For Immediate Distribution

Goodfood Reports Record Quarterly Revenues Surpassing $100 Million for the First Time

- Revenues reached $100.7 million in the second quarter of Fiscal 2021, an increase of $41.9 million, or 71% year-over-year
- Gross margin reached 30.4% for the quarter, an improvement of 0.1 percentage points, and gross profit was a record $30.6 million, an increase of $12.8 million, or 72%
- Net loss was $4.0 million, an increase of $0.7 million compared to the same period last year, resulting in a loss per share of $0.06
- Goodfood reported positive Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (1), with a 0.5% margin in the second quarter, an improvement of 5.5 percentage points year-over-year
- Quarterly cash flow from operating activities totaled $5.4 million, an improvement of $9.3 million compared to the same period last year
- Record cash position of $163 million
- Active subscribers (1) reached 319,000 as at February 28, 2021, an increase of 73,000, or 30%, compared to February 29, 2020

Montreal (Quebec), April 7, 2021

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 28, 2021, further demonstrating its ability to generate superior growth and margins in the fast-growing online grocery and meal solutions markets.

"We are very proud to have reached two great milestones in Goodfood's journey in disrupting the Canadian grocery industry. Not only have we reached $100 million in revenues this quarter for the first time since inception, but we have also generated over $30 million of gross profit, both records for Goodfood," said Jonathan Ferrari, Chief Executive Officer of the Company. "The uptake of Goodfood's grocery products also reached new heights with over 1.1 million grocery products sold in this quarter alone and we now have more than 750 products available to our members. The continued strength of our members' interactions with our offering has led to increased basket sizes and order frequencies, and that, combined with our strong balance sheet, positions us ideally to further penetrate the online grocery market that is still in the early days of its digitization," concluded Mr. Ferrari.

"As our consistent execution and investments in footprint, automation and technology continue, we are thrilled to report a fourth consecutive quarter of positive Adjusted EBITDA (1), which on a last-twelve-months basis reached a margin of 3.6%, and that despite encountering demand-driven challenges and costs as a result of a highly-popular grocery promotion week we ran during the quarter to grow customer awareness of our expanding line of grocery items," said Neil Cuggy, President and Chief Operating Officer of Goodfood. "Our gross profit reached a record $30.6 million as a result of unlocked scale efficiencies, increased penetration of our delivery capabilities, and lower credits and incentives as a percentage of revenues. As we continue to enhance our operations across the country, we remain focused on building the optimal footprint of centralized production facilities and satellite fulfilment centres to enable faster delivery times and continued penetration coast-to-coast. We are exceptionally well positioned to benefit from the growing shift to e-commerce grocery and to provide an increasing part of Canadians' food baskets," concluded Mr. Cuggy.

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

FINANCIAL HIGHLIGHTS

THREE-MONTH PERIODS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(In thousands of Canadian dollars, except per share and percentage information)

For the three-month periods ended	February 28, 2021	February 29, 2020	($)	(%)
Revenues	**$ 100,654**	$ 58,790	$ 41,864	71%
Cost of goods sold	**70,018**	40,974	29,044	71%
Gross profit	**$ 30,636**	$ 17,816	$ 12,820	72%
Gross margin	***30.4%***	*30.3%*	*N/A*	*0.1 pp*
Selling, general and administrative expenses	**$ 31,644**	$ 21,222	$ 10,422	49%
Depreciation and amortization	**2,353**	1,066	1,287	121%
Net finance costs	**540**	218	322	148%
Net loss before income taxes	**(3,901)**	(4,690)	789	17%
Deferred income tax expense (recovery)	**129**	(1,330)	1,459	110%
Net loss, being comprehensive loss	**$ (4,030)**	$ (3,360)	$ (670)	20%
Basic and diluted loss per share	**$ (0.06)**	$ (0.06)	$ 0.00	0%

