

# Misfits Market

Annual Report 2022

What's on the

# MENU



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01

# Our Mission





# A message from our founder



We're now four years into our journey to make grocery shopping more affordable, more accessible, and more sustainable for consumers. While 2022 brought Misfits Market tremendous growth and expansion, what makes me proudest is the positive impact we're having when people need it most.

In 2022, grocery bills skyrocketed to 40-year highs, forcing too many of us to make hard choices about how to feed our families. We take our commitment to building a better food system seriously. That's why every decision we make is centered on how we can tackle inefficiencies in the food system and pass along savings to more customers across the country. In the past year, we reached a huge accessibility milestone: we expanded to all 48 states in the continental U.S. and shipped boxes to more than 40,000 zip codes.

While others in the industry were raising prices and cutting portion sizes, we made it easier to access quality foods at a

great value. First, we introduced our own private label line, Odds & Ends, that brings high-quality versions of staples like oils, nuts, tomato sauce, and other everyday food items to customers at great prices. Then, we launched Misfits Perks, our loyalty rewards program that offers discounts and free products to loyal customers. And over the course of the whole year, we introduced more than 1,500 new products and more than 300 new brands to our platform—at up to 40% off traditional grocery store prices.

We also made our first acquisition, and a major one, with the purchase of Imperfect Foods. Combining forces with Imperfect Foods will exponentially accelerate our ability to address a broken food system and create a formidable—and profitable—online grocer that's focused on delivering value by fighting food waste. We're better together, and our customers will soon see a greater assortment of products and improved delivery options, as well as other exciting updates.

Our customers are already changing the way they shop and eat, allowing us to rescue 55 million pounds of food in the past year alone. But we're still in the early days of fostering upcycling partnerships, expanding and diversifying supplier networks, and optimizing rescue and waste reduction at every point in the supply chain. We've done so much in only a few short years, but there is still an enormous opportunity in front of us.

I'd like to end on a note of gratitude to all of the partners, farmers, and food producers we work with, as well as our team members—old and new. Ambitious goals can't be achieved without a shared sense of mission, and we can't tackle big issues like food waste, supply chain inefficiencies, and food apartheid alone. Together, we enter 2023 more equipped, more focused, and more excited than ever to scale our impact.

*Abhi Ramesh*



# We've come a long way since 2018

Some of our 2022  
milestones include:

**Delivering to  
all states in the  
continental U.S.**

**Adding dairy,  
eggs, and  
wine to our  
storefront**

**Launching  
our iOS and  
Android apps**

**Debuting our  
private label  
brand, Odds  
& Ends**

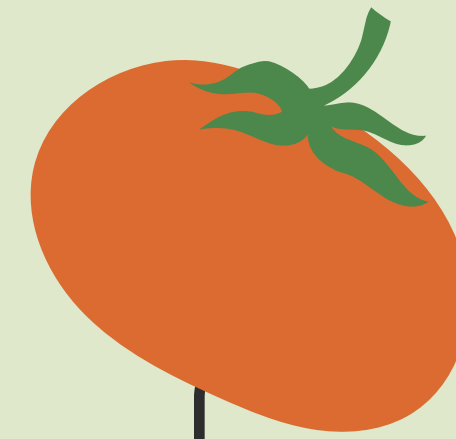
**Introducing our loyalty  
program, Misfits Perks**



# Our vision remains clear

We're committed to building an affordable online grocery store that tackles food waste and creates access from inefficiency.

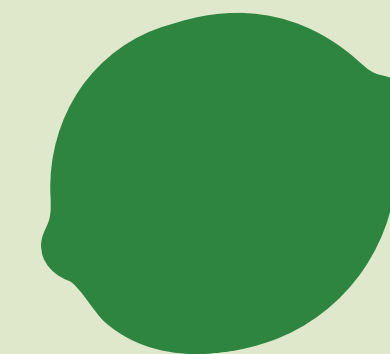
The three pillars that continue to guide us are...



**Affordability**

**Accessibility**

**Sustainability**





IN 2022

# We embraced the Imperfect

This year we acquired **Imperfect Foods**, a company that's always shared our core values. Together, we'll be able to exponentially grow our impact. What does that mean for our customers? Better service, improved selection, and even more opportunities to reduce food waste.





