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GOODFOOD REPORTS STRONG FINANCIAL RESULTS WITH Q1 2019 REVENUE GROWTH OF 164%, RECORD GROSS MARGINS AND POSITIVE CASH FLOW FROM OPERATIONS

- Revenue for Q1 2019 was \$29.6 million, and gross merchandise sales¹ run-rate increased to \$168 million as at November 30, 2018
- Active subscribers increased to 126,000 as at November 30, 2018, a net increase of 37,000, or 42%, compared to Q4 2018
- Adjusted gross margin¹ rose to a record 37.7% and gross margin increased to 21.9% for the first quarter, compared to 30.9% and 18.3%, respectively, for the corresponding period of 2018
- Generated cash flow from operations of \$1.8 million for Q1 2019, its third consecutive quarter of positive cash flow from operations

Montreal, Quebec, January 14, 2019 – Goodfood Market Corp. (“Goodfood” or “the Company”) (TSX: FOOD), a leading home meal solutions company in Canada, today announced strong financial results for the first quarter ended November 30, 2018.

Active subscribers reached 126,000 as at November 30, 2018, up from 45,000 as at November 30, 2017. During the first quarter, Goodfood added 37,000 net new subscribers, an increase of 42% from the end of the fourth quarter of 2018.

“Fiscal 2019 started with very strong momentum resulting in Gross merchandise sales run-rate of \$168 million. Demand for our home meal solutions has accelerated across the country with record net subscriber additions for this quarter, more than doubling our previous quarterly record of 16,000 net additions,” said Jonathan Ferrari, Chief Executive Officer of Goodfood. “We also achieved a record adjusted gross margin of 37.7% and positive cash flow from operations for our third consecutive quarter,” he added.

“We are very proud of the accomplishments of the Goodfood team, as we continue to successfully manage strong growth while maintaining high levels of member satisfaction and improving economics as our scale increases and our drive for operational excellence delivers concrete margin improvements. This success will allow us to continue to deliver great value to our members and to expand our product offering across the country,” said Neil Cuggy, President and Chief Operating Officer of Goodfood.

¹ See the non-IFRS financial measures section below

FINANCIAL HIGHLIGHTS

For the three-month period ended November 30, 2018 and 2017
(Amounts are in thousands of Canadian dollars – Unaudited)

	Q1 2019	Q1 2018	Change
Revenue	\$ 29,617	\$ 11,236	\$ 18,381
<i>Growth %</i>			164%
Gross profit	6,494	2,060	4,434
<i>Gross margin %</i>	21.9%	18.3%	3.6 pp
Gross merchandise sales ¹	37,105	13,275	23,830
<i>Growth %</i>			180%
Adjusted gross profit	13,982	4,099	9,883
<i>Adjusted gross margin %¹</i>	37.7%	30.9%	6.8 pp
Net loss	(4,851)	(2,520)	(2,331)
Cash provided by (used in) operating activities	1,823	(1,394)	3,217

¹ See the non-IFRS financial measures section below

REVENUE AND GROSS MERCHANDISE SALES

Revenue for the first quarter more than doubled to \$29.6 million from \$11.2 million in the corresponding period of Fiscal 2018. Gross merchandise sales (“GMS”) for the first quarter, which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, almost tripled reaching \$37.1 million compared to \$13.3 million for the corresponding period of Fiscal 2018 and \$25.8 million for the fourth quarter of Fiscal 2018. The increase in revenue and GMS was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform. The GMS run-rate was \$168.2 million at the end of the first quarter of Fiscal 2019 compared to \$107.3 million at the end of the fourth quarter of 2018. Additionally, GMS of the last twelve months reached \$108 million during the first quarter of Fiscal 2019 compared to \$34 million for the corresponding period of Fiscal 2018.

The reconciliation of revenue to GMS is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Three-month period ended	
	2018	November 30, 2017
Revenue	\$ 29,617	\$ 11,236
Incentives and credits included in revenue	7,488	2,039
Gross merchandise sales	\$ 37,105	\$ 13,275

GROSS MARGIN AND ADJUSTED GROSS MARGIN

The gross margin for the first quarter of 2019 improved to 21.9% compared to 18.3% for the corresponding period of Fiscal 2018. The increase in gross margin resulted primarily from lower production labour costs as a percentage of revenue and lower unit costs with regards to packaging and shipping due to increased efficiencies and purchasing power, partially offset by higher food costs due to seasonality and additional costs related to the commencement of the 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 first quarter of Fiscal 2019 was 21.9%, a slight increase from 21.5% in the fourth quarter of Fiscal 2018.

Adjusted gross margin was a record 37.7% for the first quarter of Fiscal 2019 compared to 30.9% and 35.0%, respectively for the corresponding period of Fiscal 2018 and the fourth quarter of Fiscal 2018.

The reconciliation of Adjusted gross profit and Adjusted gross margin is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Three-month period ended	
	2018	November 30, 2017
Gross merchandise sales	\$ 37,105	\$ 13,275
Cost of goods sold	23,123	9,176
Adjusted gross profit	\$ 13,982	\$ 4,099
Adjusted gross margin	37.7%	30.9%

NET LOSS AND NET LOSS PER SHARE

Net loss for the first quarter of Fiscal 2019 was \$4.9 million, or \$0.09 per share (basic and diluted), compared to a net loss of \$2.5 million, or \$0.05 per share (basic and diluted) for the corresponding period of Fiscal 2018. The increase in net loss was mainly due to an increased marketing budget and higher wage costs due to the addition of administrative personnel to support the Company's growth, partially offset by higher gross profit.

CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities reached \$1.8 million for the first quarter of Fiscal 2019 compared to cash used in operating activities of \$1.4 million for the corresponding period of Fiscal 2018. The positive variance in net cash used in operating activities is primarily due to a favorable change in working capital.

First Quarter Fiscal 2019 Results Conference Call:

Details of the Conference Call:

When: January 14, 2019 at 5:00 p.m. E.T
Dial in number: 877-223-4471 or 647-788-4922

Conference call replay available until January 28, 2019
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/9834>

The conference ID is 4172529.

A full version of the Company's Management's Discussion and Analysis (MD&A) and unaudited Financial Statements for the three-month period ended November 30, 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 period ended November 30, 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.

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 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. The Company has its main production facility and administrative offices based in Montreal, Quebec, and a second production facility in Calgary, Alberta. Goodfood had 126,000 active subscribers as of November 30, 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 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, 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. 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.