



Goodfood Accelerates the Scaling of its Micro-Fulfilment Network Plan to Further Fuel the Growth of its On-Demand Grocery and Meal-Solutions Strategy with a \$30 Million Bought Deal Offering of Convertible Unsecured Debentures

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Goodfood Market Corp. ("Goodfood" or the "Company") (TSX: FOOD), a leading online grocery company in Canada, is pleased to announce that it has entered into an agreement with Desjardins Capital Markets and National Bank Financial Inc., as co-lead underwriters and joint bookrunners, together with a syndicate of underwriters (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale, on a bought deal basis, \$30,000,000 aggregate principal amount of convertible unsecured debentures of the Company (the "Debentures") at a price of \$1,000 per Debenture (the "Offering"). The Debentures will have a coupon of 5.75% per annum, and a conversion price of \$4.60 per Goodfood common share (a "Common Share"). The Company has granted the Underwriters an over-allotment option to purchase up to an additional \$4,500,000 aggregate principal amount of Debentures on the same terms, exercisable in whole or in part at any time up to the 30th day following the closing of the Offering.

The net proceeds from the Offering will be used to accelerate the scaling of Goodfood's on-demand grocery and meal solutions network, through the signing of multiple incremental new micro-fulfillment centers leases, fund their required capital expenditures as well as their initial start-up and expenses, and for general corporate purposes.

"We are thrilled to bring forward on-demand micro fulfilment centers roll-out through the opening of a total of 20-plus facilities by the end of calendar 2022 initially planned for Fiscal 2023. The significant acceleration of our on-demand strategy will enable Goodfood to gain outsized market share of the rapidly growing online grocery market, accelerating our growth profile. This faster roll out will also serve to accelerate our positive margin improvement trajectory as we build density and economies of scale in our operating and marketing investments," said Jonathan Ferrari, Chief Executive Officer of Goodfood. "Over the past 18 months, we have consistently focused on increasing Goodfood's delivery speed and product selection to increase our shoppers' flexibility, while consistently elevating our customers' value proposition to meaningfully drive further online grocery penetration in Canada's \$140-billion grocery market," concluded Mr. Ferrari.

The Debentures will mature and be repayable on March 31, 2027 (the "Maturity Date") and will accrue interest at the rate of 5.75% per annum, payable semi-annually in arrears on March 31 and September 30 of each year (each an "Interest Payment Date"), with the first such payment to be made on September 30, 2022. The Company will have the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due on the Maturity Date upon at least 40 days and not more than 60 days prior notice, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures by 95% of the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

At the holder's option, the Debentures will be convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the Maturity Date, or (ii) if called for redemption, the date fixed for redemption by the Company, at a conversion price of \$4.60 per Common Share, subject to adjustment in certain events (the "Conversion Price"). This represents a conversion rate of approximately 217.3913 Common Shares for each \$1,000 principal amount of Debentures, subject to the operation of certain anti-dilution provisions expected to be contained in the indenture under which the Debentures are issued. Holders who convert their Debentures will receive accrued and unpaid interest for the period from the date of the last Interest Payment Date prior to the date of conversion to the date of conversion. In addition to the foregoing, in the event of a change of control of the Company, subject to certain terms and conditions, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures.

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

The Debentures will not be redeemable by the Company prior to March 31, 2025. On or after March 31, 2025 and prior to March 31, 2026, the Debentures will be redeemable by the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days prior to the date on which notice of redemption is provided is not less than 125% of the Conversion Price. On or after March 31, 2026 and prior to the Maturity Date, the Debentures will be redeemable by the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any. Subject to certain conditions, the Company will have the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of redemption.

The Debentures will be offered in all of the provinces of Canada, by way of short form prospectus and in certain other jurisdictions as may be agreed by the Underwriters and the Company. The Offering is expected to close on or about February 11, 2022 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals and consents, including the approval of the TSX.

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

ABOUT GOODFOOD

Goodfood (TSX: FOOD) is a leading online grocery company in Canada, delivering fresh meal solutions and grocery items that make it easy for 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 customers to complete their grocery shopping and meal planning in minutes and to receive their order in as little as 30 minutes. Goodfood customers have access to a unique selection of online products as well as exclusive pricing made possible by its direct-to-consumer infrastructures 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 additional production facilities located in the provinces of Québec, Ontario, Alberta, and British Columbia.

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, assumptions, estimates and intentions, including, without limitation, statements concerning the anticipated terms of, use of net proceeds from and closing date of, the Offering. 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 trends, current condition and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in, or implied by, such forward-looking information. These risks and uncertainties include, but are not limited to, the risks related to the Offering, including the risks related to the receipt of all regulatory approvals, and the following risk factors which are discussed in greater detail under "Risk Factors" in the Company's Annual Information Form for the year ended August 31, 2021 available on SEDAR at www.sedar.com: 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, failure to attract or retain key employees which may impact the Company's ability to effectively operate and meet its financial goals, factors which may prevent realization of growth targets, inability to effectively react to changing consumer trends, competition, availability and quality of raw materials, environmental and employee health and safety regulations, the inability of the Company's IT infrastructure to support the requirements of the Company's business, online security breaches, disruptions and denial of service attacks, 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. This is not an exhaustive list of risks

that may affect the Company's forward-looking statements. Other risks not presently known to the Company or that the Company believes are not significant could also cause actual results to differ materially from those expressed in its forward-looking statements. 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.

FURTHER INFORMATION:

Investors

Jonathan Roiter

Chief Financial Officer

Phone: (855) 515-5191

Email: ir@makegoodfood.ca

Media

Roslane Aouameur

Vice President, Corporate Development

Phone: (855) 515-5191

Email: media@makegoodfood.ca