



For Immediate Distribution

Goodfood Reports First Quarter of 2025 Results with Net sales of \$35 million, Gross Profit of \$14 million and Adjusted EBITDA¹ of \$2 million

- *Net sales were \$35 million in the first quarter of 2025, with gross margin² reaching 39.6% for a gross profit of \$14 million*
- *Net loss of \$2 million, adjusted EBITDA margin¹ of 4.7% and adjusted EBITDA¹ of \$2 million for the quarter*
- *Cash flows provided by operating activities of \$2 million and adjusted free cash flow¹ of \$2 million for the first quarter of 2025*
- *Healthy cash balance of \$21 million after cash deployed for the acquisition of Genuine Tea and repayment of the term loan in full, with total net debt to adjusted EBITDA¹ at 2.64*

Montreal (Quebec), January 21, 2025

Goodfood Market Corp. (“**Goodfood**”, “the **Company**”, “**us**”, “**we**” or “**our**”) (TSX: FOOD), a leading Canadian online meal solutions company, today announced financial results for the first quarter of Fiscal 2025, ended December 7, 2024.

“We are pleased to continue delivering positive adjusted EBITDA¹ and adjusted free cash flow¹ for another quarter, as we navigate the challenging consumer demand environment in Canada. Our focus on operational efficiencies, disciplined cost management, and product innovation has allowed us to maintain adjusted EBITDA¹ profitability for an eighth consecutive quarter, overcoming a weak economic environment. We have now also achieved positive adjusted free cash flow¹ five out of the last eight quarters, a testament to our team’s relentless commitment to executing our strategic priorities and delivering long-term value to our customers and shareholders. We remain confident that our approach to enhancing the customer experience, optimizing unit economics, and focusing on high-quality meal solutions will position us well for future growth,” said Jonathan Ferrari, Chief Executive Officer of Goodfood.

“Late this quarter, we also completed the acquisition of Genuine Tea, marking an important milestone in our evolution as we look to diversify our offerings and build a portfolio of next-generation brands that resonate with Canadians. Combined with our ongoing investment in digital capabilities and product enhancements to drive improvements in customer acquisition and retention, we enter 2025 focused on achieving sustainable cash flow generation and growth,” concluded Mr. Ferrari.

¹ Please refer to the “Metrics and Non-IFRS Financial Measures” section of this news release for corresponding definitions.

² Gross margin is defined as gross profit divided by net sales.

RESULTS OF OPERATIONS – FIRST QUARTER OF FISCAL 2025 AND 2024

The following table sets forth the components of the Company's interim condensed consolidated statement of loss and comprehensive loss:

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

For the 13 weeks periods ended	December 7, 2024		December 2, 2023		(\$)	(%)
Net sales	\$	34,662	\$	40,459	\$ (5,797)	(14)%
Cost of goods sold		20,941		24,530	(3,589)	(15)%
Gross profit	\$	13,721	\$	15,929	\$ (2,208)	(14)%
Gross margin		39.6%		39.4%	N/A	0.2 p.p.
Selling, general and administrative expenses		12,396		14,488	(2,092)	(14)%
Depreciation and amortization		1,581		1,955	(374)	(19)%
Reorganization and other related costs		–		3	(3)	(100)%
Net finance costs		1,431		1,456	(25)	(2)%
Net loss, being comprehensive loss	\$	(1,687)	\$	(1,973)	\$ 286	(14)%
Basic and diluted loss per share	\$	(0.02)	\$	(0.03)	\$ 0.01	(33)%

VARIANCE ANALYSIS FOR THE FIRST QUARTER OF 2025 COMPARED TO FIRST QUARTER OF 2024

- The decrease in net sales is driven by the decrease in active customer driving lower orders as well as an increase in credits and incentives compared to the same quarter last year. This decrease was partially offset by an increase in average order value.
- The decrease in gross profit is driven mainly by a decrease in net sales as well as an increase in credits and incentives compared to the same quarter last year. This decrease was partially offset by lower food, labour and shipping costs. Gross margin increased slightly by 0.2 percentage points due to cost of good sold efficiencies.
- The decrease in selling, general and administrative expenses is primarily due to lower marketing spend and wages and salaries. Selling, general and administrative expenses as a result of percentage of net sales remained stable at 35.8% compared to same quarter last year.
- The slight improvement in net loss is mainly the result of lower selling, general and administrative expenses as well as operational efficiencies reducing production and shipping costs. This improvement was mostly offset by a lower net sales base.

