



For Immediate Distribution

Goodfood Delivers Positive EBITDA¹ and Net Income for a Second Quarter in a Row with Record Annual Revenues, Positive EBITDA¹ and a Reduced Net Loss for the Year

- Revenues reached \$285.4 million for the year, an annual increase of \$124.0 million or 77%
- Gross margin for fiscal 2020 reached 30.3%, an improvement of 5.3 percentage points, and gross profit reached \$86.4 million, an increase of \$46.1 million, or 114%
- Goodfood reported net income for the last two quarters of Fiscal 2020, substantially offsetting the net losses reported in the first half of Fiscal 2020
- Annual cash flows from operating activities were \$8.6 million, an improvement of \$7.7 million, and Goodfood ended the year with a strong cash balance of \$106.9 million²
- Goodfood reported positive Adjusted EBITDA¹ with a 1.6% margin¹ for the full year, a first in the Company's history, representing an increase of 11.6 percentage points year-over-year
- Active subscribers¹ reached 280,000 as at August 31, 2020, an increase of 80,000, or 40%, compared to August 31, 2019
- Launched key customer-centric initiatives including Goodfood WOW for same-day delivery and the expansion of Goodcourier to improve last-mile delivery

Montreal (Quebec), November 11, 2020

Goodfood Market Corp. ("Goodfood" or "the Company") (TSX: FOOD), a leading online grocery company in Canada, today announced strong financial results for the fourth quarter and fiscal year ended August 31, 2020, recording consecutive quarters of net income and positive Adjusted EBITDA¹ for the first time ever, driven by new subscriber¹ growth, increased order size and frequency, as well as continued margin expansion.

"Fiscal 2020 was a record year on a number of key metrics. Our active subscribers¹, revenues and gross profit all increased significantly on the back of strong organic growth, evolving consumer behaviours and continued margin improvement. We also reported positive adjusted EBITDA¹ and net income for a second quarter in a row, and positive adjusted EBITDA¹ for the full year, a key milestone in our history and evolution as an online grocer," said Jonathan Ferrari, Chief Executive Officer of Goodfood. "This year has been marked by a pre-pandemic period, which saw positive secular trends pushing forward the adoption of online grocery, and the pandemic period which accelerated this shift, outpacing industry projections by several years. Canadians are embracing shopping for groceries online and seizing this opportunity has allowed Goodfood to continue on its exceptional growth trajectory, reinforcing our leading online grocery Company position in Canada," added Mr. Ferrari.

"We are very pleased to report record gross profit and our first full year of positive adjusted EBITDA¹. These results reflect our sustained investment in expanding Goodfood's product offering, our ability to unlock additional operational and scale efficiencies, and demonstrate clear operating leverage, partially offset by incremental costs related to COVID-19 measures," said Neil Cuggy, President and Chief Operating Officer of Goodfood. "We have also enhanced our operating footprint this year with seven facilities across the country as our flagship Toronto

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

² Includes cash, cash equivalents and restricted cash.

fulfillment centre becomes operational in 2021. With our strong capital position and our continued investments in automation, our nationwide operations uniquely position us to benefit from the growing online grocery trends, to fulfill an increasing part of Canadians' grocery baskets, and to cement our industry leadership," concluded Mr. Cuggy.

"Finally, yet most importantly, our ecosystem and community have helped us come through these very challenging pandemic times ahead of our expectations. Our employees, operating under the enhanced safety protocols we implemented to keep everyone safe, worked tirelessly to provide meals and groceries to Canadians coast-to-coast. We are happy and grateful our workforce enabled us to execute on our growth plan this year despite the challenges we faced, and we will continue building on our growth story in the coming year," concluded Mr. Ferrari.

FINANCIAL HIGHLIGHTS

Key Financial highlights:

(Amounts are in thousands of Canadian dollars, except percentage information – Audited)

	Three-month periods ended August 31,			Years ended August 31,		
	2020	2019	Variance	2020	2019	Variance
Revenues	\$ 83,691	\$ 45,259	\$ 38,432	\$ 285,372	\$ 161,333	\$ 124,039
Growth %			85%			77%
Gross profit	27,474	12,077	15,397	86,419	40,310	46,109
Gross margin %	32.8%	26.7%	6.1pp	30.3%	25.0%	5.3pp
Net income (loss)	1,590	(5,887)	7,477	(4,136)	(20,937)	16,801
Cash provided by (used in) operating activities	2,423	(2,710)	5,133	8,555	880	7,675

REVENUES

Revenues for the fourth quarter of Fiscal 2020 increased by \$38.4 million to \$83.7 million, compared to \$45.3 million in the corresponding period of Fiscal 2019. The increase in revenues was in large part driven by growth in active subscribers¹, increased average order values resulting from Goodfood's expanded product offering, and by strong order rates. The decrease in incentives and credits as a percentage of revenues, from 23.7% in Q4 2019 to 12.1% in Q4 2020, also contributed to the increase in revenues. For the year ended August 31, 2020, revenues grew 77% to \$285.4 million, compared to \$161.3 million for the corresponding period last year, for the same reasons noted above.