- During the second quarter ended February 28, 2021, revenues continued to be favourably driven by the expansion of our product offering and the same day delivery option which is now available in the two largest metropolitan Canadian cities. In addition, the average basket size and order frequency combined with a larger subscriber base also contributed to increased revenues. The decrease in incentives and credits as a percentage of revenues from 17.3% to 13.7% due to an efficient marketing strategy also contributed to the increase in revenues.
- Gross profit and gross margin increased during the three-month period ended February 28, 2021 compared to the same period last year due primarily to a decrease in incentives and credits as a percentage of revenues, lower unit costs for shipping and packaging, delivery options at a lower cost and improved agreements with key suppliers. This was partially offset by additional expenses resulting from a marketing promotion on grocery items and by supplemental costs related to the COVID-19 pandemic for additional production employees and other production costs such as personal protection equipment and sanitizers.
- The increase in selling, general and administrative expenses is primarily due to higher wages and salaries as the Company continues to grow and expand its operations and product offerings across Canada. However, selling, general and administrative expenses as a percentage of revenues decreased from 36.1% to 31.4%, primarily resulting from a controlled decrease in marketing spend as a percentage of revenues.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new facility lease agreements and related additions of leasehold improvements.
- The increase in net finance costs is mainly due to a higher level of indebtedness arising from the issuance of convertible debentures at the end of the second quarter of Fiscal 2020, as well as higher lease obligations from the recognition of new facility lease agreements.
- During the three-month period ended February 28, 2021, the Company recorded a deferred income tax expense related to the conversion of convertible debentures into common shares compared to a deferred income tax recovery recorded during the same period last year at the issuance of the convertible debentures.
- The increase in net loss year-over-year is explained primarily by the deferred tax recovery that was recorded in the second quarter of Fiscal 2020 in connection with the issuance of the convertible debentures.

SIX-MONTH PERIODS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(In thousands of Canadian dollars, except per share and percentage information)

For the six-month periods ended	**February 28, 2021**	February 29, 2020	($)	(%)
Revenues	**$ 192,081**	$ 115,081	$ 77,000	67%
Cost of goods sold	**131,872**	81,046	50,826	63%
Gross profit	**$ 60,209**	$ 34,035	$ 26,174	77%
Gross margin	***31.3%***	*29.6%*	*N/A*	*1.7 pp*
Selling, general and administrative expenses	**$ 60,860**	$ 41,503	$ 19,357	47%
Depreciation and amortization	**4,447**	2,059	2,388	116%
Net finance costs	**1,215**	315	900	286%
Net loss before income taxes	**(6,313)**	(9,842)	3,529	36%
Deferred income tax expense (recovery)	**342**	(1,330)	1,672	126%
Net loss, being comprehensive loss	**$ (6,655)**	$ (8,512)	$ 1,857	22%
Basic and diluted loss per share	**$ (0.10)**	$ (0.15)	$ 0.05	33%

- The Company's continued focus on its strategy to become Canada's leading online grocer by increasing its product offering and flexibility for members through same day delivery impacted positively the average basket size and order frequency which, combined with a larger subscriber base, resulted in increased revenues. The decrease in incentives and credits as a percentage of revenues from 19% to 12.4% due to an efficient marketing strategy and low level of quality issues also contributed to the increase in revenues.
- The increase in gross profit and gross margin primarily resulted from a decrease in incentives and credits as a percentage of revenues, lower unit costs for shipping and packaging explained by an increased density among the delivery zones, the expansion of our delivery capabilities and improved purchasing power with key suppliers. This was partially offset by additional expenses associated with a marketing promotion on grocery items as well as supplemental costs incurred directly related to the COVID-19 pandemic for additional production employees and other production costs such as personal protection equipment and sanitizers.
- The increase in selling, general and administrative expenses is primarily due to higher wages and salaries resulting from the expansion of the management team and related administrative functions needed to support the Company's growth and increase its product offering. However, selling, general and administrative expenses as a percentage of revenues decreased from 36.1% to 31.7%, primarily resulting from a controlled decrease in marketing spend as a percentage of revenues.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new facility lease agreements and related additions of leasehold improvements.
- The increase in net finance costs primarily related to interest expense resulting from a higher level of indebtedness in Fiscal 2021 due to the issuance of convertible debentures in February 2020, as well as higher lease obligations from the recognition of new facility lease agreements.
- The deferred income tax expense relates to the reversal of recognized deferred tax assets relating to tax losses recorded in the second quarter of Fiscal 2020 resulting from the conversion of convertible debentures into common shares in the second quarter of Fiscal 2021. At the issuance of the convertible debentures, an income tax recovery of $1.3 million was recorded. During the six-month period ended February 28, 2021, $0.3 million was reversed upon conversion of certain convertible debentures.
- The decrease in net loss is explained principally by higher revenues and gross profit, slightly offset by higher wages and salaries to support the growth of the business.

