



NEWS RELEASE
For Immediate Distribution

GOODFOOD MARKET CORP. REPORTS GROSS MERCHANDISE SALES RUN-RATE OF \$110 MILLION AND POSITIVE CASH FLOW FROM OPERATIONS DURING THE THIRD QUARTER OF 2018

- Gross merchandise sales run-rate reached \$110 million as at May 31, 2018, a 21% increase compared to February 28, 2018
- Gross margin improved more than 5 percentage points quarter-over quarter to 23.3%
- Positive cash flow from operations of \$1.8 million was generated during the third quarter
- Successfully launched national platform with opening of Western Canadian facility
- Active subscribers increased to 76,000 as at May 31, 2018, a net increase of 15,000, or 25%, quarter over quarter

Montreal, Quebec, July 11, 2018 – Goodfood Market Corp. (“Goodfood” or “the Company”) (TSX: FOOD), the leader in the Canadian meal-kit industry, today announced strong financial results for the third quarter ended May 31, 2018.

Active subscribers reached 76,000 as at May 31, 2018, up from 23,000 as at May 31, 2017. During the third quarter, Goodfood added 15,000 net new subscribers, an increase of 25% from February 28, 2018.

“We are extremely pleased with the launch of our activities in Western Canada, particularly in Alberta and British Columbia, where results to date are ahead of our expectations. We are also continuing to expand our meal solutions offering, increasing flexibility and customization for our customers with the launch of additional Easy-Prep recipes and “L’artisan” our premium recipe collection. I am also very excited by some of our new products in development that will be launched for our members in the very near future!”, said Jonathan Ferrari, Chief Executive Officer of Goodfood.

“The team has done a great job driving operational efficiencies as reflected in the significant improvement of 530 basis points in gross margin and our first quarter of positive cash flow from operations as a public company. We also strengthened our financial position through a public offering for gross proceeds of \$10 million, allowing us to accelerate our growth in Western Canada, invest in automation for further gross margin improvement and to continue to expand our product portfolio for the benefit of our members”, added Neil Cuggy, President and Chief Operating Officer of Goodfood.

Financial Highlights
(Unaudited all amounts are in Canadian dollars)

<i>For the periods ended May 31, 2018 and 2017</i>						
	Q3 2018	Q3 2017	Change	YTD 2018	YTD 2017	Change
Revenue <i>Growth %</i>	22,222,501	6,428,446	15,794,055 246%	49,131,030	12,307,861	36,823,169 299%
Gross Profit <i>Gross margin %</i>	5,183,018 23.3%	1,362,874 21.2%	3,820,144 2.1 pts	10,067,142 20.5%	2,585,471 21.0%	7,481,671 (0.5) pts
Gross Merchandise Sales ¹	26,166,081	7,536,017	18,630,064 247%	58,281,376	14,372,234	43,909,142 306%
Adjusted Gross Profit <i>Adjusted Gross margin %</i> ¹	9,126,598 34.9%	2,470,445 32.8%	6,656,153 2.1 pts	19,217,488 33.0%	4,649,844 32.4%	14,567,644 0.6 pts
Net Loss	(1,564,039)	(1,216,635)	(347,404)	(6,478,476)	(6,095,937)	(382,539)
Adjusted net loss ¹	(1,564,039)	(860,830)	(703,209)	(6,365,379)	(1,490,414)	(4,874,965)

¹See the non-IFRS financial measures section below

Revenue and Gross Merchandise Sales

The gross merchandise sales run-rate reached \$110 million at the end of the third quarter of 2018. Revenue for the third quarter grew 246% to \$22.2 million compared to \$6.4 million for the corresponding period of 2017 and increased 42% when compared to \$15.7 million for the second quarter of 2018. Gross merchandise sales for the third quarter, which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, totaled \$26.2 million compared to \$7.5 million for the corresponding period of 2017 and \$18.8 million for the second quarter of 2018.