# We're creating the new food value supply chain



Traditional grocery supply chains are full of inefficiencies, including middlemen, markups, and a lot of food waste.

Our food value supply chain delivers a simpler, less expensive, and more convenient way to shop for groceries—one that happens to waste less food.

It's the way grocery shopping should be.





# We committed to ending food apartheid in the United States by 2025

And we're holding ourselves to it

We use “**food apartheid**” instead of “food desert” to identify communities with low income and low access that aren’t served by the traditional food system. Deserts occur naturally, whereas these areas are intentionally overlooked.

## HOW? BY:



Prioritizing affordability while continuing to expand our selection of quality groceries



Addressing accessibility by delivering to nearly every zip code in the continental U.S., regardless of population density

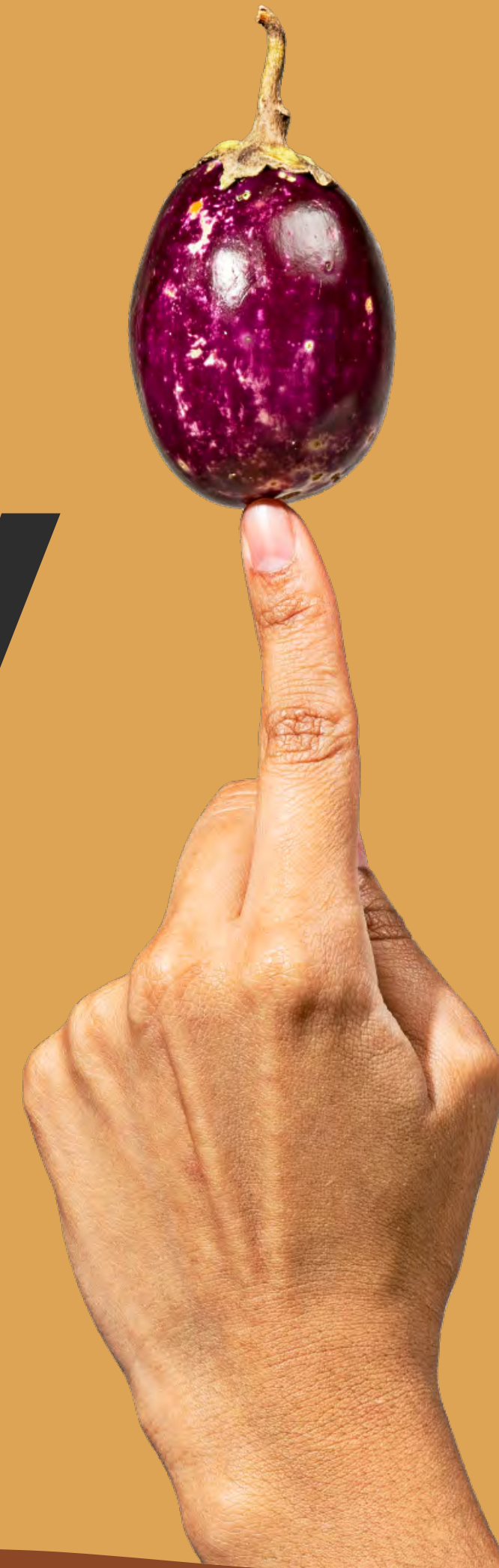


Tracking our sustainability by measuring our impact on the environment and our communities



02

# Our Strategy To Fight Inflation



# Inflation hit the grocery industry hard

**Americans' Grocery Bills Set to Reach New Highs on Food Inflation**

- Finished consumer food prices up almost 16% from last July
- Egg prices jumped 44.2%, plus big increases for beef and veal

**AGRICULTURE**

**Get ready for a food fight: High grocery costs are here to stay**

As inflationary pressure retreats in some areas, grocery bills have remained high. Republicans have seized on the opportunity, but culinary messaging is awash with pitfalls.