METRICS AND NON-IFRS FINANCIAL MEASURES—RECONCILIATION

EBITDA¹, ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN¹

The reconciliation of net loss to EBITDA, adjusted EBITDA and adjusted EBITDA margin is as follows:

(In thousands of Canadian dollars, except percentage information)

	For the 13 weeks ended	
	December 7, 2024	December 2, 2023
Net loss	\$ (1,687)	\$ (1,973)
Net finance costs	1,431	1,456
Depreciation and amortization	1,581	1,955
EBITDA	\$ 1,325	\$ 1,438
Share-based payments expense	219	13
Reorganization and other related costs	—	3
Acquisition costs	99	—
Adjusted EBITDA	\$ 1,643	\$ 1,454
Net sales	\$ 34,662	\$ 40,459
Adjusted EBITDA margin (%)	4.7%	3.6%

For the 13 weeks ended December 7, 2024, adjusted EBITDA margin increased by 1.1% compared to the same quarter last year mainly driven by lower selling, general and administrative expenses as a result of lower marketing spend. Overall, adjusted EBITDA increased by \$0.2 million this quarter compared to the same quarter last year.

FREE CASH FLOW¹ AND ADJUSTED FREE CASH FLOW¹

The reconciliation of net cash flows from operating activities to free cash flow and adjusted free cash flow is as follows:

(In thousands of Canadian dollars)

	For the 13 weeks ended	
	December 7, 2024	December 2, 2023
Net cash provided by operating activities	\$ 2,189	\$ 3,837
Additions to fixed assets	(188)	(32)
Additions to intangible assets	(174)	(128)
Free cash flow	\$ 1,827	\$ 3,677
Payments made to reorganization and other related costs	—	330
Payments made to acquisition costs	27	—
Adjusted free cash flow	\$ 1,854	\$ 4,007

For the 13 weeks ended December 7, 2024, adjusted free cash flow decreased by \$2.2 million compared to the same period last year mainly driven by unfavorable changes in non-cash operating working capital as a result of an unfavorable change in accounts payables and accrued liabilities due to higher vendor payments as well as accounts and other receivables due to timing of tax related refunds. In addition, in the first quarter of Fiscal 2025, the Company invested more in capital expenditures driven by mandated fire compliance work in the Montreal warehouse.

¹ Please refer to the “Metrics and Non-IFRS Financial Measures” section of this news release for corresponding definitions.

TOTAL NET DEBT TO ADJUSTED EBITDA¹

(In thousands of Canadian dollars, except ratio information)

	December 7, 2024	December 2, 2023
Debt	\$ –	\$ 2,075
Convertible debentures, liability component, including current portion	45,683	42,597
Total debt	45,683	44,672
Cash and cash equivalents	21,263	24,862
Total net debt	24,420	19,810
Adjusted EBITDA (last four quarters) ¹	9,252	8,452
Total net debt to adjusted EBITDA ¹	2.64	2.34

The Company's total net debt increased by \$4.6 million and its total net debt to adjusted EBITDA ratio was of 2.64 compared to 2.34 last year. This is mainly explained by the Company's reduction in cash and cash equivalents driven by the repayment of the term loan in full, the Genuine Tea acquisition as well as the result of the increase in net present value of the convertible debentures as we approach maturity, partially offset by stronger four quarters results.

FINANCIAL OUTLOOK

Goodfood's core purpose is to create experiences that spark joy and help our community live longer on a healthier planet. As a food brand with a strong following from Canadians coast to coast, we are focused on growing the Goodfood brand through our meal solutions including meal kits and prepared meals, with a range of exciting Goodfood branded add-ons to complete a unique food experience for customers.

We believe there is runway for additional penetration of meal kits into Canadian households, as evidenced by 2024 industry research estimating Canadian meal kit household penetration to reach 4.2% by 2029 (up from current 3.5%), implying a compound annual gross rate (CAGR) in the high single digit percentage points through 2029 (See Goodfood's 2024 Annual Information Form for additional information and details).

Before scaling our efforts to capture an outsized share of the Canadian meal solutions market, our focus continues to be on further growing cash flows. We are pleased to have now reported eight consecutive quarters of positive adjusted EBITDA¹, which on a last four quarters basis amounts to \$9.3 million. The consistent adjusted EBITDA¹ generated has led to significant adjusted free cash flow¹ improvement which has now been positive in five of our last eight quarters. These results help position Goodfood to fund its growth with internally generated cash flows.

