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Goodfood Reports Second Quarter 2022 Results with Continued Positive Progress Across its Key Value-Creating Drivers and Adds John Khabbaz to its Board of Directors

- Net Sales of \$73.4 million compared to \$77.8 million in the first quarter of Fiscal 2022 and \$100.7 million in the second quarter of Fiscal 2021
- Gross margin of 24.0%, stable compared to the first quarter of Fiscal 2022 gross margin of 24.0% and lower than second quarter of Fiscal 2021 gross margin of 30.4%
- Net loss of \$20.6 million, lower than first quarter of Fiscal 2022 net loss of \$21.6 million and higher than second quarter of Fiscal 2021 net loss of \$4.3 million
- Positive progress across three key value-creating drivers
 - Grow on-demand Active Customers ⁽¹⁾: reaching 27,000 households on-demand Active Customer ⁽¹⁾ base at the end of the second quarter of 2022, a 108% increase since the first quarter of Fiscal 2022
 - Expand micro-fulfillment centre (MFC) footprint: now operating 6 MFCs in the dense urban areas of Toronto, Montreal and Ottawa
 - Sequentially improving quarterly profitability indicators: \$1 million Adjusted EBITDA ⁽¹⁾ improvement and \$5 million reduction in net cash used in operating activities versus the first quarter of 2022
- On-demand platform now open to customers in Toronto and Montreal without a subscription
- John Khabbaz, Managing Partner of Phoenician Capital, Goodfood's largest institutional shareholder, joins Goodfood's Board of Directors, replacing Hamnett Hill

Montreal (Quebec), April 14, 2022

Goodfood Market Corp. ("Goodfood" or "the Company") (TSX: FOOD), a leading Canadian online grocery company, delivering fresh meal solutions and grocery items, today announced financial results for the second quarter of Fiscal 2022, ended March 5, 2022.

"I am pleased with the quarterly progress we are making across our three key value-creating drivers. Beginning with our focus to improve profitability and cash flow, we have made continued improvements in our cost structure and working capital management, leading to cash flow used in operating activities of \$13.7 million, a significant improvement over the \$18.9 million and \$23.7 million used in the first quarter of Fiscal 2022 and last quarter of Fiscal 2021, respectively. From an operational perspective, we successfully implemented a series of efficiency initiatives that offset inflationary pressures and other macroeconomic headwinds to come inline from a gross margin perspective when compared to the first quarter of 2022. During the quarter, we also continued to sequentially reduce our fixed cost structure, having now fully realized the previously announced \$12 million in annualized savings from headcount reduction," said Jonathan Ferrari, Chief Executive Officer of Goodfood.

"Growing our on-demand customer base is our second value creating driver as it will be the driving force of our planned return to top-line net sales growth. Only Goodfood, through our vertically integrated on-demand grocery and meal solutions network, allows Canadians to fulfill their meal planning needs in minutes with no mark-up to in-store prices. We are thrilled to have grown our on-demand Active Customer ⁽¹⁾ base to over 27,000 households in Toronto and Montreal, clearly demonstrating Canadians' appetite for a fast delivery of our unique selection of products, and we are excited by the opportunity the recent opening of our digital store to non-subscriber creates. The exciting adoption rates we are seeing led, in a seasonally impacted quarter, to second quarter Net Sales essentially inline with those of the first quarter 2022 adjusted for its additional four days."

(1) See the non-IFRS financial measures and Active Customer and Subscriber sections at the end of this press release.

“Turning to our other value creating driver, on the back of the rapid growth of our on-demand customer base, we have launched 3 new micro fulfillment centres to serve new and existing customers better. Our total of now 6 on-demand facilities enable us to serve population-dense areas of Toronto, Montreal and now Ottawa, where our first automated facility opened in March,” added Mr. Ferrari.

“As we continue to execute on our three key value-creating drivers, we are giving particular focus to improving our profitability, and began implementing during the third quarter a further \$10 to \$12 million in headcount reductions as well as other measures to streamline operations. With the improved cost structure, we believe the \$106 million of cash on hand and revolver availability provide the Company with the financial flexibility required to return to top-line growth and positive Adjusted EBITDA ⁽¹⁾.”

“Lastly, we are also excited to welcome John Khabbaz to our Board of Directors, replacing Hamnett Hill who will continue to be an important shareholder of the Company. I would first like to thank Hamnett for his incredible support in helping build Goodfood over the years. I would also like to welcome John to our Board. His continued support in recent months and strong business acumen will help guide Goodfood in the exciting initiatives it is building,” concluded Mr. Ferrari.

“I am grateful to have served as a Director and advisor to Goodfood over the past seven years. Our plan has always been to build a national grocery brand and delivery infrastructure by initially winning the subscription meal-kit market, once Canadians began to order groceries online. The acceleration of that shift in buying behavior brought about by COVID, combined with the incredible response to and demand for our on-demand grocery offering gives me confidence we will continue to capture share of that \$140-billion-plus opportunity. My decision to step down is the result of a personal decision that my family and I have made to take an extended sabbatical leave. As a result of this decision, I have stepped down from all of the professional and non-profit boards I have been serving on,” said Hamnett Hill. “I am also excited by the experience, skills, background, and financial commitment that my replacement, John Khabbaz will bring to the company and the Board. His detailed understanding of the business, the industry and public markets will surely strengthen the company and the Board. While I may cease to be a Director moving forward, I will remain amongst your largest, most engaged and vocal shareholders and champions,” concluded Mr. Hill in his open letter to the Board, management and shareholders (<http://edo.ink/letter>).

John Khabbaz is the Founder and Chief Investment Officer of Phoenician Capital, an investment management firm headquartered in New York City. Phoenician’s mission is to invest in high-quality businesses built on foundations of strong unit economics and often led by pioneering founders. Mr. Khabbaz earned his undergraduate degree from McGill University and then attended Columbia University, where he received his MBA. Prior to founding Phoenician Capital in 2007, Khabbaz held leadership roles at a multi-asset class financial firm. Before that, he was the founder and CEO of a manufacturing business based in New York, with global operations spanning three continents.

“I am thrilled to be joining Goodfood’s Board of Directors as I am a staunch supporter of the Company’s vision and management team. The company is at the forefront of the structural evolution of the Canadian grocery landscape, as Canadian consumers shift their buying habits to on-demand delivery of grocery and meal solutions,” said Khabbaz. “As an entrepreneur and founder myself, I understand the challenges and opportunities faced by young, growing businesses. Working with my fellow Board members, I will seek to guide this dynamic team to cement its leadership in the Canadian online grocery market. Goodfood is currently selling at an attractive valuation, and, in the long run, the market will recognize its unique competitive advantages,” concluded Mr. Khabbaz.

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