



**For Immediate Distribution**

**GOODFOOD MARKET CORP. REPORTS YEAR-OVER-YEAR REVENUE GROWTH OF 412% FOR THE FIRST QUARTER OF 2018**

- Gross merchandise sales run-rate reached \$62.8 million as at November 30, 2017
- Adjusted gross margin rose to 30.9% for Q1 2018 compared to 27.1% for the corresponding period of 2017
- Active subscribers grew to 45,000 as at November 30, 2017, a net increase of 14,000, or 45%, compared to August 31, 2017
- Smooth transition to new Montreal production facility is leading to economies of scale
- On track to launch national platform during the first half of calendar 2018

**Montreal, Quebec, January 11, 2018** – Goodfood Market Corp. (“Goodfood” or “the Company”) (TSX: FOOD), a leader in the Canadian meal-kit industry, today announced strong financial results for the first quarter ended November 30, 2017.

Active subscribers reached 45,000 as at November 30, 2017, up from 8,000 as at November 30, 2016. During the first quarter, Goodfood added 14,000 net new subscribers, which represents an increase of 45% from August 31, 2017.

“Our unique customer experience and the quality of our meals and recipes are clearly appealing to more and more Canadians,” said Jonathan Ferrari, Chief Executive Officer of Goodfood. “Not only did we achieve a 45% increase in subscribers during the quarter, our smooth transition to our new expanded production facility in Montreal allowed us to generate economies of scale and increase the peak number of boxes delivered per week by nearly 70% while increasing the number of full-time equivalent production employees by only 35%. As a result, our adjusted gross margin for the first quarter of 2018 improved 540 basis points compared to the fourth quarter of 2017.”

“We are on track to bring the Goodfood experience to Western Canada and launch our national platform, increasing our addressable market by 11 million potential customers, during the first half of calendar 2018. Construction work on our new facility in Western Canada will begin early in the new year, and we have already made a number of key hires in the region” added Jonathan Ferrari.

## Financial highlights

(Audited except for non-IFRS financial measures, all amounts are in Canadian dollars)

<i>For the three-month periods ended November 30, 2017 and 2016</i>			
	Q1 2018	Q1 2017	Change
Revenue	11,235,882	2,192,468	9,043,414
Growth %			412%
Gross Profit	2,060,264	328,373	1,731,891
Gross margin %	18.3%	15.0%	3.3 pts
Gross merchandise Sales <sup>1</sup>	13,275,000	2,555,786	10,719,214
			419%
Adjusted Gross Profit	4,099,382	691,691	3,407,691
Adjusted Gross margin % <sup>1</sup>	30.9%	27.1%	3.8 pts
Net Loss	(2,519,833)	(3,112,814)	592,981
Adjusted net loss <sup>1</sup>	(2,406,736)	(421,697)	(1,985,039)

<sup>1</sup>See the non-IFRS financial measures section below

### **Revenue and Gross merchandise sales**

Revenue for the first quarter grew 412% to \$11.2 million compared to \$2.2 million for the corresponding period of 2017 and grew 50% when compared to \$7.5 million for the fourth quarter of 2017. Gross merchandise sales for the first quarter, which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, totaled \$13.3 million compared to \$2.6 million for the corresponding period of 2017 and \$8.7 million for the fourth quarter of 2017.

The increase in revenue for the first quarter compared to the corresponding periods of 2017 is primarily attributable to substantial growth in the number of Active subscribers. The gross merchandise sales run-rate reached \$62.8 million at the end of the first quarter of 2018.

### **Gross margin and Adjusted gross margin**

Gross margin increased to 18.3% for the first quarter compared to 15.0% for the corresponding period of 2017. Adjusted gross margin for the quarter was 30.9% up from 27.1% for the corresponding period of 2017. The increase in gross margin is primarily attributable to lower unit costs for packaging.

### **Adjusted net loss and Adjusted net loss per share**

Adjusted net loss for the first quarter was \$2.4 million, or \$0.05 per share (basic and diluted), compared to an adjusted net loss of \$0.4 million, or \$0.02 per share (basic and diluted) for the corresponding period of 2017. The increase in adjusted net loss was mainly due to planned investments in administrative expenses to support continued subscriber growth and an increased marketing budget. Adjusted net loss excludes a non-cash loss

on the disposal of fixed assets of approximately \$0.1 million recorded in the first quarter of 2018 and a loss on the remeasurement of convertible notes of \$2.7 million recorded in the first quarter of 2017.

