



August 2020

Natural Grocers is an expanding specialty retailer of natural, organic groceries, body care products and dietary supplements. We focus on providing high-quality products at affordable prices, exceptional customer service, nutrition education and community outreach. We strive to generate long-term relationships with our customers based on transparency and trust by:

- Selling only natural and organic groceries, body care products and dietary supplements that meet our strict quality guidelines - we do not approve for sale grocery products that are known to contain artificial colors, flavors, preservatives or sweeteners or partially hydrogenated or hydrogenated oils
- Utilizing an efficient and flexible smaller-store format to offer affordable prices and a shopper-friendly retail environment
- Enhancing our customers' shopping experience by providing free science-based nutrition education to help our customers make well-informed health and nutrition choices
- Incorporating ecological sustainability and ESG principles into our product standards and company practices

Currently operate 159 stores in 20 states, with six new stores opened so far in fiscal 2020 and six stores opened in fiscal year 2019. We have signed leases for two new stores and acquired the property for one additional new store; the new stores will be located in Missouri, New Mexico, and Oregon that are planned to open during fiscal 2020 and beyond.

Opened 73 new stores between the beginning of fiscal 2015 and the third quarter of fiscal 2020

Portable store model with scalable operations infrastructure

New store economics with a targeted payback period of five years and 30% cash-on-cash return by end of the sixth year with total upfront investment of approximately \$2.1 million

Stores average approximately 11,000 selling square feet

- Approximately one quarter of a store's selling square footage is dedicated to dietary supplements
- Approximately 22,000 SKUs of natural and organic products per comparable store, including approximately 6,700 SKUs of dietary supplements

Experienced and committed management team with proven track record

Focus on operating enhancements

- Cost discipline focus on store labor levels, improving supply chain and company-wide focus on performance metrics
- Implemented industry leading safety measures during the COVID-19 pandemic, including social distancing guidelines and signage, employee face masks, sneeze guards at checkout, and capacity limits
- Leverage investments in infrastructure
  - System-wide software updates to increase network stability, enhance integration to other software platforms and more effectively leverage data
  - Upgraded network circuits to improve network speed and stability, create additional redundancy to drive operational efficiencies, and enhance performance and the customer experience
  - Enhanced store training
- Expanded Natural Grocers Brand products in fiscal 2018 and 2019, with further expansion in fiscal 2020
- Marketing initiatives have expanded brand reach and customer loyalty
  - {N}power loyalty program is showing strong membership growth, with over 1.2 million members as of 6/30/20
  - Focus on digital/social media and outdoor advertising is driving brand reach across all our markets
  - Local marketing programs are driving new customer growth with direct mail campaigns, state-specific messaging, and visibility

#### Five Founding Principles

##### Nutrition education

We provide free nutrition education, including a nutritional health coach in every store, to empower our customers to improve their health

##### Quality natural products

Our carefully approved quality grocery products do not contain artificial flavors, colors, preservatives, sweeteners or hydrogenated oils

##### Always Affordable pricing

We control costs so we can maintain affordable prices for our customers

##### Community

We support the health and welfare of our local communities, including the environment

##### good4u Crew

Our crew members enjoy great jobs with excellent benefits and the opportunity to grow with us

