Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the three-month and six-month periods ended February 28, 2018

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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 February 28, 2018, and the operating results of the Company for the three-month and sixth-month periods ended February 28, 2018. This MD&A is dated April 11, 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 annual audited 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 and six-month periods ended February 28, 2018. 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 61,000 active subscribers as of February 28, 2018.

Financial Outlook

The meal-kit subscription service industry is 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. With the launch of a new Western Canadian production facility in the third quarter of 2018, Management expects the Company to further expand its client base.

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.

Second Quarter Fiscal 2018 Highlights

Highlights of the three-month period ended February 28, 2018 compared to the three-month period ended February 28, 2017

- Gross merchandise sales reached $18,840,295, an increase of $14,559,864, or 340%.
- Revenue reached $15,672,647, an increase of $11,985,700, or 325%.
- Active subscribers reached 61,000 at February 28, 2018, an increase of 48,000, or 370% compared to February 28, 2017 and an increase of 30,000, or 97% compared to August 31, 2017.
- Gross profit reached $2,823,860, an increase of $1,929,636. Gross margin reached 18.0%, a decrease of 0.3 percentage points and 6.3 percentage points compared to the three-month periods ended November 30, 2017 and February 28, 2017, respectively.
- Adjusted gross margin reached 31.8%, an increase of 0.9 percentage points and a decrease of 3.0 percentage points compared to the three-month periods ended November 30, 2017 and February 28, 2017, respectively.
- Adjusted EBITDA margin reached (14.4)%, an increase of 6.2 percentage points and a decrease of 9.9 percentage points compared to the three-month periods ended November 30, 2017 and February 28, 2017, respectively.
- Adjusted net loss reached $2,394,604, an increase of $2,186,717.
- Net cash used in operations reached $1,105,336, an increase of $1,108,451.

Highlights of the six-month period ended February 28, 2018 compared to the six-month period ended February 28, 2017

- Gross merchandise sales reached $32,115,295, an increase of $25,279,078, or 370%.
- Revenue reached $26,908,529, an increase of $21,029,114, or 358%.
- Gross profit reached $4,884,124, an increase of $3,661,527. Gross margin reached 18.2%, a decrease of 2.6 percentage points. Adjusted gross margin reached 31.4%, a decrease of 0.5 percentage points.
- Adjusted EBITDA margin reached (17.0)%, a decrease of 7.3 percentage points.
- Adjusted net loss reached $4,801,340, an increase of $4,171,756.
- Net cash used in operations reached $2,499,066, an increase of $2,456,781.
- In September 2017, the Company successfully completed the transfer of production operations to its new Eastern Canada 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 periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
Active subscribers, beginning of period	45,000	8,000	31,000	3,000
Net change in Active subscribers	16,000	5,000	30,000	10,000
Active subscribers, end of period	61,000	13,000	61,000	13,000

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 periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
Revenue	$ 15,672,647	$ 3,686,947	$ 26,908,529	$ 5,879,415
Incentives and credits included in revenue	3,167,648	593,484	5,206,766	956,802
Gross merchandise sales	$ 18,840,295	$ 4,280,431	$ 32,115,295	$ 6,836,217

For the three-month and six-month periods ended February 28, 2018, Gross merchandise sales increased by $14,559,864 and $25,279,078, respectively. The increase in Gross merchandise sales was primarily driven by the continued growth in the number of Active subscribers.

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 periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
Gross merchandise sales	$ 18,840,295	$ 4,280,431	$ 32,115,295	$ 6,836,217
Cost of goods sold	12,848,787	2,792,723	22,024,405	4,656,818
Adjusted gross profit	$ 5,991,508	$ 1,487,708	$ 10,090,890	$ 2,179,399
Adjusted gross margin	31.8%	34.8%	31.4%	31.9%

For the three-month and six-month periods ended February 28, 2018, Adjusted gross margin decreased 3.0 percentage points and 0.5 percentage points, respectively. The decrease in Adjusted gross margin primarily resulted from increases in start up expenses for Western Canada operations, production labour costs and higher overhead costs coming from the new Eastern Canada facility.

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 periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
Net loss	$ (2,394,604)	$ (1,766,488)	$ (4,914,437)	$ (4,879,302)
Net finance expenses	(9,989)	1,566,726	(29,552)	4,265,777
Depreciation and amortization	71,766	10,759	108,723	18,298
EBITDA	$ (2,332,827)	$ (189,003)	$ (4,835,266)	$ (595,227)
Loss on disposal of fixed assets	-	-	113,097	-
Share-based compensation expense	77,666	21,281	151,846	26,421
Adjusted EBITDA	$ (2,255,161)	$ (167,722)	$ (4,570,323)	$ (568,806)
Revenue	$ 15,672,647	$ 3,686,947	$ 26,908,529	$ 5,879,415
Adjusted EBITDA margin (%)	(14.4%)	(4.5%)	(17.0%)	(9.7%)

For the three-month and six-month periods ended February 28, 2018, Adjusted EBITDA margin decreased by 9.9 percentage points and 7.3 percentage points, respectively. The decrease in Adjusted EBITDA, resulted primarily from a higher Net loss caused by an increase in Selling, general and administrative expenses, partially offset by higher Gross profit.