**Food prices are soaring, and that's changed how we eat**

By Danielle Wiener-Bronner, CNN Business  
Updated 12:45 PM EDT, Sat September 24, 2022

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**PERSONAL FINANCE**

**'It's belt-tightening time' — How to save as food inflation jumps more than 11% in a year**

PUBLISHED THU, SEP 15 2022 8:00 AM EDT | UPDATED THU, SEP 15 2022 8:15 AM UNDEFINED EDT

- +38% Eggs**
- +22.7% Flour**
- +17.6% Chicken**
- +15.6% Milk**
- +9.7% Ground beef**
- +9.3% Produce**
- +9.2% Bacon**



**But we still made good on our affordability promise**

## Launched Misfits Perks

A one-of-a-kind  
loyalty program  
designed to create  
even more value by  
unlocking the ability  
to earn points on  
every order that can  
be redeemed for  
discounts and gifts



## How to Earn



## Get points for every order

Every dollar spent on Misfits Market earns you one point.



### Earn double points!

If you're on a weekly plan, you'll earn 2 points per dollar spent.



## Earn purchase-free points too

You can also earn points without having to spend money.

<b>75pts</b>	Misfits membership anniversary
<b>25pts</b>	Signing up for Misfits Market
<b>15pts</b>	Downloading our app

## Debuted Odds & Ends

Our first line of private label  
pantry staples, available at  
even lower prices

**Introduced  
1,500+ new  
products...**

...and more than **300 new brands**, all while maintaining our everyday savings of up to 40% off traditional grocery store prices

## Started rescuing conventional produce

In order to offer more affordable options to our customers

## WHAT DO ALL THESE SAVINGS LOOK LIKE?

**At Misfits Market, a high-quality chicken dinner with organic ingredients costs less than \$37 vs. \$46.43 with the other guys\***



### DINNER WITH THEM

Organic chicken, 4-4.5 lbs. - \$14.99  
Organic potatoes, 3 lbs. - \$4.99  
Organic Brussels sprouts, 1 lb. - \$4.99  
Organic broccoli - \$4.99  
Lettuce, 4 oz. - \$3.49  
French bread - \$5.99  
Chocolate chip cookies, 4.66 oz. - \$6.99

### DINNER WITH US

Organic chicken, 4-4.5 lbs. - \$12.99 **13% off**  
Organic potatoes, 3 lbs. - \$4.29 **14% off**  
Organic Brussels sprouts, 1 lb. - \$4.29 **14% off**  
Organic broccoli - \$4.29 **14% off**  
Lettuce, 4 oz. - \$2.99 **14% off**  
French bread - \$3.79 **37% off**  
Chocolate chip cookies, 4.66 oz. - \$3.99 **43% off**



03

# Our Work To Build A Better Food System





# We delivered savings to more states than ever

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As labor shortages, supply chain issues, and the impact of inflation hit grocery stores around the country, some chains closed\* retail locations, making it even harder for consumers to access fresh food.

But as others scaled back, Misfits Market grew to deliver to nearly every zip code within the continental U.S.



# We evaluated what sustainability means to us

Our approach continues to be three-pronged:



**Our Odds & Ends olive oils are sustainable in more ways than one**

“We decided on metal tin packaging for our extra-virgin olive oils because it’s more sustainable and better for preserving quality. Tins like ours are lighter than the glass bottles that normally house olive oil, which means they’re cheaper and easier to ship. Plus, the opaque exterior also protects the oil from light, which can cause the quality to deteriorate faster.”

–Morgan Drummond, Senior Director of Private Label

We improve the food system by **reducing food waste**

We support the economic viability of food producers focused on **sustainability practices**

We create new value in the food supply chain through **upcycling**

# Starting with measuring our carbon footprint

In 2022, our fourth year operating, we continued thinking about our long-term impact and how to reduce our overall carbon emissions. We partnered with Watershed to start gathering data, measuring the carbon footprint of our operations and entire supply chain using the GHG Protocol, the global standard for carbon accounting. The GHG Protocol separates emissions into scopes based on the party directly responsible for the emissions:

## SCOPE 1

Misfits Market's direct emissions (i.e. natural gas in our buildings)

## SCOPE 2

Emissions from the generation of electricity, steam, heat, or cooling that we purchase from other sources

## SCOPE 3

Everything else. This includes upstream in the supply chain (from agriculture and food production to transportation and packaging) and downstream emissions (when customers use and/or dispose of our products).

Our 2021 carbon footprint across all scopes of our operations is **285,295 tCO2e**.

