

Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the three-month period ended November 30, 2017

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Basis of Presentation

The following has been prepared for the purposes of providing Management's Discussion and Analysis ("MD&A") of the financial condition of Goodfood Market Corp. ("Goodfood" or "the Company") as at November 30, 2017, and the operating results of the Company for the three-month period then ended. This MD&A is dated January 10, 2018 and reflects information available as at this date. All references in this MD&A to Fiscal 2018 are to the fiscal year-ended August 31, 2018 and to Fiscal 2017 are to the fiscal year-ended August 31, 2017. This document should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the year-ended August 31, 2017 and the Company's condensed interim financial statements and notes thereto for the three-month period ended November 30, 2017. All amounts herein are expressed in Canadian dollars unless otherwise indicated. All financial information presented in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain financial measures used in this MD&A do not have any standardized meaning under IFRS, including "Gross merchandise sales", "Adjusted gross profit", "Adjusted gross margin", "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted net loss" and "Adjusted loss per share". For a reconciliation of these non-IFRS financial measures to the most comparative IFRS measure, as applicable, see the "Metrics and Non-IFRS Financial Measures" section of this MD&A.

Forward-Looking Statements

This MD&A 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", or "continue", 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 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 year-ended August 31, 2017 available on SEDAR at www.sedar.com: limited operating history, negative operating cash flow, food industry, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood's reputation, transportation disruptions, product liability, ownership and protection of intellectual property, evolving industry, reliance on a single facility, unionization activities, reliance on management, factors which may prevent realization of growth targets, competition, availability and quality of raw materials, limited number of products, 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, conflicts of interest, litigation, and catastrophic events. 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 availability of capital resources, business performance, market conditions, and 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.

Business Outlook and Assumptions

Company Overview

Goodfood is a fast-growing meal subscription service company, delivering fresh ingredients that make it easy for subscribers to prepare delicious meals at home every week. Goodfood's objective is to take the hassle out of cooking, leaving subscribers with the fun part - cooking, sharing with family and eating. Subscribers select their favorite recipes from a variety of original dishes online. The Company prepares a personalized box of fresh ingredients and delivers it to the subscriber's doorstep with easy step-by-step instructions. The Company's main production facility and administrative offices are located in Montréal, Canada. Goodfood had 45,000 active subscribers as of November 30, 2017.

Financial Outlook

The meal-kit subscription service industry has become one of the fastest growing industries in the world and remains relatively new in Canada. As a result, Goodfood believes that there are significant opportunities to rapidly grow its subscriber base by investing in highly targeted marketing campaigns, capacity expansion and in establishing a national platform. As the Company grows its subscriber base, Management is confident that Goodfood can achieve economies of scale which will lead to improvements in profitability. Further, with the expected opening of a Western Canadian production facility in the first half of calendar year 2018, Management expects the Company to expand its client base and begin serving customers located in Western Canada during Fiscal 2018.

These 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 these objectives. See the "Forward-Looking Statements" and "Business Risks" sections of this MD&A.

First Quarter Fiscal 2018 Highlights

Highlights of the three-month period ended November 30, 2017 compared to the three-month period ended November 30, 2016

- Revenue reached \$11,235,882, an increase of \$9,043,414, or 412%. Gross merchandise sales reached \$13,275,000, an increase of \$10,719,214, or 419%.
- Active subscribers reached 45,000 at November 30, 2017, an increase of 37,000, or 463% compared to November 30, 2016 and an increase of 14,000, or 45% compared to August 31, 2017.
- Gross margin reached 18.3%, an improvement of 3.3 percentage points. Adjusted gross margin reached 30.9%, an improvement of 3.8 percentage points. Gross profit reached \$2,060,264, an increase of \$1,731,891.
- Adjusted EBITDA margin reached (20.6)%, a decrease of 2.3 percentage points. Adjusted net loss reached \$2,406,736, an increase of \$1,985,039. Net cash used in operations reached \$1,393,730, an increase of \$1,348,330.
- In September 2017, the Company successfully completed the transfer of production operations to its new Montreal facility which significantly increased the Company's production capacity and ability to generate operational efficiencies.
- On November 10, 2017, the Company signed a seven-year lease with renewal options for some further twenty years for a 43,000-square foot production facility located in Western Canada. The lease is classified as an operating lease with a total estimated commitment of approximately \$4,300,000 over the seven-year term. The Company secured favorable terms including a tenant allowance that funds a significant portion of the expected capital expenditures to set up the facility, limited rent increases over the lease term and rights to expand into adjacent space to support future growth.