For the three-month and six-month periods ended February 28, 2018, Adjusted EBITDA excludes the non-cash loss on the disposal of fixed assets as Management believes this item does not reflect the performance of the underlying business of the Company.

For the three-month and six-month periods ended February 28, 2017, Adjusted EBITDA excludes the non-cash loss on the remeasurement of convertible notes 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 periods ended February 28, 2018	2017	Six-month periods ended February 28, 2018	2017
Net loss	$ (2,394,604)	$ (1,766,488)	$ (4,914,437)	$ (4,879,302)
Loss on remeasurement of convertible notes	-	1,558,601	-	4,249,718
Loss on disposal of fixed assets	-	-	113,097	-
Adjustments to net loss	$ -	$ 1,558,601	$ 113,097	$ 4,249,718
Adjusted net loss	$ (2,394,604)	$ (207,887)	$ (4,801,340)	$ (629,584)

For the three-month and six-month periods ended February 28, 2018, Adjusted net loss increased by $2,186,717 and $4,171,756, respectively. The increase in Adjusted net loss resulted primarily from a higher Net loss caused by an increase in Selling, general and administrative expenses, partially offset by higher Gross profit.

For the three-month and six-month periods ended February 28, 2018, Adjusted net loss excludes the non-cash loss on the disposal of fixed assets as Management believes this item does not reflect the performance of the underlying business of the Company.

For the three-month and six-month periods ended February 28, 2017, Adjusted net loss excludes the non-cash loss on the remeasurement of convertible notes 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 periods ended February 28, 2018	2017	Six-month periods ended February 28, 2018	2017
Net loss per share	$ (0.05)	$ (0.07)	$ (0.10)	$ (0.20)
Impact of adjustments to net loss above	-	0.06	-	0.17
Adjusted loss per share	$ (0.05)	$ (0.01)	$ (0.10)	$ (0.03)

Results of Operations – Three-month periods ended February 28, 2018 and 2017

The following table sets forth the components of the Company's statement of loss and comprehensive loss for the three-month periods ended February 28, 2018 and 2017:

Three-month periods ended February 28,		2018		2017		Variance[1]	Variance (%)
Revenue	$	15,672,647	$	3,686,947	$	11,985,700	325%
Cost of goods sold		12,848,787		2,792,723		10,056,064	360%
Gross profit	$	2,823,860	$	894,224	$	1,929,636	216%
Gross margin[2]		*18.0%*		*24.3%*		*6.3%*	N/A
Selling, general and administrative expenses	$	5,156,687	$	1,083,227	$	4,073,460	376%
Depreciation and amortization expenses		71,766		10,759		61,007	567%
Net finance (income) expenses		(9,989)		1,566,726		(1,576,715)	101%
Net loss being comprehensive loss	$	(2,394,604)	$	(1,766,488)	$	(628,116)	36%

(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 February 28, 2018 compared to 2017

- 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 decrease in Gross margin primarily resulted from increases in start up expenses for Western Canada operations, production labour costs and higher overhead costs coming from the new Eastern Canada facility. The Company expects that fixed costs as a percentage of revenues will decrease with the Company's continued growth.
- The increase in Selling, general and administrative expenses is primarily due to a planned 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 Eastern Canada production facility.
- The decrease in Net finance expenses primarily resulted from last years 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 increase in Net loss primarily resulted from higher Selling, general and administrative expenses, partially offset by lower Net finance expenses and higher Gross profit.

Results of Operations – Six-month periods ended February 28, 2018 and 2017

The following table sets forth the components of the Company's statement of loss and comprehensive loss for the six-month periods ended February 28, 2018 and 2017:

Six-month periods ended February 28,		2018		2017		Variance[1]	Variance (%)
Revenue	$	26,908,529	$	5,879,415	$	21,029,114	358%
Cost of goods sold		22,024,405		4,656,818		17,367,587	373%
Gross profit	$	4,884,124	$	1,222,597	$	3,661,527	299%
Gross margin[2]		*18.2%*		*20.8%*		*2.6%*	N/A
Selling, general and administrative expenses	$	9,606,293	$	1,817,824	$	7,788,469	428%
Depreciation and amortization expenses		108,723		18,298		90,425	494%
Loss on disposal of fixed assets		113,097		-		113,097	N/A
Net finance (income) expenses		(29,552)		4,265,777		(4,295,329)	101%
Net loss being comprehensive loss	$	(4,914,437)	$	(4,879,302)	$	(35,135)	1%

