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Goodfood Delivers Continued Strong Growth and Margin Improvement with Gross Margin Surpassing the 30% Mark, Q2 Revenue of \$59 Million, LTM Revenue¹ Surpassing \$210 Million and Run-Rate GMS¹ Reaching \$300 Million

- Revenue reached \$58.8 million in the second quarter of Fiscal 2020, an increase of \$22.2 million, or 61% compared to the same period last year
- Gross profit reached \$17.8 million, an increase of \$10.2 million, or 133%, with gross margin reaching a record 30.3%, an improvement of 9.4 percentage points year-over-year
- Net loss was \$3.4 million, an improvement of \$3.2 million compared to the same period in Fiscal 2019, resulting in net loss per share of \$0.06
- Completed a \$30 million financing through the issuance of convertible debentures in February 2020 and ended the quarter in a solid financial position with cash, cash equivalents and restricted cash of \$69.5 million
- Adjusted EBITDA margin¹ reached -5.0%, an improvement of 10.0 percentage points year-over-year
- Continued penetration of the Canadian market, with active subscribers¹ reaching the 246,000 mark as at February 29, 2020, an increase of 87,000 or 55% compared to February 28, 2019
- The current COVID-19 pandemic has had no impact on the financial results of the quarter ending February 29, 2020, but will impact our third quarter results; we expect the pandemic to have a positive impact on revenues, with increased subscriber growth, order rates and average order values, but also expect our operations to be impacted by staffing and supply challenges also caused by the pandemic

Montreal (Quebec), April 8, 2020

Goodfood Market Corp. (“Goodfood” or “the Company”) (TSX: FOOD), a leading online grocery company in Canada, today announced strong financial results for the second quarter ended February 29, 2020.

“Goodfood’s strong growth momentum continued in the second quarter with run-rate gross merchandise sales¹ surpassing the \$300 million mark for the first time, driven by increased penetration from coast-to-coast and a broader offering of private label grocery products and meal solutions. Our financial position is also very solid with cash, cash equivalents and restricted cash reaching nearly \$70 million at quarter-end, after the recent closing of our \$30 million financing. Our brand recognition is stronger than ever and gaining momentum, supported by highly successful marketing campaigns. Combined, these pillars position us ideally to deliver on our long-term growth strategy to be the leading online grocer in Canada,” said Jonathan Ferrari, Chief Executive Officer of Goodfood.

¹ See the non-IFRS financial measures and active subscribers sections at the end of this press release.

“In addition, we have experienced greater demand for Goodfood’s products during the current COVID-19 crisis. While we continue to fulfill that demand, we have placed the safety of our employees and members as our first priority. As such, we have put in place several key hygiene and quality initiatives and strive to maintain the highest standards to ensure the utmost freshness of our products and the best experience for our members,” concluded Mr. Ferrari.

“We are thrilled by our robust second quarter results despite the impact of the typical challenges posed by the winter period on our operations. The consistent progression of our profitability cements the solid foundations we have laid and sets the Company closer to its long-term profitability goals. The 10% improvement in adjusted EBITDA margin¹ continues to be driven by operational efficiencies, economies of scale, automation and operating leverage. With the recently opened Vancouver fulfilment center and the upcoming build-out of a Toronto facility, Goodfood’s operations will continue to grow and improve our long-term revenue and margin trajectory,” said Neil Cuggy, President and Chief Operating Officer of Goodfood.

“We are also proud that our operations are working 24/7 to support the increased demand resulting from the current COVID-19 pandemic. We are ramping-up production, hiring more employees and rewarding them with our Essential Canadian Pay Program, to do our best to meet this demand and to do our part to provide food security for Canadians,” concluded Mr. Cuggy.

FINANCIAL HIGHLIGHTS

Financial highlights for the three-month and six-month periods ended February 29, 2020 and February 28, 2019:

(Amounts are in thousands of Canadian dollars – Unaudited)	Q2 2020	Q2 2019	Variance	YTD 2020	YTD 2019	Variance
Revenue	\$ 58,790	\$ 36,593	\$ 22,197	\$ 115,081	\$ 66,210	\$ 48,871
<i>Growth %</i>			61%			74%
Gross profit	17,816	7,650	10,166	34,035	14,144	19,891
<i>Gross margin %</i>	30.3%	20.9%	9.4 pp	29.6%	21.4%	8.2 pp
Gross merchandise sales ¹	68,939	46,535	22,404	136,975	83,640	53,335
<i>Growth %</i>			48%			64%
Adjusted gross profit ¹	27,965	17,592	10,373	55,929	31,574	24,355
<i>Adjusted gross margin %¹</i>	40.6%	37.8%	2.8 pp	40.8%	37.7%	3.1 pp
Net loss	(3,360)	(6,560)	3,200	(8,512)	(11,411)	2,899
Cash (used in) provided by operating activities	(3,881)	(499)	(3,382)	(2,420)	1,251	(3,671)

REVENUE AND GROSS MERCHANDISE SALES¹

Revenue for the second quarter of Fiscal 2020 increased by \$22.2 million to \$58.8 million, compared to \$36.6 million in the corresponding period of Fiscal 2019. Gross merchandise sales¹ (“GMS”), which reflects the total retail value of merchandise sold by Goodfood before taking into account all incentives and credits, increased \$22.4 million in the second quarter of Fiscal 2020 to reach \$68.9 million, compared to \$46.5 million for the corresponding period of Fiscal 2019. The increase in revenue and GMS¹ was primarily driven by the continued growth in the number of active subscribers¹ supporting increased penetration across Canada as planned strategic marketing initiatives helped capture new members, an increase in average order value as member basket sizes keep growing and the expansion of the Company’s product offering to include additional ready-to-eat meals and private label grocery items.

