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GOODFOOD REPORTS STRONG THIRD QUARTER RESULTS WITH GROSS MERCHANDISE SALES¹ RUN-RATE EXCEEDING \$250 MILLION AND RECORD GROSS MARGINS FROM AUTOMATION INVESTMENTS AND GROWING SCALE

- Revenue and gross merchandise sales¹ for Q3 2019 were respectively \$49.9 million and \$61.2 million
- Gross margin increased to a record 28.3% and adjusted gross margin¹ rose to an all-time high of 41.6% for the third quarter, compared to 23.3% and 34.9%, respectively, for the same period of 2018
- Positive cash from operations of \$2.4 million and \$3.9 million for the three-month and nine-month periods ending on May 31, 2019, respectively
- Solid financial position with a cash position of \$49.7 million
- Launched Yumm.ca, a value meal-kit option
- Launched our breakfast meal solutions, premiering a smoothie line nationwide, surpassing \$10 million in annualized gross merchandise sales¹ in less than 6 months
- Signed a lease for an 84,000 square-foot production facility located in Vancouver and a 20,000 square-foot breakfast production facility located in Montreal
- Active subscribers increased to 189,000 as at May 31, 2019, a net increase of 100,000 since the beginning of Fiscal Year 2019, more than doubling the subscriber base in only nine months

Montreal, Quebec, July 11, 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 third quarter ended May 31, 2019.

“We are very pleased with our third quarter results which demonstrated robust growth in terms of net subscriber additions, revenues and margins. Gross merchandise sales¹ are now on a run-rate of more than \$250 million and the quarterly adjusted gross margins surpassed the 40% mark for the first time, while we continued to invest and launch new meal solutions such as smoothies and extended our market reach with Yumm.ca. As we continue to invest in the expansion of our offerings, additional product launches should continue to accelerate and gain momentum in the upcoming quarters. As strategically planned, our marketing spending started to slow down in the third quarter and we expect the pace of growth to average out as we enter the summer period, reflecting normal seasonality patterns, as we wrap up the fiscal year,” said Jonathan Ferrari, Chief Executive Officer of Goodfood.

“We are thrilled with our third quarter results as our investments in automation, additional operational efficiencies and increased buying power have resulted in significant margin expansion, improving our adjusted gross margin by 6.7 percentage points year over year. As we continue to execute on our ambitious growth strategy, we have leased a new facility in Montreal to pursue the expansion of our breakfast offerings and a new facility in Vancouver to unlock operational savings and continue to meet demand from the growing Western Canadian market,” said Neil Cuggy, President and Chief Operating Officer of Goodfood.

¹ See the non-IFRS financial measures section below

FINANCIAL HIGHLIGHTS

For the three and nine-month periods ended May 31, 2019 and 2018
(Amounts are in thousands of Canadian dollars – Unaudited)

	Q3 2019	Q3 2018	Change	YTD 2019	YTD 2018	Change
Revenue	\$ 49,864	\$ 22,223	\$ 27,641	\$ 116,074	\$ 49,131	\$66,943
<i>Growth %</i>			124%			136%
Gross profit	14,089	5,183	8,906	\$28,233	\$10,067	\$18,166
<i>Gross margin %</i>	28.3%	23.3%	5.0 pp	24.3%	20.5%	3.8 pp
Gross merchandise sales ¹	61,212	26,167	35,045	144,853	58,281	86,572
<i>Growth %</i>			134%			149%
Adjusted gross profit	25,437	9,127	16,310	57,012	19,217	37,795
<i>Adjusted gross margin %¹</i>	41.6%	34.9%	6.7 pp	39.4%	33.0%	6.4 pp
Net loss	(3,639)	(1,564)	(2,075)	(15,050)	(6,478)	(8,572)
Cash provided by (used in) operating activities	2,444	1,785	659	3,851	(714)	4,565

¹ See the non-IFRS financial measures section below

REVENUE AND GROSS MERCHANDISE SALES¹

Revenue for the third quarter more than doubled to \$49.9 million, compared to \$22.2 million in the corresponding period of Fiscal 2018 and \$36.6 million in the second quarter of Fiscal 2019. The increase in revenue has resulted in revenue of \$137.4 million for the last twelve months.

Gross merchandise sales¹ (“GMS”) for the third quarter, which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, more than doubled to \$61.2 million, compared to \$26.2 million for the corresponding period of Fiscal 2018. The increase in GMS¹ 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 strategic marketing activities.

For the nine-month period of 2019, revenues grew 136% to \$116.1 million, compared to \$49.1 million for the corresponding period last year, while GMS¹ increased to \$144.9 million, versus \$58.3 million for the same reasons mentioned above.

The GMS¹ run rate was \$256.5 million at the end of the third quarter of Fiscal 2019, compared to \$222.0 million at the end of the second quarter of 2019. Additionally, GMS¹ for the last twelve months reached \$170.7 million during the third quarter of Fiscal 2019, compared to \$67.0 million for the corresponding period of Fiscal 2018.