(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 six-month period ended February 28, 2018 compared to 2017

- 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 decrease in Gross margin primarily resulted from increases in start up expenses for Western Canada operations, production labour costs and higher overhead costs coming from the new Eastern Canada facility. The Company expects that fixed costs as a percentage of revenues will decrease with the Company's continued growth.
- 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 Eastern Canada production facility.
- The increase in Loss on disposal of fixed assets resulted from the disposal of machinery and equipment at the Company's previous Eastern Canada production facility.
- The decrease in Net finance expenses primarily resulted from last years 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 increase in Net loss primarily resulted from higher Selling, general and administrative expenses, mostly offset by lower Net finance expenses and higher Gross profit.

Financial Position

The following table provides an analysis of the Company's statement of financial position as at February 28, 2018 compared to August 31, 2017:

		February 28, 2018		August 31, 2017		Variance
Total Assets	**$**	**21,996,190**	**$**	**21,310,242**	**$**	**685,948**
Variance mainly due to:						
Cash and cash equivalents		15,176,680		17,548,417		(2,371,737)
Sales tax receivable		1,018,804		773,462		245,342
Inventories		635,311		382,374		252,937
Prepaid expenses and other current assets		418,615		152,682		265,933
Fixed assets		4,384,534		2,300,147		2,084,387
Total Liabilities	**$**	**10,400,010**	**$**	**4,958,663**	**$**	**5,441,347**
Variance mainly due to:						
Line of credit		500,000		-		500,000
Accounts payable and accrued liabilities		6,503,469		3,529,373		2,974,096
Deferred revenue		595,501		841,037		(245,536)
Long-term debt, including current portion		2,295,930		511,809		1,784,121
Total Shareholders' Equity	**$**	**11,596,180**	**$**	**16,351,579**	**$**	**(4,755,399)**
Variance mainly due to:						
Deficit		(16,089,139)		(11,174,702)		(4,914,437)

Explanation of variance from August 31, 2017 to February 28, 2018

- The decrease in Cash and cash equivalents is the result of the net cash used in operating activities.
- The increase in Sales tax receivable is due to the Company's growth and additional capital expenditures.
- 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 Prepaid expenses and other current assets is primarily due to the tenant allowance that reimburses a significant portion of the capital expenditures to set up the Company's new Western Canada production facilities.
- The increase in Fixed assets is primarily due to capital expenditures at the Company's new Eastern and Western Canada production facilities. As at February 28, 2018, the construction of the Eastern Canada production facility was substantially completed and the Western Canada production facility remained under construction. During the sixth-month period ended February 28, 2018, the Company began depreciating approximately $3,170,000 of fixed assets which were previously classified as assets under construction.
- The increase in Accounts payable and accrued liabilities is primarily due to higher trade payables and accruals resulting from the Company's growth.
- The decrease in Deferred revenue primarily results from the timing of period-end within the Company's weekly delivery cycle.
- The increase in Deficit is due to the net loss incurred for the sixth-month period ended February 28, 2018.

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 February 28, 2018 and 2017 is presented below:

Three-month periods ended February 28,		2018		2017		Variance
Net cash used in operating activities	$	(1,105,336)	$	3,115	$	(1,108,451)
Net cash from financing activities		378,746		229,063		149,683
Net cash used in investing activities		(659,444)		(45,215)		(614,229)
Net change in cash	$	(1,386,034)	$	186,963	$	(1,572,997)
Cash, beginning of period		16,562,714		1,389,165		15,173,549
Cash, end of period	$	15,176,680	$	1,576,128	$	13,600,552

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 a $500,000 borrowing under the line of credit 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 Eastern and Western Canada production facilities.

A summary of net cash flows by activity for the six-month periods ended February 28, 2018 and 2017 is presented below:

Sixth-month periods ended February 28,		2018		2017		Variance
Net cash used in operating activities	$	(2,499,066)	$	(42,285)	$	(2,456,781)
Net cash from financing activities		2,251,487		1,228,126		1,023,361
Net cash used in investing activities		(2,124,158)		(129,643)		(1,994,515)
Net change in cash	$	(2,371,737)	$	1,056,198	$	(3,427,935)
Cash, beginning of period		17,548,417		519,930		17,028,487
Cash, end of period	$	15,176,680	$	1,576,128	$	13,600,552

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 and a $500,000 line of credit 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 Eastern and Western Canada production facilities.

Credit Facility

Significant financing 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% (6.70% as at February 28, 2018). 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.