¹ See the non-IFRS financial measures and active subscribers sections at the end of this press release.

For the six-month period of Fiscal 2020, revenue grew 74% to \$115.1 million, compared to \$66.2 million for the corresponding period last year, while GMS^1 increased 64% to \$137.0 million, versus \$83.6 million last year, for the same reasons mentioned above.

The GMS run-rate¹ was a record-breaking \$302.3 million at the end of the second quarter of Fiscal 2020, compared to \$275.0 million at the end of the first quarter of 2020.

The reconciliation of revenue to GMS^1 for the three-month and six-month periods ended February 29, 2020 and February 28, 2019, is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenue	\$ 58,790	\$ 36,593	\$ 115,081	\$ 66,210
Credits removed from cancelled accounts	(1,197)	(638)	(1,197)	(638)
Incentives and credits	11,346	10,580	23,091	18,068
Gross merchandise sales ¹	\$ 68,939	\$ 46,535	\$ 136,975	\$ 83,640

GROSS MARGIN AND ADJUSTED GROSS MARGIN¹

The gross margin for the second quarter of 2020 reached a new milestone surpassing the 30% mark at 30.3%, compared to 20.9% for the corresponding period of Fiscal 2019. Adjusted gross margin¹ was 40.6% for the second quarter of Fiscal 2020, compared to 37.8% for the corresponding period last year, an improvement of 2.8 percentage points. The increase in gross margin and adjusted gross margin¹ resulted primarily from lower production labour costs as a percentage of GMS^1 driven by continued investments in automation, lower food, packaging and shipping unit costs due to additional operational efficiencies and economies of scale, increased density among the delivery zones, and purchasing power with key suppliers. The increase in gross margin was also due to lower incentive and credits as a percentage of revenue. This was partially offset by the increase in our product offering. The Company expects that fixed costs as a percentage of revenues will continue to decrease with the Company's continued growth which should further increase gross margin and adjusted gross margin¹ in the future.

For the six-month period of Fiscal 2020, gross margin was 29.6%, compared to 21.4% for the corresponding period last year, while adjusted gross margin¹ was 40.8%, compared to 37.7% for the corresponding period last year.

The reconciliation of adjusted gross profit¹ and adjusted gross margin¹ for the three-month and six-month periods ended February 29, 2020 and February 28, 2019 is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Gross merchandise sales ¹	\$ 68,939	\$ 46,535	\$ 136,975	\$ 83,640
Cost of goods sold	40,974	28,943	81,046	52,066
Adjusted gross profit ¹	\$ 27,965	\$ 17,592	\$ 55,929	\$ 31,574
Adjusted gross margin ¹	40.6%	37.8%	40.8%	37.7%

¹ See the non-IFRS financial measures and active subscribers sections at the end of this press release.

ADJUSTED EBITDA¹, NET LOSS AND NET LOSS PER SHARE

For the three-month and six-month periods ended February 29, 2020, adjusted EBITDA margin¹ improved by 10.0 percentage points and 8.5 percentage points, respectively. The increase in adjusted EBITDA margin¹ resulted primarily from higher revenue, gross margin and increase in credits removed from cancelled accounts, as well as the operating leverage effect as selling, general and administrative expenses as a percentage of revenue decreased, offset by incremental expenses coming from the launch of new product offering.

Net loss for the second quarter of Fiscal 2020 was \$3.4 million, or \$0.06 per share (basic and diluted), compared to a net loss of \$6.6 million, or \$0.13 per share (basic and diluted) for the corresponding period of Fiscal 2019. Net loss for the six-month period ended February 29, 2020 was \$8.5 million, or \$0.15 per share (basic and diluted), compared to a net loss of \$11.4 million, or \$0.22 per share (basic and diluted) for the corresponding period last year. The decrease in net loss was mainly attributable to factors explained above.