Metrics and Non-IFRS Financial Measures

This section describes metrics and non-IFRS financial measures used by the Company throughout this MD&A. It also provides a reconciliation between non-IFRS financial measures and the most comparable IFRS financial measures, where applicable. Non-IFRS financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Non-IFRS financial measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from Management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS and should be read in conjunction with the financial statements for the periods indicated.

Active subscribers

Management defines an Active subscriber as an account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle. Active subscribers exclude cancelled accounts. Management believes that Active subscribers is a useful metric because it is indicative of future revenues. The Company reports the number of Active subscribers at the beginning and end of the period, rounded to the nearest thousand. Active subscribers is not a financial measure.

| | Three-month period ended November 30, | |
|---|--|-------|
| | 2017 | 2016 |
| Active subscribers, beginning of period | 31,000 | 3,000 |
| Net change in Active subscribers | 14,000 | 5,000 |
| Active subscribers, end of period | 45,000 | 8,000 |

Gross merchandise sales

Gross merchandise sales ("GMS") measures the total retail value of goods sold by the Company and is calculated before taking into account all incentives and credits included in revenue. Incentives and credits are principally comprised of sign-up inducements, which typically provide new Active subscribers with a discount on their first delivery. GMS is a non-IFRS financial measure. Management believes that GMS is a useful revenue measure because the exclusion of incentives and credits, which are principally comprised of sign-up inducements, is indicative of future revenue.

The reconciliation of revenue to GMS is as follows:

| | Three-month period ended November 30, | |
|--|--|-----------|
| | 2017 | 2016 |
| Revenue | 11,235,882 | 2,192,468 |
| Incentives and credits included in revenue | 2,039,118 | 363,318 |
| Gross merchandise sales | 13,275,000 | 2,555,786 |

Adjusted gross profit and Adjusted gross margin

Adjusted gross profit and Adjusted gross margin measure gross profit and gross margin on a retail value basis. Adjusted gross profit is calculated by subtracting cost of goods sold from GMS. Adjusted gross margin is expressed in percentage terms and calculated as Adjusted gross profit divided by GMS. Adjusted gross profit and adjusted gross margin are non-IFRS financial measures. Management believes that Adjusted gross profit and Adjusted gross margin are useful measures of financial performance because GMS is indicative of future revenues and therefore, of future gross profit and gross margin.

The reconciliation of Adjusted gross profit and Adjusted gross margin is as follows:

| | Three-month period ended November 30, | |
|-------------------------|--|-----------|
| | 2017 | 2016 |
| Gross merchandise sales | 13,275,000 | 2,555,786 |
| Cost of goods sold | 9,175,618 | 1,864,095 |
| Adjusted gross profit | 4,099,382 | 691,691 |
| Adjusted gross margin | 30.9% | 27.1% |

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin

EBITDA is defined as net income or loss before net finance expenses, depreciation and amortization expense and income tax expense. Adjusted EBITDA is defined as EBITDA excluding share-based compensation expenses as they are an equity compensation item and other items that Management believes do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. Management believes that EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin are useful measures of financial performance because these measures are useful to assess the Company's ability to seize growth opportunities in a cost-effective manner, to finance its ongoing operations and to service its long-term debt. They also allow comparisons between companies with different capital structures.