To grow our customer base, we first aimed to build customer acquisition cost efficiencies. We have also made and continue to make investments in our digital product to elevate the customer experience by reducing friction and enhancing ease of use. Combined with reactivations of previous Goodfood members, these initiatives have driven a double-digit percentage reduction of our customer acquisition costs year-over-year and improved the profitability and unit economics of customers.

To capture more of Canadian's food wallet, we have increasingly enhanced product variety as a driver of order frequency. We have increased the diversity of our recipe and ingredient offering to provide additional choices to enhance order rate. With a focus on *Better-for-You* products like organic chicken breasts, organic lean ground beef, wild-caught cod, bison, sustainably raised steelhead trout, ground turkey and paleo and keto meals,

¹ Please refer to the "Metrics and Non-IFRS Financial Measures" section of this news release for corresponding definitions.

combined with exciting partnerships with first-rate restaurants and chefs, we plan on offering a growing and mouth-watering selection to customers to drive consistently increasing order frequency. Also, to capture customers increasingly looking for value, we have launched a new Value plan, starting at \$9.99 a portion and we are testing various plan adjustments to attract a broader set of customers to our delicious meals.

As a result, the dollar-value of the baskets our customers are building is also increasing compared to last year and we are building a differentiated set of meal kits, ready-to-eat meals and grocery add-ons to provide Canadians with an exciting online meal solutions option and increasingly capture a larger share of their food wallet. In addition, we have provided and continue to provide more choice of proteins to our customers, with the launch of upsells and customization within our meal-kit recipes allowing customers to swap or double the proteins included in their chosen recipes. With these initiatives, we aim to provide customers with an array of options to easily make their meals better and their baskets bigger.

We are also continuously looking to enhance our sustainability initiatives by prioritizing planet-friendly options. Not only do we offer perfectly portioned ingredients to reduce food waste, we also constantly look to simplify our supply chain by removing middlemen from farm to kitchen table. This year, we are also aiming to offset carbon emissions on deliveries and introducing packaging innovations that have helped us to remove the equivalent of 2.4 million plastic bags annually from our deliveries. Our goal is clear, build a business that helps our customers live healthier lives on a healthier planet. (See Goodfood's 2024 Annual Information Form for additional information and details on Goodfood's partnership with Carbonzero and its Fiscal 2023 Greenhouse Gas Emissions Inventory).

In addition to focusing on these key pillars of top-line growth, we are increasingly considering various other growth avenues, including acquisitions. In November of 2024, we announced our first acquisition, Genuine Tea. Genuine Tea is a leading third-wave craft tea Company with an attractive growth and margin profile. This acquisition is the first step in building our platform of next-generation brands.

Our strategic execution to drive profitability and cash flows continues to position us for growth and profitability, underpinned by consistent improvement in adjusted EBITDA¹ and cash flows. Coupled with our unrelenting focus on nurturing our customer relationships, profitable growth remains our top priority. The Goodfood team is fully focused on building and growing Canada's most loved portfolio of next-generation millennial brands.

TRENDS AND SEASONALITY

The Company's net sales and expenses are impacted by seasonality. During the winter holiday season and the summer season, the Company anticipates net sales to be lower as a higher proportion of customers elect to skip their delivery. The Company generally anticipates the number of active customers to be lower during these periods. During periods with significantly colder or warmer weather, the Company anticipates packaging costs to be higher due to the additional packaging required to maintain food freshness and quality.

¹ Please refer to the "Metrics and Non-IFRS Financial Measures" section of this news release for corresponding definitions.

CONFERENCE CALL

Goodfood will hold a conference call to discuss these results on January 21, 2025 at 8:00AM Eastern Time. Interested parties can join the call by dialing 1 800 717 1738, (Toronto or overseas) or 1 514 400 3792, elsewhere in North America). To access the webcast and view the presentation, click on this link: <https://www2.makegoodfood.ca/en/investisseurs/evenements>

Parties unable to call in at this time may access a recording by calling 1 888 660 6264 and entering the playback passcode 84605#. This recording will be available until January 28, 2025.

A full version of the Company's Management's Discussion and Analysis (MD&A) and Consolidated Financial Statements for the 13 weeks ended December 7, 2024, will be posted on the Company's SEDAR+ profile, accessible at <http://www.sedarplus.ca> later today.

METRICS AND NON-IFRS FINANCIAL MEASURES

Certain metrics and non-IFRS financial measures included in this news release do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. They are provided as additional information to complement IFRS measures and to provide a further understanding of the Company's results of operations from our perspective. 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 13 weeks ended December 7, 2024.

