



GOODFOOD REPORTS RECORD FINANCIAL RESULTS FOR FY2018 WITH GROSS MERCHANDISE SALES GROWTH OF 264% AND POSITIVE CASH FLOW FROM OPERATIONS FOR THE YEAR

- Gross merchandise sales run-rate was \$107.3 million as at August 31, 2018
- Adjusted gross margin rose to 33.6% for Fiscal 2018 and 35.0% for the fourth quarter, compared to 29.8% and 25.5%, respectively, for the corresponding periods of 2017
- Generated cash flow from operations of \$300,000 for the year and of \$1.0 million for Q4, its second consecutive quarter of positive cash flow
- Active subscribers increased to 89,000 as at August 31, 2018, a net increase of 13,000, or 17%, compared to May 31, 2018
- Announced \$13.5 million non-dilutive debt financing to fund growth, automation and expansion

Montreal, Quebec, November 22, 2018 – Goodfood Market Corp. (“Goodfood” or “the Company”) (TSX: FOOD), a leading home meal solutions company in Canada, today announced strong financial results for the fourth quarter and fiscal year ended August 31, 2018.

Active subscribers reached 89,000 as at August 31, 2018, up from 31,000 as at August 31, 2017. During the fourth quarter, Goodfood added 13,000 net new subscribers, an increase of 17% from the end of the third quarter of 2018.

“Fiscal 2018 was another landmark year for Goodfood”, said Jonathan Ferrari, Chief Executive Officer of Goodfood. “Not only did we deliver strong growth in active subscribers and solid financial performance, including positive cash flow, we also established a presence in Western Canada, launching our national platform. Results were above expectations and we are now delivering more than 1 million meals per month to Canadian consumers from coast-to-coast”.

“We ended the year on a high note and entered Q1 2019 with very strong momentum. Goodfood is uniquely positioned to gain significant market share in key segments of the home meal solutions industry by leveraging our ability to deliver food across the country and capitalize on consumer tastes and preferences. As we continue to expand product offering, we intend to roll out solutions for all three meals of the day, with options that address all levels of engagements, from ready-to-cook to ready-to-eat during Fiscal 2019,” added Jonathan Ferrari.

Financial Highlights

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

<i>For the three-month period and year ended August 31, 2018 and 2017</i>						
	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Revenue <i>Growth %</i>	21,370,727	7,488,379	13,882,348 185%	70,501,757	19,796,240	50,705,517 256%
Gross profit <i>Gross margin %</i>	4,592,664 21.5%	1,004,266 13.4%	3,588,398 8.1 pts	14,659,806 20.8%	3,589,737 18.1%	11,070,069 2.7 pts
Gross merchandise sales ¹	25,811,521	8,709,128	17,102,393 196%	84,092,897	23,081,362	61,011,535 264%
Adjusted gross profit <i>Adjusted gross margin %¹</i>	9,033,458 35.0%	2,225,015 25.5 %	6,808,443 9.5 pts	28,250,946 33.6%	6,874,859 29.8%	21,376,087 3.8 pts
Net loss	(2,956,112)	(3,770,110)	813,998	(9,434,588)	(9,866,047)	431,459
Adjusted net loss ¹	(2,956,112)	(2,312,279)	(643,833)	(9,321,491)	(3,802,693)	(5,518,798)
Cash provided by (used in) operating activities	991,316	(1,826,575)	2,817,891	277,895	(1,885,294)	2,163,189

¹ See the non-IFRS financial measures section below

Revenue and Gross Merchandise Sales

Revenue for the fourth quarter grew 185% to \$21.4 million compared to \$7.5 million for the corresponding period of 2017 and decreased slightly from \$22.2 million in the third quarter of 2018. The slight sequential decrease in revenue is attributable to the seasonality of the business with the summer vacation period always being slower as our subscribers tend to order less frequently. Furthermore, the majority of the net new additions in subscribers occurred towards the end of August and as a result had limited impact on revenue and gross merchandise sales for the quarter. Gross merchandise sales for the fourth quarter, which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, totaled \$25.8 million compared to \$8.7 million for the corresponding period of 2017 and \$26.2 million for the third quarter of 2018. The gross merchandise sales run-rate was \$107.3 million at the end of the fourth quarter of 2018.

Revenue for Fiscal 2018 grew 256% to \$70.5 million compared to \$19.8 million for Fiscal 2017. The increase in revenue for the fourth quarter and for Fiscal 2018 compared to the corresponding periods of 2017 is primarily driven by the continued growth in the number of Active subscribers and the launch of operations in Western Canada. Gross merchandise sales for Fiscal 2018 increased to \$84.1 million compared to \$23.1 million for Fiscal 2017.