ADJUSTED EBITDA MARGIN [(1)]

The reconciliation of net loss to EBITDA [(1)], adjusted EBITDA [(1)] and adjusted EBITDA margin [(1)] is as follows:

(In thousands of Canadian dollars, except percentage information)

	Three-Month				Six-Month			
For the periods ended		**February 28, 2021**		February 29, 2020		**February 28, 2021**		February 29, 2020
Net loss	**$**	**(4,030)**	$	(3,360)	**$**	**(6,655)**	$	(8,512)
Net finance costs		**540**		218		**1,215**		315
Depreciation and amortization		**2,353**		1,066		**4,447**		2,059
Deferred income tax expense (recovery)		**129**		(1,330)		**342**		(1,330)
EBITDA [(1)]	**$**	**(1,008)**	$	(3,406)	**$**	**(651)**	$	(7,468)
Share-based payments		**1,404**		485		**2,401**		896
Restructuring costs		**139**		–		**139**		–
Adjusted EBITDA [(1)]	**$**	**535**	$	(2,921)	**$**	**1,889**	$	(6,572)
Revenues	**$**	**100,654**	$	58,790	**$**	**192,081**	$	115,081
Adjusted EBITDA margin [(1)] (%)		**0.5%**		(5.0%)		**1.0%**		(5.7%)

For the three and six-month periods ended February 28, 2021, adjusted EBITDA margin [(1)] improved by 5.5 percentage points and 6.7 percentage points, respectively, compared to the corresponding periods in 2020. For the three and six-month periods ended February 28, 2021, the increase in adjusted EBITDA margin [(1)] resulted in part from an improvement in gross margin, driven by a larger revenue base, a decrease in incentives and credits as a percentage of revenues as well as lower unit costs for shipping and packaging. In addition, the increase in our revenue base accelerated the operating leverage effect as selling, general and administrative expenses as a percentage of revenues decreased compared to the corresponding period in 2020 and is primarily explained by a controlled decrease of marketing spend as a percentage of revenues. The improvement in adjusted EBITDA margin [(1)] in the three and six-month periods ended February 28, 2021, was partially offset by additional expenses resulting from the launch of new product offerings, a marketing promotion on grocery items, and higher wages and salaries as the Company continues to grow its national footprint as well as additional costs incurred due to COVID-19.

LIQUIDITY AND CAPITAL RESOURCES

Net cash flows provided by operating activities increased by $9.3 million to $5.4 million for the second quarter ended February 28, 2021 compared to the same period last year, primarily due to favourable variance in change in non-cash operating working capital mainly explained by an increase in accounts payable and accrued liabilities and deferred revenues resulting from the timing of cash payments or receipts and partly offset by an increase in inventory resulting from the growth of the business, the opening of new facilities and the expansion of product offerings. The Company had a cash balance of $163.0 million as at February 28, 2021.

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.

Starting 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 subscriber growth, number of orders and average order values, which positively impacted revenue and continued in the first half of Fiscal 2021, with the second wave of the COVID-19 pandemic across Canada. The Company incurred direct COVID-19 incremental costs of approximately $0.7 million and $1.6 million for the three and six-month periods ended February 28, 2021, respectively, consisting of additional production costs and temporary agency premiums.

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

The Company continues to follow precautionary measures at its facilities in addition to its already rigorous food safety standards to safeguard the health and safety of its employees as well as ensuring the quality of its products to its customers.

FINANCIAL OUTLOOK

The online grocery industry is among the fastest growing industries in the world. As a result, Goodfood believes there are significant opportunities to rapidly grow its subscriber base and basket sizes by investing 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 delaying in part 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 subscriber base and data, 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, 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 and has resulted in different levels of restrictions by government authorities. As an essential service in Canada, Goodfood has been operating throughout the pandemic and implemented increased safety protocols at its facilities to ensure the safety of its employees. The Company experienced an acceleration of growth in demand. 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. The magnitude, duration, and severity of the COVID-19 pandemic are difficult to predict and could affect the significant estimates and judgements used in the preparation of the Company’s interim condensed consolidated financial statements.

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.

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 the MD&A for the second quarter ended February 28, 2021.

CONFERENCE CALL

Goodfood will hold a conference call to discuss these results on April 7, 2021, 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 3447425. This recording will be available on April 7, 2021 as of 11:00 AM Eastern Time until 11:59 PM Eastern Time on April 14, 2021.

A full version of the Company’s Management’s Discussion and Analysis (MD&A) and Consolidated Financial Statements for the second quarters ended February 28, 2021 and 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 second quarter ended February 28, 2021.

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

- EBITDA is defined as net income (loss) before net finance costs, depreciation and amortization and income taxes.
- Adjusted EBITDA is defined as EBITDA excluding share-based payments and restructuring costs.
- 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 vision is to be in every kitchen every day by enabling members to complete their grocery shopping and meal planning 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 infrastructure and technology that eliminate 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. As at February 28, 2021, Goodfood had 319,000 active subscribers [(1)].

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

For further information:

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

FORWARD-LOOKING INFORMATION

This press 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”, 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.