



For Immediate Distribution

Goodfood Reports Record Quarterly Revenues of \$108 Million

- Record third quarter revenues, reaching \$107.8 million, an increase of \$21.2 million, or 24% year-over-year
- Gross margin was 35.0%, an improvement of 6.2 percentage points and gross profit increased to \$37.7 million, an improvement of \$12.8 million or 51%
- Net loss was \$2.0 million, an increase of \$4.7 million compared to the same period last year
- Adjusted EBITDA margin ⁽¹⁾ was 1.6% for the three-month period ended May 31, 2021, a decrease of 5.3 percentage points year-over-year
- Significant progress on grocery strategy with lease of first automated fulfilment centre in Ottawa, launch of ~250 new products during the quarter and launch of new Goodfood mobile application with current rating 4.7 stars out of five

Montreal (Quebec), July 7, 2021

Goodfood Market Corp. ("Goodfood" or "the Company") (TSX: FOOD), a leading online grocery company in Canada, today announced record financial results for the third quarter ended May 31, 2021.

"Our impressive third quarter results reflected the benefits of our leading and differentiated ready-to-cook offering, growing grocery selection, and same-day fulfillment capabilities in key markets, driving larger basket sizes and higher order frequency from our increasingly loyal and engaged members," said Goodfood Chief Executive Officer, Jonathan Ferrari. "Our record third quarter revenues of \$108 million and record gross profit of \$38 million represent year-over-year growth of 24% and 51%, respectively, excellent results in the context of last year's COVID-19 positively impacted quarter. As previously communicated, our Adjusted EBITDA continues to be impacted by our on-going investments in people, processes and technology as we build out Canada's leading on-demand grocery delivery network. I am pleased with the progress we continue to make as evidenced by the expansion to 970 grocery products, the launch of the new Goodfood mobile application, and the recent announcement of our first local fulfillment center in Ottawa, which will allow us to offer same-day delivery in a third major Canadian market," added Mr. Ferrari.

"Our continued last-mile delivery optimization and improved operational effectiveness leading to lower credits and incentives, coupled with our growing scale and additional investments in automation led to a record gross margin of 35%," said Goodfood President and Chief Operating Officer, Neil Cuggy. "Our strong operational performance is providing the Company an opportunity to reinvest operational efficiencies into additional initiatives to attract and retain customers through continued enhancement to our customer value proposition. With the growth of the online grocery market continuing to accelerate, we will deploy capital at an accelerating pace to enhance our operations across the country, and remain focused on building the optimal footprint of centralized production facilities and local fulfillment centres to enable faster delivery times and greater product choice to Canadian households from coast to coast," 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 MAY 31, 2021, AND 2020

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

For the three-month periods ended	May 31, 2021	May 31, 2020	(\$)	(%)
Revenues	\$ 107,795	\$ 86,600	\$ 21,195	24%
Cost of goods sold	70,063	61,690	8,373	14%
Gross profit	\$ 37,732	\$ 24,910	\$ 12,822	51%
<i>Gross margin</i>	35.0%	28.8%	N/A	6.2 pp
Selling, general and administrative expenses	\$ 36,875	\$ 19,486	\$ 17,389	89%
Depreciation and amortization	2,379	1,484	895	60%
Net finance costs	431	1,154	(723)	(63%)
Net (loss) income before income taxes	(1,953)	2,786	(4,739)	N/A
Deferred income tax expense (recovery)	61	–	61	N/A
Net (loss) income, being comprehensive (loss) income	\$ (2,014)	\$ 2,786	\$ (4,800)	N/A
Basic and diluted net (loss) earnings per share	\$ (0.03)	\$ 0.05	\$ (0.08)	N/A