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

- An active customer is a customer that has placed an order within the last three months. For greater certainty, an active customer is only accounted for once, although different products and multiple orders might have been purchased within a quarter. While the active customers metric 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 the active customers metric is a useful metric for investors because it is indicative of potential future net sales. The Company reports the number of active customers at the beginning and end of the period, rounded to the nearest thousand.
- EBITDA is defined as net income or loss before net finance costs, depreciation and amortization and income taxes. Adjusted EBITDA is defined as EBITDA excluding share-based payments expense, the impact of the inventories write-downs due to the discontinuance of products related to Goodfood On-Demand offering, impairment and reversal of impairment of non-financial assets and reorganization and other related (gains) costs pursuant to the Company's costs saving initiatives as well as acquisition costs. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to net sales. EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-IFRS financial measures. We believe that EBITDA, adjusted EBITDA, and adjusted EBITDA margin are useful measures of financial performance to assess the Company's ability to seize growth opportunities in a cost-effective manner, to finance its ongoing operations and to service its debt. They also allow comparisons between companies with different capital structures. We also believe that these metrics are useful measures of financial performance to assess underlying trends in our ongoing operations without the variations caused by the impacts of the items described above and facilitates the comparison across reporting periods.
- Free cash flow is defined as net cash used in or provided by operating activities less additions to fixed assets and additions to intangible assets. This measure allows the Company to assess its financial strength and liquidity as well as to assess how much cash is generated and available to invest in growth opportunities, to finance its ongoing operations and to service its debt. It also allows comparisons between companies with different capital structures. Adjusted free cash flow is defined as free cash

flow excluding cash payments made to costs related to reorganization activities as well as acquisition costs. We believe that adjusted free cash flow is a useful measure when comparing between companies with different capital structures by removing variations caused by the impacts of the items described above. We also believe that this metric is a useful measure of financial and liquidity performance to assess underlying trends in our ongoing operations without the variations caused by the impacts of the items described above and facilitates the comparison across reporting periods.

- Total net debt to adjusted EBITDA (also named net leverage) is calculated as total net debt divided by the last four quarters adjusted EBITDA. Total net debt consists of debt and the liability component of the convertible debentures less cash and cash equivalents. The last four quarters adjusted EBITDA is calculated by summing the actual adjusted EBITDA results of the current quarter and the three immediately preceding quarters. We believe that total net debt to adjusted EBITDA is a useful metric to assess the Company's ability to manage debt and liquidity.
- Please refer to the "Metrics and non-IFRS financial measures – reconciliation" and the "Liquidity and capital resources" sections of the MD&A for a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measures.

ABOUT GOODFOOD

Goodfood (TSX: FOOD) is a leading digitally native meal solutions brand in Canada, delivering fresh meals and add-ons that make it easy for customers from across Canada to enjoy delicious meals at home every day. The Goodfood team is building Canada's most loved millennial food brand, with the mission to create experiences that spark joy and help our community live longer on a healthier planet. Goodfood customers have access to uniquely fresh and delicious products, as well as exclusive pricing, made possible by its world-class culinary team and direct-to-consumer infrastructures and technology. Goodfood is passionate about connecting its partner farms and suppliers to its customers' kitchens while eliminating food waste and costly retail overhead. The Company's administrative offices are based in Montreal, Quebec, with production facilities located in the provinces of Quebec and Alberta.

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

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FORWARD-LOOKING INFORMATION

This news 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 in the "Financial Outlook" section of the MD&A. 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 following risk factors which are discussed in greater detail under “Risk Factors” in the Company’s Annual Information Form for the 53 weeks ended September 7, 2024 available on SEDAR+ at www.sedarplus.ca and under the “Events and Presentations” section of our website at www.makegoodfood.ca/en/investors: history of negative operating cash flow, food industry including current industry inflation levels, indebtedness and impact upon financial condition, future capital requirements, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood’s reputation, social media, 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, fulfillment centres and logistics channels, factors which may prevent realization of growth targets, general economic conditions and disposable income levels, competition, availability and quality of raw materials, environmental and employee health and safety regulations online security breaches and disruptions, reliance on data centers, open source license compliance, operating risk and insurance coverage, management of growth, limited number and scope of products, conflicts of interest, litigation, food costs and availabilities, catastrophic events, risks associated with payments from customers and third parties, being accused of infringing intellectual property rights of others, climate change and environmental risks, failing to obtain or lose our certified B Corp status, as well as an inability to maintain high social responsibility standards could lead to reputational damage and adversely affect our business and Environment, Social and Governance (“**ESG**”) matters. 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, as well as customer demand.

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.