

The Very Good Food Company Reports Third Quarter Fiscal 2020 Results

Vancouver, British Columbia--(Newsfile Corp. - November 16, 2020) - The Very Good Food Company Inc. (**CSE: VERY**) (**OTCQB: VRYF**) (**FSE: OSI**) ("**VERY**" or the "**Company**") today announced its third quarter ("**Q3**") financial results for the period ended September 30, 2020.

Key Financial Highlights of Q3 2020

- Revenue of \$1,393,234, growth of 26.6% over the prior quarter and 322% year over year
- Gross margin of 39.2% over a nine-month period; an improvement from 28.7% in 2019
- Production volume sold of 126,293 lbs in the three-month period, an increase of 37.2% compared to the prior quarter
- Total assets of \$15,770,938, including a cash balance of \$8,139,684 compared to \$405,610 in the prior year
- Outstanding debt has been reduced to a remaining balance of \$40,000
- Net loss was \$4,497,107 for the third quarter or \$0.06 per common share
- Adjusted EBITDA loss of \$3,138,595 in the quarter or \$0.04 per common share

CEO Mitchell Scott stated: "We are particularly happy with our results this quarter, as we were able to generate an increase in top line revenue in spite of production constraints, and a worsening COVID landscape that has negatively affected our industry peers. As we move closer to the initial launch date of our upcoming facilities, we remain committed to operating our business in a focused and disciplined manner. We are making the necessary investments to ensure that our new facilities launch with the right equipment and team in place to scale rapidly and meet the growing demand for our products."

Key Corporate Highlights of Q3 2020

- On August 31, 2020, the Company signed a lease for a production and distribution facility already fully built-out for food production located in Patterson, California (the "Patterson facility"). The Patterson facility is strategically located on the same property as one of our recently announced third party logistics providers and is located on key shipping routes and in close proximity to key suppliers.
- The Patterson facility will supply the U.S. market long-term and is expected to be capable of producing up to 98,500,000 lbs of annualized product (previously disclosed 28,000,000 lbs). The Company recently recruited a plant manager with extensive experience in the food manufacturing industry to oversee its operations. The Patterson facility manager will undergo training at VERY's Victoria facility and will help with operations over the next six to eight months.
- Various initiatives are underway to optimize and increase production at the Victoria facility. Current initiatives implemented to date have resulted in a significant boost in weekly production volume to 11,000 lbs per week. Production is on track for the Company's near-term goal of 19,000 lbs per week.
- The design and layout for the Mount Pleasant facility have been finalized. The Mount Pleasant facility will house a new butcher shop and restaurant, along with space for R&D and offices. The Company believes that this investment in product development will allow for the rapid introduction of new innovative products into the market.
- The Company announced new distribution arrangements with Nesters Market, Buy-Low Foods, Sobeys Inc. and the sustainable online retailer and Canadian distributor Spud.ca. These new relationships have already significantly expanded VERY's points of distribution by 30% with the potential for further future expansion.
- In August 2020, the Company signed agreements with three strategically located third party logistics providers in North America to increase shipping speed and reduce associated costs for its eCommerce store orders.

- VERY launched the retail rollout of two new meat alternative products under The Very Good Butchers brand, the Very Good Pepperoni and the Very Good Dog, both have had positive success and round out our product portfolio.
- On August 7, 2020, the Company completed a bought-deal prospectus offering (the "August Bought Deal") of 6,555,000 units at \$1.30 per unit for gross proceeds of \$8,521,500. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one additional common share at \$2.00 until February 7, 2022.
- The Company issued a total of 7,779,289 common shares pursuant to the exercise of warrants with exercise prices ranging between \$0.25 per share and \$0.30 per share for gross proceeds of \$2,341,891.

