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**GOODFOOD REPORTS STRONG FINANCIAL RESULTS WITH Q2 2019 REVENUE  
GROWTH OF 133% AND  
GROSS MERCHANDISE SALES<sup>1</sup> RUN-RATE OF \$222 MILLION**

- Revenue and gross merchandise sales<sup>1</sup> for Q2 2019 were respectively \$36.6 million and \$46.5 million
- Cash flow used in operations of \$0.4 million and generated cash flow from operations of \$1.4 million for the three-month and six-month periods ending on February 28, 2019, respectively
- Active subscribers increased to 159,000 as at February 28, 2019, a net increase of 33,000, or 26%, compared to Q1 2019
- Gross margin increased to 20.9% and adjusted gross margin<sup>1</sup> rose to a record 37.8% for the second quarter, compared to 18.0% and 31.8%, respectively, for the corresponding period of 2018
- On February 22, 2019 the Company completed a public offering and issued common shares for gross proceeds of \$21.1 million, resulting in a strong cash and cash equivalents position of \$46.3 million at the end of quarter

**Montreal, Quebec, April 4, 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 second quarter ended February 28, 2019.

“The strong growth momentum of the second quarter, driven by net subscriber additions, new meal plans and meal solutions, and our leading brand name recognition, allowed us to surpass the \$200 million mark in gross merchandise sales run-rate. Our marketing campaigns and efforts will be maintained in the third quarter but will slow down in the fourth quarter reflecting normal business seasonality into the summer. In upcoming months, we expect to benefit from the recent full scale launch of breakfast smoothies which had strong initial traction in test markets,” said Jonathan Ferrari, Chief Executive Officer of Goodfood.

“We are pleased by our solid second quarter results despite the impact of harsh winter conditions presenting challenges on logistics and shipping. Our adjusted gross margin expansion continues to be driven by operational efficiencies, improved buying power, and building out a world class automation eco-system. After six months, cash flow from operating activities was positive and our solid financial position will allow us to pursue our ambitious growth strategy,” said Neil Cuggy, President and Chief Operating Officer of Goodfood.

Active subscribers reached 159,000 as at February 28, 2019, up from 61,000 as at February 28, 2018. During the second quarter, Goodfood added 33,000 net new subscribers, an increase of 26% from the end of the first quarter of 2019.

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

## FINANCIAL HIGHLIGHTS

For the three and six-month periods ended February 28, 2019 and 2018  
(Amounts are in thousands of Canadian dollars – Unaudited)

	Q2 2019	Q2 2018	Change	YTD 2019	YTD 2018	Change
Revenue	\$ 36,593	\$ 15,673	\$ 20,920	\$ 66,210	\$ 26,909	\$39,301
<i>Growth %</i>			133%			146%
Gross profit	7,650	2,825	4,825	\$14,144	\$4,885	\$9,259
<i>Gross margin %</i>	20.9%	18.0%	2.9 pp	21.4%	18.2%	3.2 pp
Gross merchandise sales <sup>1</sup>	46,535	18,840	27,695	83,640	32,115	51,525
<i>Growth %</i>			147%			160%
Adjusted gross profit	17,592	5,992	11,600	31,574	10,091	21,483
<i>Adjusted gross margin %<sup>1</sup></i>	37.8%	31.8%	6.0pp	37.7%	31.4%	6.3pp
Net loss	(6,560)	(2,393)	(4,167)	(11,411)	(4,913)	(6,498)
Cash provided by (used in) operating activities	(416)	(1,106)	690	1,407	(2,498)	3,905

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

### REVENUE AND GROSS MERCHANDISE SALES

Revenue for the second quarter more than doubled to \$36.6 million, from \$15.7 million in the corresponding period of Fiscal 2018. The increase in revenue has resulted in revenue of over \$110M for the last twelve months. Gross merchandise sales (“GMS”) for the second quarter, which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, more than doubled to \$46.5 million compared to \$18.8 million for the corresponding period of Fiscal 2018 and \$37.1 million for the first quarter of Fiscal 2019. The increase in GMS was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform. The increase in incentives and credits was primarily driven by the increase in Active subscribers, the launch of our national platform and planned marketing activities.

For the six-month period of 2019, revenues grew 146% to \$66.2 million, compared to \$26.9 million for the corresponding period last year, while GMS increased to \$83.6 million, versus \$32.1 million for the same reasons mentioned above.