The reconciliation of net loss to EBITDA, Adjusted EBITDA and then to Adjusted EBITDA margin are as follows:

| | Three-month period ended November 30, | |
|---------------------------------------|--|-------------|
| | 2017 | 2016 |
| Net loss | (2,519,833) | (3,112,814) |
| Net finance (income) expense | (19,563) | 2,699,051 |
| Depreciation and amortization expense | 36,957 | 7,539 |
| EBITDA | (2,502,439) | (406,224) |
| Loss on disposal of fixed assets | 113,097 | - |
| Share-based compensation expense | 74,180 | 5,140 |
| Adjusted EBITDA | (2,315,162) | (401,084) |
| Revenue | 11,235,882 | 2,192,468 |
| Adjusted EBITDA margin (%) | (20.6%) | (18.3%) |

For the three-month period ended November 30, 2017, Adjusted EBITDA excludes the non-cash loss on the disposal of fixed assets of \$113,097 as Management believes this item does not reflect the performance of the underlying business of the Company.

Adjusted net loss and Adjusted loss per share

Adjusted net loss is defined as net loss adjusted for items that Management believes do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance. Adjusted loss per share is defined as Adjusted net loss divided by the basic and diluted weighted average number of common shares outstanding. Adjusted net loss and Adjusted loss per share are non-IFRS financial measures. Management believes that Adjusted net loss and Adjusted loss per share are useful measures of performance that can facilitate period-to-period comparisons.

The reconciliation of net loss to Adjusted net loss is as follows:

| | Three-month period ended November 30, | |
|--|--|------------------|
| | 2017 | 2016 |
| Net loss | (2,519,833) | (3,112,814) |
| Loss on remeasurement of convertible notes | - | 2,691,117 |
| Loss on disposal of fixed assets | 113,097 | - |
| Adjustments to net loss | 113,097 | 2,691,117 |
| Adjusted net loss | (2,406,736) | (421,697) |

For the three-month period ended November 30, 2017, Adjusted net loss excludes the non-cash loss on the disposal of fixed assets of \$113,097 as Management believes this item does not reflect the performance of the underlying business of the Company.

For the three-month period ended November 30, 2016, Adjusted net loss excludes the non-cash loss on the remeasurement of convertible notes of \$2,691,117 as Management believes this item does not reflect the performance of the underlying business of the Company.

The reconciliation of basic and diluted loss per share to Adjusted loss per share is as follows:

| | Three-month period ended November 30, | |
|---|--|---------------|
| | 2017 | 2016 |
| Net loss per share, basic and diluted | (0.05) | (0.13) |
| Impact of adjustments to net loss | - | 0.11 |
| Adjusted loss per share, basic and diluted | (0.05) | (0.02) |

Results of Operations – Three-month periods ended November 30, 2017 and 2016

The following table sets forth the components of the Company's statement of loss and comprehensive loss for the three-month periods ended November 30, 2017 and 2016:

| Three-month periods ended November 30, | 2017 | 2016 | Variance ⁽¹⁾ | Variance (%) |
|--|--------------|--------------|-------------------------|--------------|
| Revenue | 11,235,882 | 2,192,468 | 9,043,414 | 412% |
| Cost of goods sold | 9,175,618 | 1,864,095 | (7,311,523) | 392% |
| Gross profit | 2,060,264 | 328,373 | 1,731,891 | 527% |
| <i>Gross margin⁽²⁾</i> | <i>18.3%</i> | <i>15.0%</i> | <i>3.3%</i> | <i>N/A</i> |
| Selling, general and administrative expenses | 4,449,606 | 734,597 | (3,715,009) | 506% |
| Depreciation and amortization expenses | 36,957 | 7,539 | (29,418) | 390% |
| Loss on disposal of fixed assets | 113,097 | - | (113,097) | N/A |
| Net finance (income) expenses | (19,563) | 2,699,051 | 2,718,614 | 101% |
| Net loss being comprehensive loss | (2,519,833) | (3,112,814) | 592,981 | 19% |

⁽¹⁾ A positive variance represents a positive impact to net loss and a negative variance represents a negative impact to net loss. Percentage change is presented in absolute values.

⁽²⁾ Gross margin is calculated as Gross profit divided by Revenue and is expressed in percentage terms.