GROSS MARGIN

Gross margin for the fourth quarter of Fiscal 2020 reached 32.8%, compared to 26.7% for the corresponding period of Fiscal 2019. The increase in gross profit and gross margin resulted primarily from a decrease in incentives and credits as well as lower food costs as a percentage of revenues. In addition, lower unit costs for packaging and shipping due primarily to increased operational efficiencies, additional automation investments, increased density among the delivery zones and purchasing power with key suppliers contributed to the increase in gross profit and gross margin. This was partially offset by supplemental costs incurred directly related to the COVID-19 pandemic during the second half of Fiscal 2020 for additional production employees, temporary wage increases, and other production costs.

For the year ended August 31, 2020, gross margin was 30.3%, compared to 25.0% for the corresponding period last year.

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

NET INCOME (LOSS), NET INCOME (LOSS) PER SHARE AND ADJUSTED EBITDA¹

Net income for the fourth quarter of Fiscal 2020 was \$1.6 million, or \$0.03 per share (basic and diluted), compared to a net loss of \$5.9 million, or \$0.10 per share (basic and diluted) for the corresponding period of Fiscal 2019. Net loss for the year ended August 31, 2020 was \$4.1 million, or \$0.07 per share (basic and diluted), compared to a net loss of \$20.9 million, or \$0.38 per share (basic and diluted) for the corresponding period last year. The increase in net income this quarter is explained mainly by higher revenues and gross profit as well as a decrease in selling, general and administrative expenses, slightly offset by higher wages and salaries to support the growth of the business.

For the three-month period and year ended August 31, 2020, adjusted EBITDA margin¹ improved by 16.0 and 11.6 percentage points, respectively, to reach 6.3% for the quarter and 1.6% for the year. The increase in adjusted EBITDA margin¹ resulted primarily from a larger revenue base which accelerated operating leverage effects as selling, general and administrative expenses as a percentage of revenues decreased and higher gross margin, offset by additional expenses resulting from the launch of new product offerings and new facilities, as well as the additional costs incurred due to COVID-19.

Reconciliation of Non-IFRS Measures:

(Amounts are in thousands of Canadian dollars, except percentage information – Audited except for non-IFRS financial measures)

	Three-month periods ended August 31,		Years ended August 31,	
	2020	2019	2020	2019
Net income (loss)	\$ 1,590	\$ (5,887)	\$ (4,136)	\$ (20,937)
Net finance costs	911	81	2,380	346
Depreciation and amortization	1,818	874	5,361	2,617
Deferred income tax expense (recovery)	526	-	(804)	-
EBITDA ¹	\$ 4,845	\$ (4,932)	\$ 2,801	\$ (17,974)
Share-based payments	418	541	1,874	1,810
Adjusted EBITDA ¹	\$ 5,263	\$ (4,391)	\$ 4,675	\$ (16,164)
Revenues	\$ 83,691	\$ 45,259	\$ 285,372	\$ 161,333
Adjusted EBITDA margin ¹ (%)	6.3%	(9.7%)	1.6%	(10.0%)

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities in the fourth quarter of Fiscal 2020 amounted to \$2.4 million, compared to cash flows used in operating activities of \$2.7 million for the same period last year, primarily due to higher net income and partially offset by a negative variance in change in non-cash operating working capital. For the year ended August 31, 2020, cash flows provided by operating activities were \$8.6 million, compared to \$0.9 million for the corresponding period last year, primarily due to the decrease in net loss recorded for the year ended August 31, 2020, partly offset by a less favourable variance in non-cash operating working capital primarily resulting from changes in accounts payable.

In the fourth quarter of Fiscal 2020, the Company incurred capital expenditures of \$2.9 million primarily for fixed assets additions attributable to technology implementation and redesign of facilities layouts. For the year ended August 31, 2020, the Company invested \$10.2 million in fixed assets and intangible assets.

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

As at August 31, 2020, the Company had total debt of \$38.1 million (including convertible debentures and excluding leases) and \$106.9 million in cash, cash equivalents and restricted cash.

COVID-19 IMPACT AND MEASURES

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020, and the outbreak has had an impact on Goodfood's overall business and operations. As the Company is deemed an essential service in Canada, Goodfood has continued to operate without interruption.

In the second half of Fiscal 2020, Goodfood experienced several positive impacts on its financial results related to the COVID-19 pandemic such as increased subscriber¹ growth, number of orders and average order values, which positively impacted revenues. However, the Company also experienced staffing and supply chain challenges which resulted in direct incremental costs of approximately \$3.5 million for the year ended August 31, 2020. The COVID-19 related costs consist of \$3 million in additional production labour costs which includes, \$1.7 million due to temporary wage increases, and \$1.3 million incurred for temporary agency premiums (but do not include the cost of standard hourly wages), as well as \$0.5 million in other production costs and selling, general and administrative expenses (including personal protection equipment, hand sanitizers, nursing staff and additional health and safety measures). The aforementioned direct costs incurred do not include any time spent by management throughout the crisis. In order to alleviate pressure on operations coming from the increase in demand and to maintain high quality standards for our members, the Company restricted specific delivery days for a few weeks and strategically matched its marketing spend to its supply chain capabilities on a temporary basis.