The reconciliation of net loss to EBITDA, adjusted EBITDA¹ and adjusted EBITDA margin¹ for the three-month and six-month periods ended February 29, 2020 and February 28, 2019, is as follows:

(Amounts are in thousands of Canadian dollars – Unaudited)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Net loss	\$ (3,360)	\$ (6,560)	\$ (8,512)	\$ (11,411)
Net finance expenses	218	89	315	176
Depreciation and amortization expense	1,066	555	2,059	1,042
Deferred income tax recovery	(1,330)	-	(1,330)	-
EBITDA ¹	\$ (3,406)	\$ (5,916)	\$ (7,468)	\$ (10,193)
Share-based payments	485	429	896	804
Adjusted EBITDA ¹	\$ (2,921)	\$ (5,487)	\$ (6,572)	\$ (9,389)
Revenue	\$ 58,790	\$ 36,593	\$ 115,081	\$ 66,210
Adjusted EBITDA margin ¹ (%)	(5.0%)	(15.0%)	(5.7%)	(14.2%)

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities in the second quarter of Fiscal 2020 amounted to \$3.9 million, compared to \$0.5 million for the same period last year, primarily due to an unfavourable variance in non-cash operating working capital, slightly offset by a lower net loss. For the six-month period, cash used in operating activities amounted to \$2.4 million, compared to cash provided by operating activities of \$1.3 million in the corresponding period last year, for the same reason mentioned above.

In February 2020, the Company announced and completed a \$30 million financing through the issuance of convertible debentures.

In the second quarter of Fiscal 2020, the Company used its cash mainly for capital expenditures of \$2.2 million for the build out of the Vancouver fulfilment centre, the construction related to the partial in-housing of ready-to-eat production at our Hickmore facility, and the purchase of new automation equipment. For the first six months of Fiscal 2020, the Company invested \$3.9 million in capital expenditures. The Company still expects to spend between \$10 million and \$12 million in capital expenditures in Fiscal 2020.

As at February 29, 2020, the Company had total debt of \$15.8 million (excluding leases and convertible debentures) and \$69.5 million in cash, cash equivalents and restricted cash.

¹ See the non-IFRS financial measures and active subscribers sections at the end of this press release.

OUTLOOK

The online grocery industry is among the fastest growing industries in the world. 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 through additional facilities and investments in automation, increasing its product offering, and in continuing to expand its national platform.

Goodfood's strategy involves in part delaying short-term profitability in order to invest in generating long-term shareholder value creation and also to continue improving its cost structure to achieve long-term margin goals. Growing Goodfood's subscriber base, market share, scale and product offering 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 while maintaining an unrivalled experience for subscribers.

Goodfood has started to experience the impact of the outbreak of COVID-19 on its overall business and operations. As an essential service in Canada, Goodfood continues to operate during the current pandemic and has so far experienced a growth in demand on a daily basis. While we have been able to fulfill orders, we have experienced challenges to our operations and supply chain, putting pressure on food and labour costs. We will continue to monitor developments of the pandemic and continuously assess its potential further impact on our production activities, supply chain, and facilities capacity to respond to the increasing demand and prevent any disruptions to fulfillment. Pressure on our supply chain, inventory levels and increased operational cost and labour shortages could heighten depending on the longevity and severity of the pandemic as well as changes to government regulation. It should also be noted that, starting on March 26, 2020, Goodfood raised the pay of all its hourly and salaried operations and production employees by a minimum of \$2 per hour and this will be effective throughout the duration of the COVID-19 crisis.

These objectives are based upon assumptions and are subject to risks and uncertainties, many of which are beyond our control. These risks and uncertainties could cause actual results to differ materially from these objectives. See the "Forward-Looking Statements" and "Business Risk" sections of the MD&A for the second quarter ended February 29, 2020.

¹ See the non-IFRS financial measures and active subscribers sections at the end of this press release.

CONFERENCE CALL

Goodfood will hold a conference call to discuss these results on April 8, 2020, 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: <https://www.makegoodfood.ca/en/investisseurs/evenements>

Parties unable to call in at this time may access a recording by calling 1-800-585-8367 and entering the passcode 4268318. This recording will be available on Wednesday, April 8, 2020 as of 11:00 AM Eastern Time until 11:59 PM Eastern Time on Wednesday, April 15, 2020.

A full version of the Company's Management's Discussion and Analysis (MD&A) and interim Financial Statements for the quarter ended February 29, 2020 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 February 29, 2020.

Goodfood's definition of the non-IFRS terms are as follows:

- Gross merchandise sales measure 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 (income), depreciation and amortization expense and income tax expense.
- Adjusted EBITDA is defined as EBITDA excluding share-based payments as they are an equity compensation item.
- Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.
- LTM Revenue is defined as revenue from the last twelve months calculated as the addition of the Revenue of the last four consecutive quarters.

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. For greater certainty, an Active subscriber is only accounted for once, although different products might have been ordered in a given weekly delivery cycle. 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 consolidated financial statements, we believe that active subscribers is a useful metric for investors because it is indicative of potential 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 (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 a production facility and administrative offices in Montreal, Quebec, two production facilities out West, in Calgary, AB and Vancouver, BC, and a breakfast facility in Montreal, Quebec. Goodfood had 246,000 active subscribers¹ as at February 29, 2020. 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 active subscribers section in this press release.

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, 2019 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. In addition, information and expectations set forth herein are subject to and could change materially in relation to developments regarding the COVID-19 pandemic and its impact on product demand, labour mobility, supply chain continuity and other elements beyond our control. 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.