Revenue for the nine-month period of 2018 grew 299% to \$49.1 million compared to \$12.3 million in the corresponding period of 2017. The increase in revenue for the third quarter and for the nine-month period of 2018 compared to the corresponding periods of 2017 is primarily driven by the continued growth in the number of active subscribers. Gross merchandise sales for the nine-month period of 2018 increased to \$58.3 million compared to \$14.4 million for the corresponding period of 2017.

Gross Margin and Adjusted Gross Margin

The gross margin for the third quarter improved to 23.3% compared to 21.2% for the corresponding period of 2017. The increase in gross margin primarily resulted from lower unit costs for packaging, food and shipping due to increased efficiencies and purchasing power, which was partially offset by additional costs related to the start-up of the Western Canada operations. Gross margin in the third quarter of 2018 increased significantly from 18.0% to 23.3% compared to the second quarter of 2018. The Company saw a significant improvement in Eastern Canada gross margin again partially off-set by the start-up costs related to Western Canada. The company

expects that fixed costs as a percentage of revenue will decrease over time with the Company's continued growth and continued efforts to improve operational efficiencies.

Adjusted gross margin was 34.9% and 33.0% for the third quarter and nine-month period of 2018 respectively, compared to 32.8% and 32.4% for the corresponding periods of 2017. Adjusted gross margin in the third quarter of 2018, improved to 34.9% compared to 31.8% in the second quarter of 2018.

Adjusted Net Loss and Adjusted Net Loss per Share

Adjusted net loss for the third quarter was \$1.6 million, or \$0.03 per share (basic and diluted), compared to an adjusted net loss of \$0.9 million, or \$0.03 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 and an increased marketing budget to support continued subscriber growth.

Adjusted net loss for the nine-month period of 2018 was \$6.4 million, or \$0.13 per share (basic and diluted), compared to an adjusted net loss of \$1.5 million, or \$0.06 per share (basic and diluted) for Fiscal 2017. The increase in adjusted net loss was mainly due to planned investments in administrative expenses and an increased marketing budget to support continued subscriber growth.

Public Offering

On May 7, 2018, the Company completed a public offering and issued 4,000,000 common shares for gross proceeds of \$10,000,000. The Company will use the proceeds to accelerate its growth in Western Canada, to invest in automation, to launch new meal solutions, and for working capital and general corporate purposes.

Outlook

The meal-kit subscription service industry is 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 operating a national platform. As the Company grows its subscriber base, it is confident that it will achieve further economies of scale which will lead to enhanced profitability. With the recent launch of the Western Canadian production facility, Management expects the Company to further expand its client base.

Third Quarter Fiscal 2018 Results Conference Call:

Details of the Conference Call:

When: July 11, 2018 at 4:30 p.m. E.T
Dial in number: 647-788-4922 or 877-223-4471

Conference call replay available until July 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/9318>.

The conference ID is 8599945.

A full version of the Company's Third 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

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 and nine-month periods ended May 31, 2018.

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

- 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.
- EBITDA is defined as net income or loss before net finance expenses, depreciation and amortization expense and income tax expense.
- 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.

Active Subscribers

An Active subscriber is defined as an account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle. Active subscribers exclude cancelled accounts. While Active subscribers is not an IFRS or Non-IFRS Financial Measure, and therefore, does not appear in and cannot be reconciled to a specific line item in our financial statements, we believe that Active subscribers is a useful metric for investors because it is indicative of future revenues. The Company reports the number of Active subscribers at the beginning and end of the period, rounded to the nearest thousand.

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 76,000 active subscribers as at May 31, 2018. www.makegoodfood.ca

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

For further information:

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Forward-Looking Information

This release contains information that may be considered “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. 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: 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. In addition, any statements as to financial results (including without limitation, revenue, sales, margin and profitability in general or with respect to any aspect of the Company’s business) is made as at the time in question. There can be no assurance that past results will be repeated and future results may vary materially. Unless otherwise noted or the context otherwise indicates, any 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.