



## GOODFOOD ANNOUNCES \$30 MILLION CONVERTIBLE DEBENTURE FINANCING TO INVEST IN THE BUILDOUT OF A NEW TORONTO GROCERY E-COMMERCE FLAGSHIP FULFILMENT CENTRE

Montreal (Quebec), February 6, 2020

*THIS PRESS RELEASE IS NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. NEWS AGENCIES*

Goodfood Market Corp. ("Goodfood" or the "Company") (TSX: FOOD) is pleased to announce that it has entered into a \$30.0 million bought-deal financing (the "Convertible Debenture Financing") of convertible unsecured subordinated debentures (the "Debentures") with a syndicate of underwriters (the "Underwriters") co-led by National Bank Financial Inc. and Desjardins Capital Markets. The Debentures will have a coupon of 5.75% per annum, and a conversion price of \$4.70 per Goodfood common share (a "Common Share"). The Company has granted the Underwriters an over-allotment option to purchase up to an additional \$4.5 million aggregate principal amount of Debentures on the same terms, exercisable in whole or in part at any time up to the 30<sup>th</sup> day following the closing of the Convertible Debenture Financing.

The net proceeds from the Convertible Debenture Financing will be used to fund the buildout of a new Toronto production and distribution facility, further investment in the automation of its existing production facilities in Montreal, Calgary and Vancouver and for general corporate purposes.

"The capital raised will accelerate Goodfood's plan to build out a highly automated facility in the Greater Toronto Area, cementing our online grocery leadership with a strong presence in Canada's largest market. Over the past 5 years, we have executed on an ambitious strategic plan that has led to tremendous growth and penetration across the country. We are now embarking on the next phase of our strategy by raising capital to expand our online grocery operations allowing us to dominate in a market in which we are already a clear leader. The proceeds of the offering will also allow us to continue our efforts in automating our current operations to enable a deeper online grocery offering, build same-day and next-day delivery options for our members and improve our margin profile, another key component of our strategic plan," said Jonathan Ferrari, Chief Executive Officer of the Company.

The Debentures will mature and be repayable on March 31, 2025 (the "Maturity Date") and will accrue interest at the rate of 5.75% per annum payable semi-annually in arrears on March 31 and September 30 of each year (each an "Interest Payment Date"), with the first such payment to be made on September 30, 2020. The Company will have the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due on the Maturity Date upon at least 40 days' and not more than 60 days' prior notice, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures by 95% of the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

At the holder's option, the Debentures will be convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the Maturity Date, or (ii) if called for redemption, the date fixed for redemption by the Company, at a conversion price of \$4.70 per Common Share, subject to adjustment in certain events (the "Conversion Price"). This represents a conversion rate of



approximately 212.7660 Common Shares for each \$1,000 principal amount of Debentures, subject to the operation of certain anti-dilution provisions expected to be contained in the indenture under which the Debentures are issued. Holders who convert their Debentures will receive accrued and unpaid interest for the period from the date of the last Interest Payment Date prior to the date of conversion to the date of conversion. In addition to the foregoing, in the event of a change of control of the Company, subject to certain terms and conditions, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures.

The Debentures will be direct, subordinated unsecured obligations of the Company, subordinated to any senior indebtedness of the Company, including the Company's revolving credit facility, and ranking equally with one another and with all other existing and future subordinated unsecured indebtedness of the Company to the extent subordinated on the same terms.

The Debentures will not be redeemable by the Company prior to March 31, 2023. On or after March 31, 2023 and prior to March 31, 2024, the Debentures will be redeemable by the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days prior to the date on which notice of redemption is provided is not less than 125% of the Conversion Price. On or after March 31, 2024 and prior to the Maturity Date, the Debentures will be redeemable by the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any. Subject to certain conditions, the Company will have the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of redemption.

The Debentures will be offered in all of the provinces of Canada, by way of short form prospectus and in certain other jurisdictions as may be agreed by the Underwriters and the Company. The Convertible Debenture Financing is expected to close on or about February 26, 2020 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals and consents, including the approval of the TSX.

The Debentures offered, and the Common Shares issuable on conversion, redemption or maturity thereof, have not and will not be registered under the U.S. *Securities Act of 1933*, as amended (the "1933 Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the 1933 Act. This press release does not constitute an offer to sell or a solicitation of any offer to buy Debentures or Common Shares in the United States.



## ABOUT GOODFOOD

Goodfood (TSX:FOOD) is a leading online grocery company in Canada, delivering fresh meal solutions and grocery items that make it easy for members from coast to coast to enjoy delicious meals at home every week. Goodfood's mission is to make the impossible come true, from farm to kitchen, by enabling members to do their weekly meal planning and grocery shopping in less than 1 minute. Goodfood members get access to a unique selection of products online as well as exclusive pricing made possible by its world class direct to consumer fulfilment ecosystem that cuts out food waste and expensive retail overhead. The Company has its main production facility and administrative offices based in Montreal, Quebec, a second production facility in Calgary, Alberta, a breakfast facility in Montreal, Quebec and is currently building out its new production facility in Vancouver. Goodfood had 230,000 active subscribers as at November 30, 2019.

[www.makegoodfood.ca](http://www.makegoodfood.ca)



## **FORWARD LOOKING STATEMENTS:**

This press release contains forward-looking statements. 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. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

More particularly, this press release contains statements concerning the anticipated terms of, use of net proceeds from and closing date of, the Convertible Debenture Financing.

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 risks related to the Convertible Debenture Financing, including the risks related to the receipt of all regulatory approvals, and 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, 2019 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.



**FURTHER INFORMATION:**

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