As part of the pandemic initiatives implemented by the Company:

- It launched the Essential Canadian Pay Program which ended on July 6, 2020, and which increased the pay of all hourly and salaried operations and production employees by \$2 or more per hour; and
- It utilized various external agencies to hire qualified production agency employees to accommodate the increase in orders and volume.

At the onset of the pandemic, weekly newsletters from Goodfood's CEO were sent to members providing updates of the Company's operations and included information regarding precautionary measures implemented at its facilities in addition to its already rigorous food safety standards. These measures included, but were not limited to:

- Enhanced hygiene procedures, including additional cleaning at all of its facilities, mandatory hand washing prior to entry (for both visitors and employees), and accessibility to hand sanitizer stations;
- Social distancing measures put in place for the health and safety of employees, including a free shuttle service for employees to reduce the use of public transit, mandatory non-contact temperature checks before entering the facility, installation of physical safety barriers, requirement for all frontline employees to wear personal protection equipment, such as face masks and face shields, and the hiring of nurses and a security team to ensure the health screening for employees and reinforce social distancing measures inside and outside of all facilities; and
- Suspension of its Box Pick-up and Reusable Box Program to eliminate the risk of cross-contamination in its facilities.

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 there are significant opportunities and advantages to rapidly grow its subscriber¹ 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 and profitability goals. Growing Goodfood's subscriber¹ 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 subscriber¹ base, it is confident that it will achieve economies of scale and additional efficiencies which will lead to improvements in profitability while maintaining an unrivalled customer experience.

The COVID-19 pandemic has had an impact on Goodfood's overall business and operations. As an essential service in Canada, Goodfood continued to operate throughout the pandemic and experienced an acceleration of growth in demand. While subscriber¹ orders have been fulfilled and consumer behaviour during the pandemic has contributed to an increase in subscriber¹ base, orders by subscribers¹ and overall business, operations and supply chains were significantly challenged with temporary supplier closures and substitution of unavailable ingredients combined with workforce shortages and additional sanitary measures, putting pressure on food and labour costs. Pressure on supply chains, inventory levels and increased operational costs or disruptions and labour shortages could increase depending on the duration and severity of the pandemic as well as any changes to Goodfood's industry regulatory framework.

As a result of the COVID-19 pandemic, the number of employees working remotely has increased significantly, which has also increased demands on information technology resources and systems and increased the risk of phishing and other cybersecurity attacks.

The magnitude, duration, and severity of the COVID-19 pandemic is hard to predict and could affect the significant estimates and judgements used in the preparation of the Company's consolidated financial statements.

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 objectives. See the "Forward-Looking Statements" and "Business Risk" sections of this MD&A.

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 November 11, 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 4589249. This recording will be available on Wednesday, November 11, 2020 as of 11:00 AM Eastern Time until 11:59 PM Eastern Time on Wednesday, November 18, 2020.

A full version of the Company's Management's Discussion and Analysis (MD&A) and audited Consolidated Financial Statements for the years ended August 31, 2020 and 2019 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 year ended August 31, 2020.

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

- EBITDA is defined as net income (loss) before net finance costs (income), depreciation and amortization and income tax.
- Adjusted EBITDA is defined as EBITDA excluding share-based payments.
- Adjusted EBITDA margin is defined as the percentage of Adjusted EBITDA to revenues.

ACTIVE SUBSCRIBERS

An account that is scheduled to receive a delivery, has elected to skip delivery in the subsequent weekly delivery cycle or that is registered to Goodfood WOW. 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 the Company's 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 across Canada to enjoy delicious meals at home every day. Goodfood's mission is to make the impossible come true, from farm to kitchen, by enabling members to complete their weekly meal planning and grocery shopping in minutes. Goodfood members have access to a unique selection of online products as well as exclusive pricing made possible by its world class direct-to-consumer fulfilment ecosystem that eliminates food waste and costly retail overhead. The Company's main production facility and administrative offices are based in Montreal, Québec, with five additional production facilities located in the provinces of Québec, Ontario, Alberta, and British Columbia. A seventh production facility located in the province of Ontario is currently under construction and is scheduled to commence operations in 2021. As at August 31, 2020, Goodfood had 280,000 active subscribers¹. 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 MD&A 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”, and “continue”, as well as 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, 2020 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, 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, limited number of products, conflicts of interest, litigation, catastrophic events, risks associated with payments from customers and third parties, being accused of infringing intellectual property rights of others and, climate change and environmental risks. 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 the 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.