- On February 28, 2018, the line of credit of $500,000 was fully drawn, bearing variable interest at bank prime plus 3.25% (6.70% as at February 28, 2018). The line of credit is used to finance day-to-day operations and is repayable on demand.

- The credit facility includes financial covenants with which, as at February 28, 2018, 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 February 28, 2018:

		Total		Less than 1 year		1 to 5 years		More than 5 years
Line of credit	$	500,000	$	500,000	$	-	$	-
Accounts payable and accrued liabilities		6,503,469		6,503,469		-		-
Long-term debt		2,673,393		660,357		2,013,036		-
Operating leases		7,078,274		939,165		4,568,154		1,570,955
	$	16,755,136	$	8,602,991	$	6,581,190	$	1,570,955

Selected Quarterly Information

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

	Three-month periods ended							
(in thousands of Canadian dollars)	Feb. 28, 2018	Nov. 30, 2017	Aug. 31, 2017	May 31, 2017	Feb. 28, 2017	Nov. 30, 2016	Aug. 31, 2016	May 31, 2016
Gross merchandise sales	$ 18,840	$ 13,275	$ 8,709	$ 7,536	$ 4,280	$ 2,556	$ 1,148	$ 1,060
Revenue	15,673	11,236	7,488	6,428	3,687	2,192	996	928
Net loss	(2,395)	(2,520)	(3,770)	(1,217)	(1,766)	(3,113)	(367)	(345)
Adjusted net loss	(2,395)	(2,407)	(2,312)	(861)	(208)	(422)	(325)	(194)
Basic and diluted net loss per share[(1)]	(0.05)	(0.05)	(0.08)	(0.05)	(0.07)	(0.13)	(0.01)	(0.01)
Basic and diluted adjusted net loss per share	(0.05)	(0.05)	(0.05)	(0.03)	(0.01)	(0.02)	(0.01)	(0.01)

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

Reconciliation of Quarterly Non-IFRS Measures

	Three-month periods ended							
(in thousands of Canadian dollars)	Feb. 28, 2018	Nov. 30, 2017	Aug. 31, 2017	May 31, 2017	Feb. 28, 2017	Nov. 30, 2016	Aug. 31, 2016	May 31, 2016
Revenue	$ 15,673	$ 11,236	$ 7,488	$ 6,428	$ 3,687	$ 2,192	$ 996	$ 928
Incentives and credits	3,167	2,039	1,221	1,108	593	364	152	132
Gross merchandise sales	$ 18,840	$ 13,275	$ 8,709	$ 7,536	$ 4,280	$ 2,556	$ 1,148	$ 1,060
Net loss	$ (2,395)	$ (2,520)	$ (3,770)	$ (1,217)	$ (1,766)	$ (3,113)	$ (367)	$ (345)
Loss on remeasurement of convertible notes	-	-	1,458	8	1,558	2,691	42	151
Loss on disposal of fixed assets	-	113	-	348	-	-	-	-
Adjusted net loss	$ (2,395)	$ (2,407)	$ (2,312)	$ (861)	$ (208)	$ (422)	$ (325)	$ (194)
Basic and diluted net loss per share(1)	$ (0.05)	$ (0.05)	$ (0.08)	$ (0.05)	$ (0.07)	$ (0.13)	$ (0.01)	$ (0.01)
Impact of adjustments to net loss	-	-	0.03	0.02	0.06	0.11	-	-
Basic and diluted adjusted net loss per share	$ (0.05)	$ (0.05)	$ (0.05)	$ (0.03)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)

(1) The sum of Basic and diluted net loss per share on a quarterly basis may not equal Basic and diluted net loss per share 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 February 28, 2018, 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 expenditures 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 and cash equivalents, and bank deposits included in Prepaid expenses and 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 11 of its condensed interim financial statements for the three-month and six-month periods ended February 28, 2018. 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 February 28, 2018 and August 31, 2017, no convertible note was outstanding.

For the three-month and six-month periods ended February 28, 2017, convertible notes with a face value of $1,000,000 were outstanding and recorded a loss on remeasurement to fair value of $1,558,601 and $4,249,718, respectively. For additional information with respect to convertible notes, refer to Note 12 and Note 21 to the Company's annual audited consolidated financial statements for the year-ended August 31, 2017.

Derivatives

The Company did not enter into derivative contracts for the six-month period ended February 28, 2018.

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 February 28, 2018, the Company is in compliance with these financial covenants.

Outstanding Share Data

As at April 11, 2018, the Company had 47,825,245 common shares issued and outstanding, 1,060,701 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 annual audited consolidated financial statements for the year-ended August 31, 2017. For additional information with respect to stock options, refer to Note 12 to the Company's condensed interim financial statements for the three-month and six-month periods ended February 28, 2018.

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 and six-month periods ended February 28, 2018 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 annual audited 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.