>	<b>(654)</b>	<b>31</b>	<b>(133)</b>	<b>(105)</b>	<b>14</b>	<b>10</b>	<b>7</b>	<b>91</b>	<b>97</b>	
% of revenue	0%	-272%	14%	-41%	-45%	6%	4%	3%	32%	32%	
<b>Dark store, variable costs</b>											
Salaries, Hourly Workers	0	(969)	(142)	(89)	(226)	(164)	(118)	(46)	(37)	(70)	
Bicycles	0	(116)	(17)	(11)	(18)	(13)	(10)	(7)	(6)	(7)	
<b>Contribution margin II</b>	<b>0</b>	<b>(1,740)</b>	<b>(129)</b>	<b>(233)</b>	<b>(349)</b>	<b>(163)</b>	<b>(118)</b>	<b>(45)</b>	<b>49</b>	<b>20</b>	
% of revenue	0%	-723%	-58%	-71%	-152%	-64%	-49%	-17%	17%	7%	

Unit economics												
Date	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
DKK (1 unit = 1 order)	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Revenue (excl. VAT)	521,313	591,398	899,782	854,862	983,556	1,340,262	642,972	1,170,460	2,020,867	1,775,788	1,892,620	2,864,662
Amount of orders	1,774	1,810	2,668	2,458	2,746	3,637	1,697	3,007	5,008	4,334	4,618	5,923
Revenue per order (excl. VAT)	294	327	337	348	358	369	379	389	404	410	410	484
Direct costs	(231)	(252)	(254)	(256)	(257)	(258)	(259)	(259)	(269)	(274)	(274)	(327)
<b>Contribution margin I</b>	<b>63</b>	<b>75</b>	<b>83</b>	<b>92</b>	<b>101</b>	<b>110</b>	<b>120</b>	<b>130</b>	<b>134</b>	<b>136</b>	<b>136</b>	<b>157</b>
% of revenue	21%	23%	25%	26%	28%	30%	32%	33%	33%	33%	33%	32%
<b>Dark store, variable costs</b>												
Salaries, Hourly Workers	(35)	(47)	(40)	(51)	(53)	(43)	(46)	(54)	(45)	(57)	(57)	(46)
Bicycles	(6)	(7)	(5)	(6)	(6)	(4)	(9)	(7)	(4)	(5)	(5)	(4)
<b>Contribution margin II</b>	<b>22</b>	<b>21</b>	<b>38</b>	<b>35</b>	<b>42</b>	<b>63</b>	<b>65</b>	<b>69</b>	<b>85</b>	<b>75</b>	<b>74</b>	<b>107</b>
% of revenue	8%	6%	11%	10%	12%	17%	17%	18%	21%	18%	18%	22%

## Investment highlights

- **Equity pre-money valuation:** DKK 15m (excl. debt)
- **This round's total investment:** Up to DKK 3m equity. DKK 1.5m is hard committed and DKK 0.5m is soft committed. In addition, Vækstfonden has made a soft commitment of DKK 1.5m in debt.
- **CVX Investment in round:** Up to DKK 1m
- **Cost / Burn rate:** DKK 477K / DKK 440K per month and runway to end of april 2023
- **Expected breakeven:** Q3 2024 with one distribution centre
- **Future funding:** Another funding round of DKK 6m can take place by end of year 2023, to expand Foody by 2 dark stores to cover Copenhagen, and in H1 2024, Foody plans to raise DKK 15m to build out another 5 dark stores.
- **Exit strategy:** A detailed strategy is not fixed at this stage. Potential for an M&A exit to a strategic synergetic acquirer.
- **Cap table (Cap table):** Founders 52.6%, Investors: 47.4%
- **Use of proceeds:** The proceeds will be used to cover operating costs until profitability.
- **Previous rounds:** Foody has received a total of DKK 5m in debt and equity funds and all capital has been injected at a pre-money valuation of DKK 4.4m, which was first set in July 2021. DKK 300K has been injected as equity. DKK 4.8m has been added in debt, of which 2.3m is long debt (of which DKK 170.000 has been repaid), and DKK 2.5m is short term debt (of which DKK 155.000 is repaid). The debtholders are comprised by the founder and an



angel investor. By March 2023 all short term debt will have been converted to equity - prior to this round - hence financing will consist of 2.7m in equity and 2.1m in long term debt.