Gross Margin and Adjusted Gross Margin

The gross margin for the fourth quarter of 2018 improved to 21.5% compared to 13.4% for the corresponding period of 2017. The increase in gross margin primarily resulted from lower production labor costs as a percentage of revenue and unit costs for packaging, food and shipping due to increased production efficiencies and purchasing power as well as automation and was partially offset by additional costs related to the commencement of our Western Canada operations. The company expects that fixed costs as a percentage of revenue will decrease gradually with the Company's continued growth. Gross margin in the fourth quarter of 2018 was

21.5%, a slight decrease from 23.3% in the third quarter 2018, as a result of additional packaging cost to account for warmer weather and a slight sequential decrease in revenue resulting from the seasonality of the business.

Adjusted gross margin was a record 35.0% and 33.6%, respectively for the fourth quarter and for Fiscal 2018, compared to 25.5% and 29.8% for the corresponding periods of 2017. Adjusted gross margin in the fourth quarter of 2018, improved slightly to 35.0% compared to 34.9% in the third quarter of 2018.

Adjusted Net Loss and Adjusted Net Loss per Share

Adjusted net loss for the fourth quarter was \$3.0 million, or \$0.06 per share (basic and diluted), compared to an adjusted net loss of \$2.3 million, or \$0.05 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, partially offset by higher gross profit. Adjusted net loss excludes reverse acquisition Mira VII expenses of \$1.5 million recorded in the fourth quarter of Fiscal 2017.

Adjusted net loss for Fiscal 2018 was \$9.3 million, or 0.19 per share (basic and diluted), compared to an adjusted net loss of \$3.8 million, or \$0.12 per share (basic and diluted) for Fiscal 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, partially offset by higher gross profit. Adjusted net loss excludes a loss on the disposal of fixed assets of \$0.1 million recorded in 2018 and a loss on the remeasurement of convertible notes of \$4.3 million and reverse acquisition Mira VII expenses of \$1.8 million recorded in the corresponding period of 2017.

Cash Provided by Operating Activities

Cash provided by operating activities reached \$1.0 million for the fourth quarter and \$300,000 for the year, compared to cash used in operating activities of \$1.8 million and \$1.9 million for the corresponding period of 2017. The positive variance in net cash used in operating activities is primarily due to a favorable change in working capital and to the lease inducement for the Western Canada facility of \$1,000,000 reimbursed by the landlord in the fourth quarter of Fiscal 2018.

Subsequent Events

Expansion of Eastern Canada Facility

On September 24, 2018, the Company signed an amendment to the lease of its Eastern Canada facility, to renew and extend the term of the initial premises and lease an additional 72,000 square feet, for a total of 155,000 square feet, doubling the facility's production capacity. The lease has an initial term ending in October 2023 and renewal options for some further fifteen years. The leases are classified as operating leases with an additional estimated commitment of \$3,433,000.

Debt Financing

In November 2018, the Company obtained a commitment from Desjardins Capital Markets for secured three-year term loan of \$10 million, a \$2.5 million revolving credit facility and \$1.0 million in other short-term financing. The term loan and the revolving credit facility are bearing variable interest at bankers' acceptance rate plus 2.50%. The term loan will be repayable in quarterly instalments of \$125,000 beginning on December 4, 2020 with a bullet repayment of the balance at the end of the three-year term. The proceeds from the financing will be used to fund expansion capital expenditures, invest in automation, refinance the Company's long-term debt (\$2.0 million) and for general corporate purposes.

Fourth Quarter Fiscal 2018 Results Conference Call:

Details of the Conference Call:

When: November 22, 2018 at 5:00 p.m. E.T
Dial in number: 647-788-4922 or 877-223-4471

Conference call replay available until December 6, 2018
1 800 585-8367 or 416-621-4642

To access the webcast and view the slide presentation, click on this link:
<http://www.gowebcasting.com/9797>

The conference ID is 3679066.

A full version of the Company's Fiscal 2018 Management's Discussion and Analysis (MD&A) and audited Financial Statements for the year-ended August 31, 2018 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 August 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 a leading home meal solutions company in Canada, 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 dishes from a variety of originally developed recipes 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 Montreal, Canada, Goodfood had 89,000 active subscribers as of August 31, 2018. www.makegoodfood.ca

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

For further information:

Philippe Adam, Chief Financial Officer
1(855) 515-5191
IR@makegoodfood.ca

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, 2018 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, 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.