Explanation of variance for the three-month period ended November 30, 2017 compared to 2016

- The increase in Revenue was primarily driven by the continued growth in the number of Active subscribers.
- The increase in Gross profit was primarily driven by the continued growth in the number of Active subscribers. The increase in Gross margin primarily resulted from lower unit costs for packaging.
- The increase in Selling, general and administrative expenses is primarily due to an increase in marketing costs and higher wage costs due to the addition of administrative personnel to support the Company's growth.
- The increase in Depreciation and amortization expenses resulted from the acquisition of fixed assets across all asset classes including owned assets and leasehold improvements for the Company's new Montreal production facility.
- The increase in Loss on disposal of fixed assets resulted from the disposal of machinery and equipment at the Company's previous Montreal production facility.
- The decrease in Net finance expenses primarily resulted from a lower loss on remeasurement of convertible notes as following their conversion into common shares of the Company in Fiscal 2017. No further fair value measurement adjustments are required.
- The decrease in Net loss primarily resulted from lower Net finance expenses and higher Gross profit, partially offset by higher Selling, general and administrative expenses.

Financial Position

The following table provides an analysis of the Company's statement of financial position as at November 30, 2017 compared to August 31, 2017:

| | November 30, 2017 | August 31, 2017 | Variance |
|---|-------------------|-------------------|--------------------|
| Total Assets | 22,096,157 | 21,310,242 | 785,915 |
| <i>Variance mainly due to:</i> | | | |
| Cash | 16,558,880 | 17,544,583 | (985,703) |
| Sales tax receivable | 936,977 | 773,462 | 163,515 |
| Inventories | 654,190 | 382,374 | 271,816 |
| Fixed assets | 3,473,716 | 2,300,147 | 1,173,569 |
| Total Liabilities | 8,190,231 | 4,958,663 | 3,231,568 |
| <i>Variance mainly due to:</i> | | | |
| Accounts payable and accrued liabilities | 4,566,857 | 3,605,817 | 961,040 |
| Deferred revenue | 1,238,824 | 841,037 | 397,787 |
| Long-term debt, including current portion | 2,384,550 | 511,809 | 1,872,741 |
| Total Shareholders' Equity | 13,905,926 | 16,351,579 | (2,445,653) |
| <i>Variance mainly due to:</i> | | | |
| Deficit | (13,694,535) | (11,174,702) | (2,519,833) |

Explanation of variance from August 31, 2017 to November 30, 2017

- The decrease in Cash is the result of the net loss and capital expenditures related to the construction of the Company's new Montreal production facility.
- The increase in Sales tax receivable is due to the Company's growth and capital expenditures for the three-month period ended November 30, 2017.
- The increase in Inventories is due to the Company's growth, where the increase in food inventory and packaging inventory generally follow weekly and monthly revenue trends, respectively.
- The increase in Fixed assets is primarily due to capital expenditures at the Company's new Montreal production facility which remained under construction as at November 30, 2017. During the three-month period ended November 30, 2017, the Company began depreciating approximately \$1,050,000 of fixed assets which were under construction as at August 31, 2017.
- The increase in Accounts payable and accrued liabilities is primarily due to higher trade payables and accruals resulting from the Company's growth.
- The increase in deferred revenue primarily results from higher revenue related to the continued growth in Active subscribers.
- The increase in Deficit is due to the net loss incurred for the three-month period ended November 30, 2017.

Liquidity and Capital Resources

Capital management

The Company's objective in managing its capital is to ensure a sufficient liquidity position to finance its operations, maximize the preservation of capital and deliver competitive returns on invested capital. To fund its activities, the Company has to date relied on private placements of its common and preferred shares, the issuance of convertible notes and long-term debt, which are included in the Company's definition of capital. The Company manages its excess cash such that it has sufficient reserve to fund its operations and capital expenditures.