## **Outlook**

The meal-kit subscription service industry has become one of the fastest growing industries in the world and remains relatively new in Canada. As a result, Goodfood believes that there are significant opportunities to rapidly grow its subscriber base by continuing to invest in highly targeted marketing campaigns, capacity expansion and in establishing a national platform. As the Company grows its subscriber base, it is confident that it can achieve further economies of scale and reduce marketing expenses as a percentage of revenue which will lead to improvements in profitability. Further, with the expected opening of a Western Canadian production facility in the first half of calendar year 2018, Management expects the Company to expand its client base and begin serving customers located in Western Canada during Fiscal 2018.

## **First Quarter Fiscal 2018 Results Conference Call:**

When: January 11, 2018 at 8:00 a.m. E.T  
Dial in number: 647-788-4922 or 877-225-9706

Conference call replay available until January 25, 2018  
416-621-4642 or 1-800-585-8367

To access the webcast and view the slide presentation, click on this link:  
<http://www.gowebcasting.com/9093>.

The conference ID is 5099227.

## **Annual General Meeting:**

When: January 11, 2018 at 11:00 a.m. E.T  
Location: Fasken Martineau office, 800 Victoria Square, Suite 3700, Montréal, Québec

You can access the slide presentation on Goodfood's website:  
<https://www.makegoodfood.ca/en/investors/events>.

A full version of the Company's First Quarter 2018 Management's Discussion and Analysis (MD&A) and unaudited Interim Financial Statements will be posted on <http://www.sedar.com> later today.

## **Non-IFRS financial measures**

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Certain financial and non-financial measures included in this news release do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company includes these measures because it believes they provide to certain investors a meaningful way of assessing financial performance. For a more complete description of these measures and a reconciliation of Goodfood's non-IFRS financial measures to financial results, please see Goodfood's Management's Discussion and Analysis for the three-month period ended November 30, 2017.

Goodfood's definition of the non-IFRS terms are as follows:

- An active subscriber is defined as an account that will receive a delivery or has elected to skip a delivery in the subsequent weekly delivery cycle.
- Gross merchandise sales measures the total retail value of all goods sold by the Company before taking into account all incentives and credits.
- Gross merchandise sales run-rate is defined as gross merchandise sales for the four-week period ended as at the date indicated multiplied by thirteen. Management believes that gross merchandise sales run-rate is a useful measure of financial performance because it is indicative of gross merchandise sales on an annual basis for the Company's current level of active subscribers.
- Adjusted gross profit is calculated as gross merchandise sales less cost of goods sold.
- Adjusted gross margin is calculated as adjusted gross profit divided by gross merchandise sales.
- Adjusted net loss is defined as net loss adjusted for items that Management believes do not necessarily arise as part of the Company's normal day-to day operations to better analyze trends in performance and financial results. These adjustments result in a truer economic representation of the underlying business on a comparative basis.

### **About Goodfood**

Goodfood is Canada's leading meal kit company, delivering fresh ingredients that make it easy for subscribers to prepare delicious meals at home every week. Goodfood's objective is to take the hassle out of cooking, leaving subscribers with the fun part - cooking, sharing with family and eating. Subscribers select their favorite recipes from a variety of original dishes online. The Company prepares a personalized box of fresh ingredients and delivers it to the subscriber's doorstep with easy step-by-step instructions. Headquartered in Montréal, Canada, Goodfood had 45,000 subscribers as of November 30, 2017. [www.makegoodfood.ca](http://www.makegoodfood.ca)

Except where otherwise indicated, all amounts in this press release are expressed in Canadian dollars.

### **For further information:**

Neil Cuggy, Chief Operating Officer, Chief Financial Officer  
1(855) 515-5191  
[IR@makegoodfood.ca](mailto:IR@makegoodfood.ca)

## Forward-Looking Information

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This release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as “may”, “would”, “should”, “could”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe”, or “continue”, the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors which are discussed in greater detail under “Risk Factors” in the Company’s Annual Information Form for the year ended August 31, 2017 available on SEDAR at [www.sedar.com](http://www.sedar.com): limited operating history, negative operating cash flow, food industry, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood’s reputation, transportation disruptions, product liability, ownership and protection of intellectual property, evolving industry, reliance on a single facility, unionization activities, reliance on management, factors which may prevent realization of growth targets, competition, availability and quality of raw materials, limited number of products, environmental and employee health and safety regulations, online security breaches and disruption, reliance on data centers, open source license compliance, future capital requirements, operating risk and insurance coverage, management of growth, conflicts of interest, litigation, and catastrophic events. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.