- Revenues continued to be favourably impacted by our strategy to expand product offering and same-day delivery which in turn drive higher average basket sizes and order frequency. The decrease in incentives and credits as a percentage of revenues from 15.3% to 9.6% also contributed to the increase in revenues.
- Gross profit and gross margin increased compared to the same period last year due primarily to an increase in average order value driving fixed cost leverage in a quarter marked by lower packaging costs, a decrease in current incentives and credits levels as a percentage of revenues, as well as lower unit costs for shipping and other production costs driven by the ramp up of our internal last-mile delivery capabilities and grocery operations.
- The increase in selling, general and administrative expenses is primarily due to higher marketing spend, higher wages, salaries and technology spend as the Company continues to grow and expand its operations and product offering across Canada, as well as the non-recurrence of the temporary decline in marketing activities as a result of the uncertainty created by the onset of the COVID-19 pandemic in the third quarter of 2020.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new or amended facility lease agreements and related additions of leasehold improvements.
- The decrease in net finance costs is mainly due to a lower balance of convertible debentures as a result of conversion of convertible debentures since they were issued in the second quarter of Fiscal 2020, as well as an increase in the interest income due to a higher balance of cash and cash equivalents.

NINE-MONTH PERIODS ENDED MAY 31, 2021, AND 2020

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

For the nine-month periods ended	May 31, 2021	May 31, 2020	(\$)	(%)
Revenues	\$ 299,876	\$ 201,681	\$ 98,195	49%
Cost of goods sold	201,935	142,736	59,199	41%
Gross profit	\$ 97,941	\$ 58,945	\$ 38,996	66%
Gross margin	32.7%	29.2%	N/A	3.5 pp
Selling, general and administrative expenses	\$ 97,735	\$ 60,989	\$ 36,746	60%
Depreciation and amortization	6,826	3,543	3,283	93%
Net finance costs	1,646	1,469	177	12%
Net loss before income taxes	(8,266)	(7,056)	(1,210)	17%
Deferred income tax expense (recovery)	403	(1,330)	1,733	N/A
Net loss, being comprehensive loss	\$ (8,669)	\$ (5,726)	\$ (2,943)	51%
Basic and diluted loss per share	\$ (0.12)	\$ (0.10)	\$ (0.02)	20%

- 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 17.4% to 11.4%, due to an efficient marketing strategy and improved operational effectiveness also substantially 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 as well as larger basket sizes and lower production and fulfillment unit costs. The decrease in the unit shipping costs is the result of an increased density among the delivery zones as well as the expansion of our internal last-mile delivery capabilities.
- 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 on-going growth and the increase of its product offering.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new facility lease agreements and lease modification agreements as well as related additions of leasehold improvements.
- The increase in net finance costs primarily related to interest expense resulting from higher lease obligations from the recognition of new and amended facility lease agreements, as well as a higher balance of the credit facility in Fiscal 2021 compared to the corresponding period in Fiscal 2020.

EBITDA ⁽¹⁾, ADJUSTED EBITDA ⁽¹⁾ AND 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)

For the periods ended	Three-Month		Nine-Month	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Net (loss) income	\$ (2,014)	\$ 2,786	\$ (8,669)	\$ (5,726)
Net finance costs	431	1,154	1,646	1,469
Depreciation and amortization	2,379	1,484	6,826	3,543
Deferred income tax expense (recovery)	61	–	403	(1,330)
EBITDA ⁽¹⁾	\$ 857	\$ 5,424	\$ 206	\$ (2,044)
Share-based payments	869	560	3,270	1,456
Restructuring costs	–	–	139	–
Adjusted EBITDA ⁽¹⁾	\$ 1,726	\$ 5,984	\$ 3,615	\$ (588)
Revenues	\$ 107,795	\$ 86,600	\$ 299,876	\$ 201,681
Adjusted EBITDA margin (%) ⁽¹⁾	1.6%	6.9%	1.2%	(0.3%)

For the three-month period ended May 31, 2021, adjusted EBITDA margin ⁽¹⁾ decreased 5.3 percentage points compared to the corresponding period in 2020. The decrease in the adjusted EBITDA margin ⁽¹⁾ resulted primarily from higher selling, general and administrative expenses due to an increase in the marketing spend as well as in wages and salaries as the Company continues to grow and expand its operations and product offering across Canada. In the third quarter of Fiscal 2020, at the onset of the pandemic, the marketing spend was reduced to match the production and fulfilment capacity of the Company at that time of sudden high demand.