Cash flows

A summary of net cash flows by activity for the three-month periods ended November 30, 2017 and 2016 is presented below:

| Three-month periods ended November 30, | 2017 | 2016 | Variance |
|--|-------------|-----------|-------------|
| Net cash used in operating activities | (1,393,730) | (45,400) | (1,348,330) |
| Net cash from financing activities | 1,872,741 | 999,063 | 873,678 |
| Net cash used in investing activities | (1,464,714) | (84,428) | (1,380,286) |
| Net change in cash | (985,703) | 869,235 | (1,854,938) |
| Cash, beginning of period | 17,544,583 | 516,130 | 17,028,453 |
| Cash, end of period | 16,558,880 | 1,385,365 | 15,173,515 |

The negative variance in Net cash used in operating activities is primarily due to a higher adjusted net loss partially offset by a favorable change in working capital. The positive variance in Net cash from financing activities is primarily due to the issuance of a \$2,500,000 term loan partially offset by the repayment of long-term debt. The negative variance in Net cash used in investing activities is primarily due to capital expenditures for the Company's new Montreal production facility.

Long-term Debt

Significant long-term debt transactions occurring in Fiscal 2018 were as follows:

- In September 2017, the Company obtained a commitment from a Canadian chartered bank for a secured credit facility which includes a five-year variable-rate term loan of \$2,500,000, a \$500,000 revolving line of credit and \$300,000 in other short-term financing. The credit facility is secured by inventory and a first-ranking movable hypothec on the Company's assets.
- On October 12, 2017, the term loan of \$2,500,000 was disbursed, bearing variable interest at bank prime plus 3.25% (6.45% as at November 30, 2017). The term loan is repayable in equal quarterly instalments of \$125,000 beginning on November 30, 2017 and ending August 31, 2022. The proceeds of the term loan were used to refinance the Company's long-term debt, finance capital expenditures, and for general corporate purposes. The credit facility includes financial covenants with which as at November 30, 2017, the Company is in compliance.

Contractual Obligations

The following are amounts due on contractual maturities of financial liabilities, including estimated interest payments, as well as commitments with respect to operating leases as at November 30, 2017:

| | Total | Less than 1 year | 1 to 5 years | More than 5 years |
|--|-------------------|------------------|------------------|-------------------|
| Accounts payable and accrued liabilities | 4,566,857 | 4,566,857 | - | - |
| Long-term debt | 2,781,721 | 655,313 | 2,126,408 | - |
| Operating leases | 7,172,370 | 769,746 | 4,728,361 | 1,674,263 |
| | 14,520,948 | 5,991,916 | 6,854,769 | 1,674,263 |

Selected Quarterly Information

The table below presents revenue, net loss, adjusted net loss, basic and diluted loss per share and basic and diluted adjusted net loss per share for the last eight fiscal quarters:

| Three-month period ended | Revenue | Net loss | Adjusted net loss | Basic and diluted loss per share ⁽¹⁾ | Basic and diluted adjusted loss per share |
|--------------------------|------------|-------------|-------------------|---|---|
| November 30, 2017 | 11,235,882 | (2,519,833) | (2,406,736) | (0.05) | (0.05) |
| August 31, 2017 | 7,488,379 | (3,770,110) | (2,312,279) | (0.08) | (0.05) |
| May 31, 2017 | 6,428,446 | (1,216,635) | (860,830) | (0.05) | (0.03) |
| February 28, 2017 | 3,686,947 | (1,766,488) | (207,887) | (0.07) | (0.01) |
| November 30, 2016 | 2,192,468 | (3,112,814) | (421,697) | (0.13) | (0.02) |
| August 31, 2016 | 995,984 | (366,520) | (325,235) | (0.01) | (0.01) |
| May 31, 2016 | 928,433 | (344,794) | (194,350) | (0.01) | (0.01) |
| February 29, 2016 | 562,005 | (420,940) | (270,363) | (0.02) | (0.01) |

⁽¹⁾ The sum of Basic and diluted loss on a quarterly basis may not equal Basic and diluted loss on a year-to-date basis due to rounding.

Financial Risk Management**Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budgets and cash forecasts to ensure that it has sufficient funds to fulfill its obligations.