The GMS run-rate was \$222.0 million at the end of the second quarter of Fiscal 2019, compared to \$168.2 million at the end of the first quarter of 2019. Additionally, GMS of the last twelve months reached \$136 million during the second quarter of Fiscal 2019, compared to \$48 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 Feb. 28		Six-month period ended Feb. 28	
	2019	2018	2019	2018
Revenue	\$ 36,593	\$ 15,673	\$ 66,210	\$ 26,909
Credits removed from cancelled accounts	(638)	-	(638)	-
Incentives and credits included in revenue	10,580	3,167	18,068	5,206
Gross merchandise sales	\$ 46,535	\$ 18,840	\$ 83,640	\$ 32,115

## **GROSS MARGIN AND ADJUSTED GROSS MARGIN**

The gross margin for the second quarter of 2019 improved to 20.9% compared to 18.0% 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 unit costs for packaging and shipping due to increased operational efficiencies, additional automation investments and purchasing power. This was partially offset by an increase in incentives and credits included in revenue primarily driven by the increase in Active subscribers, the launch of our national platform and planned marketing activities, as well as higher food costs due to seasonality, introduction of l'Artisan and Clean 15 meal plans 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 which should further increase gross margin in the future. Gross margin in the second quarter of Fiscal 2019 was 20.9%, a slight decrease from 21.9% in the first quarter of Fiscal 2019.

Adjusted gross margin was a record 37.8% for the second quarter of Fiscal 2019, compared to 31.8% and 37.7%, respectively for the corresponding period of Fiscal 2018 and the first quarter of Fiscal 2019.

For the six-month period of fiscal 2019, gross margin was 21.4%, compared to 18.2% for the corresponding period last year, while adjusted gross margin was 37.7%, compared to 31.4%, for the same reasons mentioned above.

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

(Amounts are in thousands of Canadian dollars – Unaudited)	Three-month period		Six-month period	
	ended Feb. 28		ended Feb. 28	
	2019	2018	2019	2018
Gross merchandise sales	\$ 46,535	\$ 18,840	\$ 83,640	\$ 32,115
Cost of goods sold	28,943	12,848	52,066	22,024
Adjusted gross profit	\$ 17,592	\$ 5,992	\$ 31,574	\$ 10,091
Adjusted gross margin	37.8%	31.8%	37.7%	31.4%

## **NET LOSS AND NET LOSS PER SHARE**

Net loss for the second quarter of Fiscal 2019 was \$6.6 million, or \$0.13 per share (basic and diluted), compared to a net loss of \$2.4 million, or \$0.05 per share (basic and diluted) for the corresponding period of Fiscal 2018. The increase in net loss was mainly attributable to higher selling, general and administrative expenses and depreciation, partially offset by higher gross profit.

Net loss for the six-month period of 2019 was \$11.4 million, or \$0.22 per share (basic and diluted), compared to a net loss of \$4.9 million, or \$0.10 per share (basic and diluted) for the corresponding period of Fiscal 2018. The increase in net loss was mainly attributable to higher selling, general and administrative expenses and depreciation, partially offset by higher gross profit.

## ***LIQUIDITY AND CAPITAL RESOURCES***

Cash used in operating activities in the second quarter amounted to \$0.4 million, as the Company continued to invest in its growth and the launch of other meal solutions. For the six-month period, cash provided by operating activities reached \$1.4 million, compared to a use of \$2.5 million for the corresponding period last year, mainly due to a favorable change in working capital from improved buying power and payment terms.

Cash provided by financing activities in the second quarter amounted to \$24.2 million, primarily due to the issuance of common shares.

Cash used in investing activities in the second quarter amounted to \$2.8 million, primarily due to the continued investments in automation.

As at February 28, 2019, the Company had a long term debt of \$7.5 million and \$46.3 million in cash and cash equivalents.

## ***PUBLIC OFFERING***

On February 22, 2019 the Company completed a public offering and issued 6,019,212 common shares for gross proceeds of \$21.1 million. The Company intends to use the proceeds of the offering for investments in automation, the expansion of Western Canada's production facility, the development and rollout of breakfast and ready-to-eat meal solutions, the development of sustainable packaging, working capital and general corporate purposes. This equity issuance represents the largest offering since the Company went public, increasing capital raised on the public markets to more than \$50 million.

## ***OUTLOOK***

The home meal solutions 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 and advantages to rapidly grow its subscriber base by continuing to invest in highly targeted marketing campaigns, capacity expansion, increasing its product offering and in continuing to expand its national platform.

It is important to note that the fourth quarter of Goodfood, which includes the months of June, July and August, is typically the slowest quarter of the year due to seasonal demand patterns. As such, it is characterized by lower order rates, lower marketing expenses and less new subscriber additions.

Goodfood's strategy is to manage short term profitability in order to invest in long term shareholder value creation. Growing Goodfood's market share and scale will allow the Company to deliver greater value to its customers while attaining high returns on invested capital. As the Company grows its subscriber base, we are confident that Goodfood will achieve economies of scale and additional efficiencies which will lead to improvements in profitability.

## **SECOND QUARTER FISCAL 2019 RESULTS CONFERENCE CALL**

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### **Details of the Conference Call:**

When: April 4, 2019 at 8:00 a.m. E.T  
Dial in number: 877-223-4471 or 647-788-4922

Conference call replay available until April 18, 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/9891>

The conference ID is 7380435.

A full version of the Company's Management's Discussion and Analysis (MD&A) and unaudited Financial Statements for the three-month and six-month periods ended February 28, 2019 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 and six-month periods ended February 28, 2019.

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**

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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**

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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 159,000 active subscribers as of February 28, 2019.

[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:**

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## **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, 2018 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, 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.