The largest category of our emissions was outbound logistics. However, with more customers getting their orders through our last-mile delivery network starting in 2023, we expect an increase in our avoided last-mile logistics emissions, which are calculated in comparison to the typical way most Americans get their groceries.

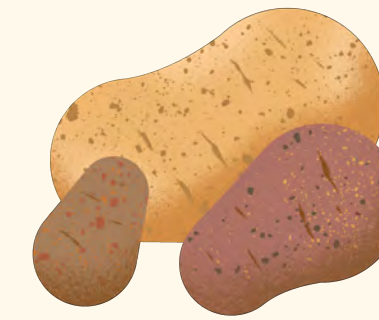




# Our impact on food waste continues to grow

In 2022, we rescued more than **55 million pounds of food**.

Since we started this work in 2018, we've rescued **more than 278 million pounds**.



**POTATOES AND YAMS**

5,041,155 lbs.

**SNACK BARS**

156,772 lbs.



**PASTA SAUCE**

329,890 lbs.

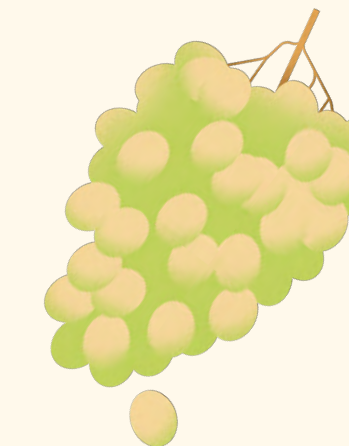


**TOMATOES**

1,178,523 lbs.

**OLIVE OIL**

171,245 lbs.



**GRAPES**

493,962 lbs.

**DOG TREATS**

45,321 lbs.

**CEREAL**

146,692 lbs.

**VEGETABLE BROTH**

104,251 lbs.



**CHICKEN**

400,334 lbs.

04

# 2023 and Beyond







# We're helping reshape food policy



Our mission has always been to help build a better food system for everyone. But we can't do it alone.

That's why we joined a coalition of companies and nonprofits in Washington D.C. to advocate for the Food Donation Improvement Act of 2021, legislation that would allow companies like ours to donate more fresh food without fear of liability.

The joint effort led to the bill being passed in December 2022. This, along with other food system reforms that address food waste and food insecurity at the policy level, will be crucial for achieving a more equitable food future.

# And making upcycled as mainstream as organic

The market for Upcycled Certified products exploded in 2022, with sales growing 820% in Q1 2022\* versus the same period last year.

In September, we announced the Upcycling Challenge in partnership with the Upcycled Food Association to encourage collaboration and creative thinking among food suppliers and manufacturers. By giving new life to leftovers and other manufacturing byproducts, we're able to harness innovation and help reshape the food industry for the better.







**Producer's First** is increasing traceability in the seafood industry by using blockchain technology, providing official documentation for each step in the supply chain from farm to plate.

The result? Farmed shrimp that's Best Aquaculture Practices certified and fully traceable to source, which means sourcing we can feel confident in, and quality you can taste.



**Nature Fresh Farms** grows tomatoes, peppers, cucumbers, and strawberries in Canada year-round (!), thanks to its 250-acre greenhouse space. The facility also uses 90% less water than soil-based farming methods and employs Integrated Pest Management practices to minimize chemical inputs.



**We're also  
embracing the future  
of food innovation**

We partner with suppliers that use cutting-edge technologies to deliver the most sustainable (and delicious!) food straight to you.

# IMPOSSIBLE™

With **Impossible Foods**, it's easy to make delicious and environmentally sound choices about what to eat. This year, they also helped us fight food waste by extending the “best-by” dates on packaging so that we could sell more of their perfectly good frozen plant-based meat.



**And  
continuing to  
partner with  
like-minded  
food brands**



We partnered with **PepsiCo's Quaker** and their War on Waste initiative to buy short-dated and end-of-season products at a discount, passing the savings along to our customers. This is just one example of how we create new rescue revenue streams for food brands—both large and small.