Key Subsequent Events

- VERY signed a lease on November 11, 2020, to secure a new production facility in Vancouver, British Columbia (the "Rupert facility"). Already built-out as a food production facility by its previous plant-based operator, the Rupert facility comprises approximately 45,000 square feet of production, refrigeration, warehousing, R&D and office space. The Rupert facility is expected to be capable of producing up to 37,000,000 lbs of annualized product to be phased in over the next year representing an approximate increase of 2690% over expected annualized production capacity of the Company's Victoria facility of 1,375,000 lbs per year.
- Commissioning of the Rupert facility will become the key focus of the Company in the near-term. VERY plans to bring the Rupert facility online swiftly to address current production shortfalls arising from strong demand for our products in Canada and the U.S. The Rupert facility's operations are expected to commence in Q1 2021.
- VERY's products are currently sold in approximately 275 retail outlets which represents 6% of the total number of retail stores of both smaller independent grocers and national grocery store chains including Whole Foods Markets, Fresh St. Market, Choices Markets and IGA. With a waiting list of more than 50 prospective wholesale partners, the demand in retail is driving our expected change to sell 70% of VERY's future production through wholesale channels, compared to 20% year-to-date, with current gross sales per pound ranging from \$7 to \$10 (\$15 to \$22 per kg). Average selling price per lb in the third quarter 2020 was \$11.
- The Company issued a total of 1,934,263 common shares pursuant to the exercise of warrants of \$2.00 per share issued as part of the August Bought Deal offering for gross proceeds of \$3,868,526.

Selected Financial Information

(expressed in Canadian Dollars)

(in \$)	For the three months ended		For the nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	1,393,234	229,921	2,832,602	670,931
Gross profit	505,259	60,778	1,110,702	192,516
Gross margin %	36.3%	26.4%	39.2%	28.7%
Operating expenses	4,212,963	986,201	7,453,998	1,514,219
Other loss	(790,039)	(105,316)	(937,372)	(190,784)
Net loss and comprehensive loss	(4,497,107)	(1,030,739)	(7,280,668)	(1,512,487)
Loss per share (basic and diluted)	(0.06)	(0.03)	(0.12)	(0.05)
Weighted average number of shares outstanding (basic and diluted)	80,642,478	39,666,328	58,564,669	33,257,517
Adjusted EBITDA loss	3,138,595	883,570	5,064,851	748,423

A copy of the Management Discussion & Analysis and Financial Statements for the Third Quarter of Fiscal 2020 can be downloaded from The Very Good Food Company Inc.'s [SEDAR profile](#) at www.sedar.com or website at www.theverygoodbutchers.com.

About The Very Good Food Company

The Very Good Food Company Inc. is an emerging plant-based food technology company that designs, develops, produces, distributes and sells a variety of plant-based meat and other food alternatives. Our mission is to employ plant-based food technology to create products that are delicious while maintaining a wholesome nutritional profile. To date we have developed a core product line under The Very Good Butchers brand.

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Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information. Such forward-looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes. Any such forward-looking information may be identified by words such as "proposed", "expects", "intends", "may", "will", and similar expressions. Forward-looking information contained or referred to in this news release includes, but is not limited to: the Company's belief that it is making the necessary investments to ensure that our new facilities launch with the right equipment and team in place to scale rapidly and meet the growing demand for the Company's products; expected production capacity of the Patterson, Rupert and Victoria facilities, the plans for the Mount Pleasant facility to expand R&D capabilities and the Company's belief that this will allow for the rapid introduction of new innovative products into the market; the Company's ability to significantly increase production capacity with the Rupert and Patterson facilities and expand R&D capabilities with the Mount Pleasant facility, the Rupert facility becoming the key focus of the Company in the near-term, the Company's ability to bring the Rupert facility online swiftly and the Company's belief that the Rupert facility will be able to address current production shortfalls.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. Certain assumptions in respect of our ability to innovate and introduce new products, successfully market our products to customers, that added production capacity will enable us to increase our sales volume, our ability to maintain and expand distribution channels and capabilities, that our operating costs will not increase materially, that the impact of the COVID-19 pandemic in British Columbia and California does not materially worsen and that we do not experience material interruptions or supply chain failures as a result of COVID-19, our ability to retain key personnel, the availability of skilled labour, our ability to obtain financing on acceptable terms, and changes and trends in our industry or the global economy are material assumptions made in preparing forward-looking statements or

information and management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to: negative cash flow and future financing requirements to sustain operations; dilution; limited history of operations and revenues and no history of earnings or dividends; competition; economic changes; and the impact of and risks associated with the ongoing COVID-19 pandemic including the risk of disruption at the Company's facilities or in its supply and distribution channels. The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.



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