The reconciliation of revenue to GMS¹ is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Three-month period ended May 31		Nine-month period ended May 31	
	2019	2018	2019	2018
Revenue	\$ 49,864	\$ 22,223	\$ 116,074	\$ 49,131
Credits removed from cancelled accounts	-	-	(638)	-
Incentives and credits	11,348	3,944	29,417	9,150
Gross merchandise sales ¹	\$ 61,212	\$ 26,167	\$ 144,853	\$ 58,281

¹ See the non-IFRS financial measures section below

GROSS MARGIN AND ADJUSTED GROSS MARGIN¹

The gross margin for the third quarter of 2019 increased significantly to 28.3%, compared to 23.3% for the corresponding period of Fiscal 2018 and 20.9% for the second quarter of Fiscal 2019. 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 strategic marketing activities. The company expects that fixed costs as a percentage of revenue will continue to decrease with the Company's continued growth which should further increase gross margin in the future.

Adjusted gross margin¹ was a record 41.6% for the third quarter of Fiscal 2019, compared to 34.9% for the corresponding period of Fiscal 2018 and 37.8% the second quarter of Fiscal 2019.

For the nine-month period of Fiscal 2019, gross margin was 24.3%, compared to 20.5% for the corresponding period last year, while adjusted gross margin¹ was 39.4%, compared to 33.0%, for the same reasons mentioned above.

The reconciliation of adjusted gross profit¹ and adjusted gross margin¹ is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Three-month period ended May 31		Nine-month period ended May 31	
	2019	2018	2019	2018
Gross merchandise sales ¹	\$ 61,212	\$ 26,167	\$ 144,853	\$ 58,281
Cost of goods sold	35,775	17,040	87,841	39,064
Adjusted gross profit ¹	\$ 25,437	\$ 9,127	\$ 57,012	\$ 19,217
Adjusted gross margin ¹	41.6%	34.9%	39.4%	33.0%

NET LOSS AND NET LOSS PER SHARE

Net loss for the third quarter of Fiscal 2019 was \$3.6 million, or \$0.06 per share (basic and diluted), compared to a net loss of \$1.6 million, or \$0.03 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 and amortization expenses, partially offset by higher gross profit.

Net loss for the nine-month period of 2019 was \$15.1 million, or \$0.28 per share (basic and diluted), compared to a net loss of \$6.5 million, or \$0.13 per share (basic and diluted) for the corresponding period of Fiscal 2018. The increase in net loss was mainly attributable to the same reasons mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities in the third quarter amounted to \$2.4 million, primarily due to a favorable change in working capital. For the nine-month period, cash provided by operating activities reached \$3.9 million, compared to an amount used by operating activities of \$0.7 million for the corresponding period last year, also due to a favorable change in working capital.

Cash provided by financing activities in the third quarter amounted to \$2.6 million, primarily due to proceeds from the issue of long-term debt in May 2019.

Cash used in investing activities in the third quarter amounted to \$1.6 million, primarily due to the continued investments in automation and the expansion of the Eastern Canada facility.

As at May 31, 2019, the Company had a long-term debt of \$10.0 million and \$49.7 million in cash and cash equivalents.

¹ See the non-IFRS financial measures section below

LAUNCH OF NEW MEAL SOLUTIONS

On May 16, 2019, the Company announced the launch of Yumm.ca, an affordable meal-kit targeting cost-focused Canadian clients. Soft launched in April 2019, early results demonstrate very positive response through high consumer ratings and retention rate.

On June 10, 2019, the Company announced that its first breakfast meal solution, ready-to-blend superfood smoothies, was now available across Canada. The breakfast line's first product surpassed a gross merchandise sales run-rate of \$10 million.

SUBSEQUENT EVENTS

On June 18, 2019, the Company signed a five-year lease with a renewal option of three years for a 20,000 square-foot production facility located in Montreal, Quebec, Canada. The production facility will increase sales capacity and will allow the Company to continue the expansion of its breakfast offerings.

On July 3, 2019, the Company signed a ten-year lease with a renewal option of five years for an 84,000 square-foot production facility located in Vancouver, British Columbia, Canada. The addition of a second Western Canada facility will provide the Company with operational savings and will increase the production capacity to continue to meet demand of the Western Canadian market.

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.

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 and an unrivalled experience for subscribers.

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.

CONFERENCE CALL

Goodfood will hold a conference call to discuss these results on July 11, 2019, at 8:00AM Eastern Time. Interested parties can join the call by dialing 1-647-788-4922 (Toronto or overseas) or 1-877-223-4471 (elsewhere in North America). To access the webcast and view the presentation, click on this link: <http://www.gowebcasting.com/10010>.

Parties unable to call in at this time may access a recording by calling 1-800-585-8367 and entering the passcode 9164447. This recording will be available on Thursday, July 11, 2019 as of 11:00 AM Eastern Time until 11:59 PM Eastern Time on Thursday, July 18, 2019.

A full version of the Company's Management's Discussion and Analysis (MD&A) and Unaudited Condensed Interim Consolidated Financial Statements for the three-month and nine-month periods ended May 31, 2019 will be posted on <http://www.sedar.com> later today.

¹ See the non-IFRS financial measures section below

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, 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

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 189,000 active subscribers as of May 31, 2019.

www.makegoodfood.ca

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

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¹ See the non-IFRS financial measures section below

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.

¹ See the non-IFRS financial measures section below