For the fiscal year-ended August 31, 2018, anticipated operating losses as the Company continues to grow its Active subscriber base and capital expenditures associated with the construction of production facilities are expected to reduce the Company's cash balance and liquidity position compared to November 30, 2017, absent additional financing. Management believes that the Company's cash on hand and financing capacity will provide adequate sources of funds to meet short-term requirements, finance planned capital expenditure and fund any operating losses.

Credit Risk

Credit risk is the risk of loss if a counterparty to a financial instrument fails to meet its contractual obligation. The Company regularly monitors credit risk exposure and take steps to mitigate the likelihood of this exposure resulting in losses. The Company's exposure to credit risk is primarily attributable to its cash, short-term investments and bank deposits included in other current assets. The Company's maximum credit exposure corresponds to the carrying value of these financial assets. Management believes the credit risk is limited because the Company deals with major North American financial institutions.

Business Risk

For a detailed discussion of the Company's risk factors, please refer to the Company's Annual Information Form for the year-ended August 31, 2017 available on SEDAR at www.sedar.com.

Additional Financing Requirements

As a result of realized and anticipated growth in the number of Active subscribers, planned investment in operations, logistics, automation and technology as well as the potential for continued operating losses, the Company may require additional financing in the future to realize the goals outlined in the "Financial Outlook" section of this MD&A.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements consist of obligations under operating leases, which are disclosed in Note 10 of its condensed interim financial statements for the three-month period ended November 30, 2017. The Company does not currently have any other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material.

Financial Instruments**Investment Policy**

The Company invests its excess cash with varying terms to maturity selected with regards to the expected timing of investments or expenditures for continuing operations.

Convertible Notes

The Company has classified convertible notes as a financial liability designated at fair value through profit or loss. Changes in the fair value of the notes, including the impact of accrued interest, are recognized in net finance expense.

As at November 30, 2017 and August 31, 2017, no convertible note was outstanding.

For the three-month period ended November 30, 2016, the Company issued convertible notes with a face value of \$1,000,000 and recorded a loss on remeasurement to fair value of \$2,691,117.

For additional information with respect to convertible notes, refer to Note 12 and Note 21 to the Company's consolidated financial statements for the year-ended August 31, 2017.

Derivatives

The Company did not enter into derivative contracts for the three-month period ended November 30, 2017.

Financial Covenants

The Company's secured credit facility as discussed in the "Liquidity and Capital Resources" section of the MD&A includes financial covenants which may restrict the Company's ability to pursue future transactions or opportunities. As at November 30, 2017, the Company is in compliance with these financial covenants.

Outstanding Share Data

As at January 10, 2018, the Company had 47,753,832 common shares issued and outstanding, 851,955 stock options outstanding and 405,002 agent compensation options outstanding.

For additional information with respect to agent compensation options, refer to Note 14 to the Company's consolidated financial statements for the year-ended August 31, 2017. For additional information with respect to stock options, refer to Note 11 to the Company's condensed interim financial statements for the three-month period ended November 30, 2017.

Segment Reporting

The Company has one reportable segment as our principal business activity is focused on developing and servicing the Canadian meal-kit market.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The Company's significant accounting estimates and assumptions for the three-month period ended November 30, 2017 include the estimation of the redemption percentage for sales and referral credits included in deferred revenue and the recoverability of deferred income taxes. The Company uses judgment in determining the date at which fixed assets are available for their intended use.

Recent Accounting Pronouncements

Please refer to the Company's consolidated financial statements for the year-ended August 31, 2017 as there have been no changes.

Internal Controls Over Financial Reporting

With respect to internal controls over financial reporting as defined in *National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company has undertaken a process of designing and implementing internal controls to provide reasonable assurance that information required to be disclosed in its filings under securities legislation is recorded, processed, summarized and reported within applicable required periods and to provide reasonable assurance regarding the reliability of financial reporting and preparation of its financial statements for external purposes in accordance with IFRS. Management of the Company is continuing to develop, expand and refine such controls in order to minimize risks in this regard.