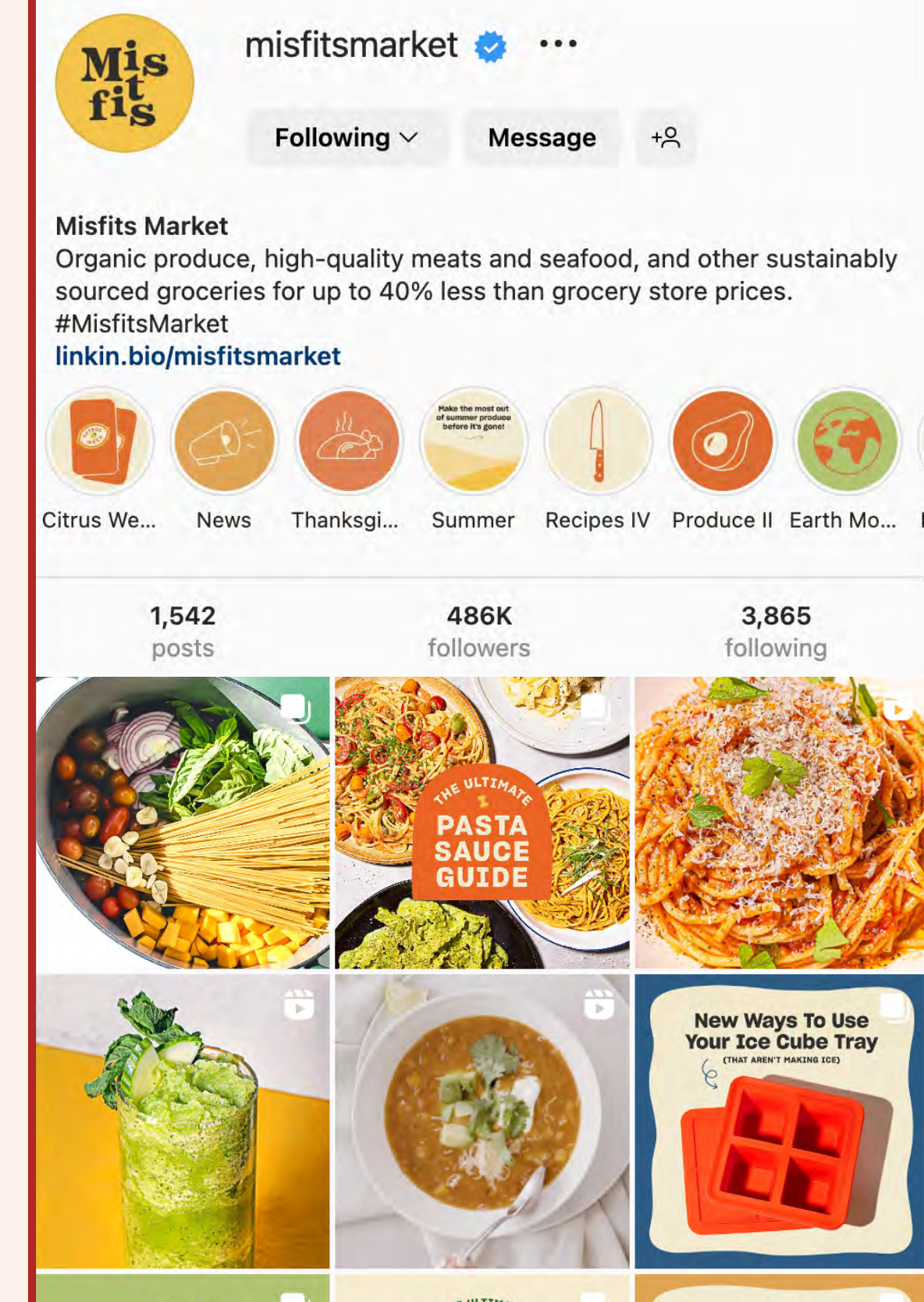


# We're spreading the word about Misfits Market

Through a new TV spot, a pop-up event in Manhattan, and many other channels, we're inviting more and more people into our Misfits Market community every single day.

Looking for more affordable groceries?

Join us at Chelsea Triangle on September 23!





# We're excited for what's next!

In 2023 and beyond, we'll continue to challenge the traditional way of shopping for groceries. We'll find more ways to expand accessibility, more ways to offer affordable groceries, and more ways to fight food waste along the way.

Get involved →

Be sure to  
follow along as we  
continue to grow:

Blog   