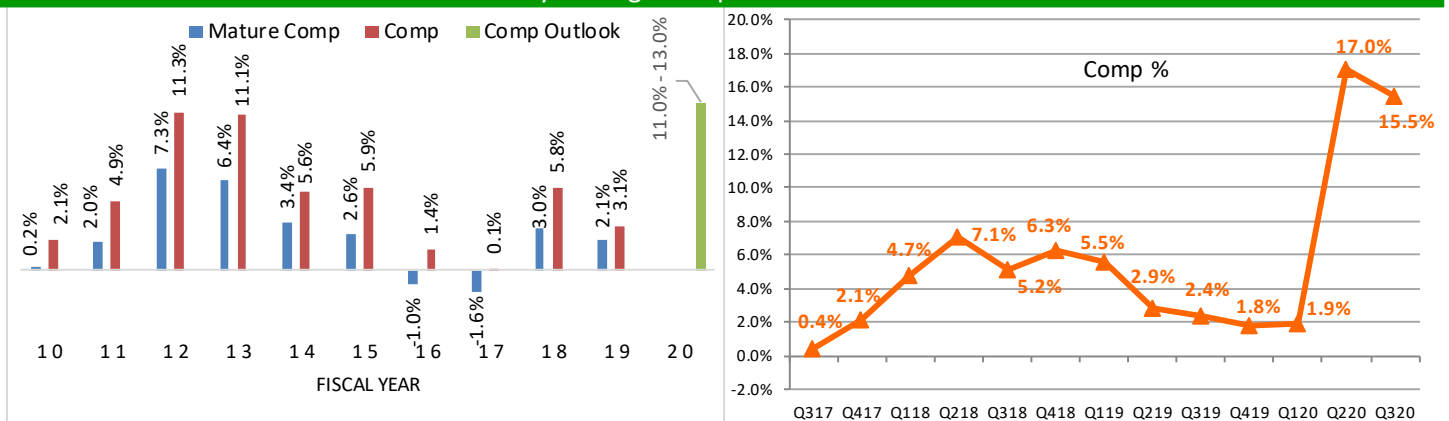


This overview includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this overview that are not statements of historical fact are forward-looking statements and are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those described in such forward-looking statements due to changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors, many of which are beyond our control. For further information regarding risks and uncertainties associated with our business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of our SEC filings, including, but not limited to, our Form 10-K for the year ended September 30, 2019. We do not undertake any duty to update any forward-looking statements.

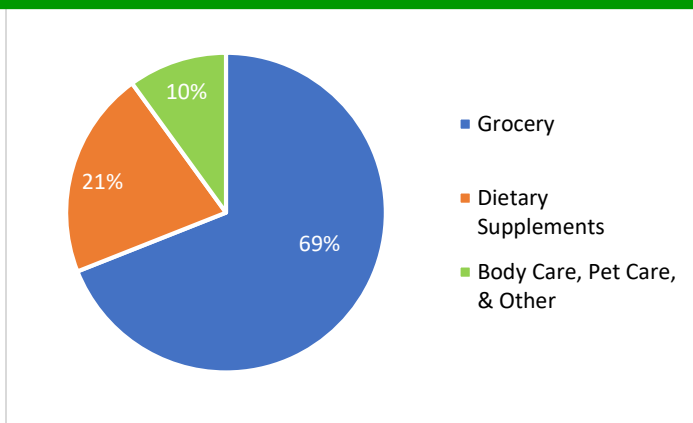
Summary Historical Financials and Other Data

(\$ in 000's)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Unaudited		Outlook
						Q3'19	Q3'20	FY 2020
Stores	103	126	140	148	153	152	159	7
% Growth	18.4%	22.3%	11.1%	5.7%	3.4%	3.4%	4.6%	4.6%
Sales	624,678	705,499	769,030	849,042	903,582	224,411	265,110	-
% Growth	20.0%	12.9%	9.0%	10.4%	6.4%	5.3%	18.1%	-
Gross profit	182,096	201,772	212,336	225,573	238,753	58,425	72,381	-
% of Sales	29.2%	28.6%	27.6%	26.6%	26.4%	26.0%	27.3%	-
Net income	16,204	11,471	6,891	12,661	9,416	1,998	4,691	-
% of Sales	2.6%	1.6%	0.9%	1.5%	1.0%	0.9%	1.8%	1.6% to 2.0%
Diluted EPS	\$0.72	\$0.51	\$0.31	\$0.56	\$0.42	\$0.09	\$0.21	\$0.79 to \$0.83

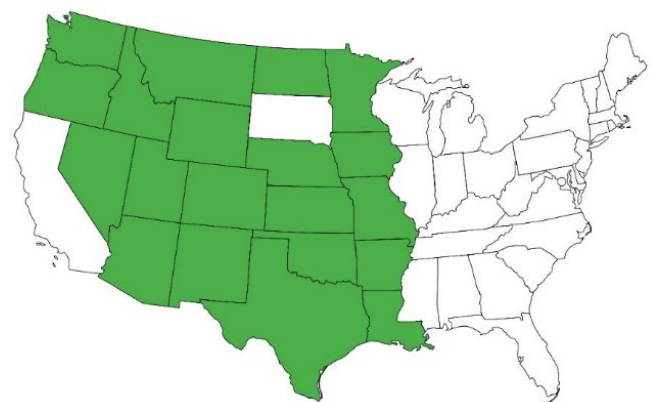
Daily Average Comparable Store Sales



FY 2019 Sales Mix



Geographic Footprint (as of 6/30/20)



Source: NGVC filings and press releases available at [www.sec.gov/](http://www.sec.gov/) and <http://investors.naturalgrocers.com/>



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