For the nine-month period ended May 31, 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. The improvement in adjusted EBITDA margin ⁽¹⁾ in the nine-month period ended May 31, 2021, was partially offset by 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

The Company's objective in managing its capital structure is to ensure sufficient liquidity to finance its operations and growth and to deliver competitive returns on invested capital. To fund its activities, the Company has relied on public and private placements of equity securities, convertible debentures, cash flows provided by operating activities and short-term or long-term debt, which are included in the Company's definition of capital. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital structure. The Company is currently in a net cash position of \$128 million.

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 three quarters of Fiscal 2021, with the second wave of the COVID-19 pandemic across Canada. The Company incurred direct COVID-19 incremental costs of approximately \$0.2 million and \$1.8 million for the three and nine-month periods ended May 31, 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.

At the onset of the pandemic, precautionary measures were implemented at all of the Company's facilities across Canada in addition to its already rigorous food safety standards. These measures include, but are 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, 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 a team to ensure the health screening for employees and reinforce social distancing measures inside and outside of all facilities; and
- Temporary suspension of its Box Pick-up and Reusable Box Program to eliminate the risk of cross-contamination in its facilities.

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 in part involves delaying short-term profitability through the investment of capital, in people, processes and technology with the goal of generating long-term shareholder value creation through ultimately leveraging its cost structure to achieve long-term margin and profitability goals. Growing Goodfood's market share, scale and product offering will allow the Company to deliver greater value to its customers while attaining attractive returns on invested capital. As the Company continues to grow, 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 as well as the impact of the vaccine rollout 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.

TRENDS AND SEASONALITY

Revenues and expenses are impacted by seasonality. During the holiday and summer seasons, the Company anticipates revenues to be lower as a higher proportion of active subscribers ⁽¹⁾ elect to reduce their delivery frequencies. The Company anticipates the growth rate of active subscribers ⁽¹⁾ to be lower during these periods. While this is typically the case, the COVID-19 pandemic as well as the impact of the vaccine rollout and changing government restrictions have had, and may continue to have, an impact on this trend. While seasonality in the fourth quarter of Fiscal 2020 was smaller than usual due to the pandemic, in light of the COVID-19 vaccine rollout, normalized seasonality trends are expected to return. During periods with warmer weather, the Company anticipates packaging costs to be higher due to the additional packaging required to maintain food freshness and quality. The Company also anticipates food costs to be positively affected due to improved availability during periods with warmer weather.

CONFERENCE CALL

Goodfood will hold a conference call to discuss these results on July 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 9946327. This recording will be available on July 7, 2021 as of 11:00 AM Eastern Time until 11:59 PM Eastern Time on July 14, 2021.

A full version of the Company's Management's Discussion and Analysis (MD&A) and Consolidated Financial Statements for the third quarters ended May 31, 2021 and May 31, 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 third quarter ended May 31, 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.

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

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 customers from across Canada to enjoy delicious meals at home every day. Goodfood's vision is to be in every kitchen every day by enabling users to complete their grocery shopping and meal planning in minutes. Goodfood clients have access to a unique selection of online products as well as exclusive pricing made possible by its 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 May 31, 2021, Goodfood had 317,000 active subscribers ⁽¹⁾. www.makegoodfood.ca

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

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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 on 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: limited operating history, negative operating cash flow, food industry , COVID-19 pandemic as well as the impact of the vaccine rollout, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood's reputation, transportation disruptions, storage and delivery of perishable foods, product liability, unionization activities, consolidation trends, ownership and protection of intellectual property, evolving industry, 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 duration and severity of the COVID-19 pandemic as well as the impact of the vaccine rollout 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.