Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the three-month and nine-month periods ended May 31, 2019

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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. (also referred to in this MD&A as "we", "our", "Goodfood" or "the Company") as at May 31, 2019, and the operating results of the Company for the three-month and nine-month periods then ended. In March 2019, the Company created a wholly-owned subsidiary, Yumm Meal Solutions Corp. This MD&A is dated July 11, 2019 and reflects information available at this date. All references in this MD&A to Fiscal 2019 are to the fiscal year ending August 31, 2019, and to Fiscal 2018, to the fiscal year ended August 31, 2018. This document should be read in conjunction with the Company's annual audited financial statements and notes thereto for the year ended August 31, 2018 and the Company's condensed unaudited interim consolidated financial statements and notes (the "condensed interim consolidated financial statements") thereto for the three-month and nine-month periods ended May 31, 2019. All amounts herein are expressed in Canadian dollars unless otherwise indicated.

The Company's condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the financial information herein was derived from those statements. Goodfood has applied IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), and IFRS 9, *Financial instruments* ("IFRS 9") and has early adopted IFRS 16, *Leases* ("IFRS 16").

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", and "continue", as well as the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical 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, 2018 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, 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 the 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.

NON-IFRS MEASURES

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" and "Adjusted EBITDA margin". For a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measures, as applicable, see the "Metrics and Non-IFRS Financial Measures" section of this MD&A.

COMPANY OVERVIEW

Goodfood is a leading home meal solutions company in Canada, 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 dishes from a variety of original recipes 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 has its administrative offices and a production facility based in Montréal, Québec, Canada, and a second production facility in Calgary, Alberta, Canada. Goodfood had 189,000 Active subscribers as at May 31, 2019.

FINANCIAL OUTLOOK

The home meal solutions 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 and advantages to rapidly grow its subscriber base by continuing to invest in highly targeted marketing campaigns, capacity expansion, increasing its product offering and in continuing to expand its national platform. Goodfood's strategy is to delay short-term profitability in order to invest in long-term shareholder value creation. Growing Goodfood's market share and scale will allow the Company to deliver greater value to its customers while attaining high returns on invested capital. As the Company grows its subscriber base, we are confident that Goodfood will achieve economies of scale and additional efficiencies which will lead to improvements in profitability and an unrivalled experience for subscribers.

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 Risk" sections of this MD&A.

THIRD QUARTER FISCAL 2019 HIGHLIGHTS

HIGHLIGHTS OF THE THREE-MONTH PERIOD ENDED MAY 31, 2019 COMPARED TO THE THREE-MONTH PERIOD ENDED MAY 31, 2018 (1)

- Revenue reached $49.9 million, an increase of $27.6 million, or 124%.
- Gross margin reached 28.3%, an improvement of 5.0 percentage points.
- Gross profit reached $14.1 million, an increase of $8.9 million, or 172%.
- Net loss reached $3.6 million, an increase of $2.1 million, resulting in net loss per share of $0.06.
- Cash provided by operating activities reached $2.4 million, an increase of $0.7 million.
- Gross merchandise sales reached $61.2 million, an increase of $35.0 million, or 134%.
- Adjusted gross margin reached 41.6%, an improvement of 6.7 percentage points.
- Adjusted gross profit reached $25.4 million, an increase of $16.3 million, or 179%.
- Active subscribers reached 189,000 as at May 31, 2019, an increase of 113,000 or 149% compared to May 31, 2018, and an increase of 100,000 or 112% compared to August 31, 2018.

HIGHLIGHTS OF THE NINE-MONTH PERIOD ENDED MAY 31, 2019 COMPARED TO THE NINE-MONTH PERIOD ENDED MAY 31, 2018 (1)

- Revenue reached $116.1 million, an increase of $66.9 million, or 136%.
- Gross margin reached 24.3%, an improvement of 3.8 percentage points.
- Gross profit reached $28.2 million, an increase of $18.2 million, or 180%.
- Net loss reached $15.1 million, an increase of $8.6 million, resulting in net loss per share of $0.28.
- Cash provided by operating activities reached $3.9 million, an increase of $4.6 million.
- Gross merchandise sales reached $144.9 million, an increase of $86.6 million, or 149%.
- Adjusted gross margin reached 39.4%, an improvement of 6.4 percentage points.
- Adjusted gross profit reached $57.0 million, an increase of $37.8 million, or 197%.

(1) The transition to IFRS 16 on September 1, 2018 had an impact on gross margin, adjusted gross margin, gross profit, adjusted gross profit, net loss and cash provided by operating activities. Refer to the related sections of this MD&A for the impact of the transition to IFRS 16.

MAIN EVENTS DURING THREE-MONTH AND NINE-MONTH PERIODS ENDED MAY 31, 2019

Expansion of Eastern Canada Facility

On September 24, 2018, the Company signed an amendment to the lease of the Eastern Canada facility, to renew and extend the term of the initial premises and lease an additional 72,000 square-feet area, expanding to a total of 155,000 square feet, which doubles the production capacity of the facility. The initial lease term ends in October 2023 with renewal options for a further fifteen years.

Debt Financing

In November 2018, the Company signed an agreement with a leading Canadian financial institution for a secured three-year term loan of $10.0 million, a $2.5 million revolving credit facility and $1.0 million in other short-term financing. In April 2019, the Canadian financial institution increased the amount in other short-term financing from $1.0 million to $3.0 million. The term loan and the revolving credit facility bear variable interest at the Canadian Dollar Rate ("CDOR") plus 2.50%. The term loan is repayable in quarterly installments of $125,000 beginning on December 4, 2020 with a bullet repayment of the balance at the end of the three-year term. As at May 31, 2019, the revolving credit facility was undrawn and $10.0 million of the term loan was disbursed with proceeds used to fund expansion capital expenditures, invest in automation and refinance the Company's long-term debt.

In March 2019, the Company signed two interest rate swap agreements with the same leading Canadian financial institution. With these agreements, the Company effectively fixed the interest rate on notional amounts of $2.5 million and $1.3 million, at rates of 4.72% and 4.57%, respectively, of the Company's long-term debt until maturity in November 2021.

Equity Issuance

On February 22, 2019, the Company completed a public offering and issued 6,019,212 common shares for gross proceeds of $21.1 million. The Company has used a portion of the proceeds of the offering and will continue to use the proceeds of the offering for investments in automation, the expansion of Western Canada's production facility, the development and rollout of breakfast and ready-to-eat meal solutions, the development of sustainable packaging, working capital and general corporate purposes.

Yumm.ca

On May 16, 2019, the Company announced the launch of Yumm.ca, a value meal-kit option targeting cost-conscious customers available nationwide.

Breakfast Meal Solutions

On June 10, 2019, the Company announced that its first breakfast meal solution, ready-to-blend superfood smoothies, was now available across Canada.

SUBSEQUENT EVENTS

Breakfast Production Facility

On June 18, 2019, the Company signed a five-year lease with a renewal option of three years for a 20,000 square-feet production facility located in Montreal, Quebec, Canada. Payment commencement date is July 6, 2019 and management intends to commence operations in the new facility before the end of Fiscal 2019. Fixed rent payments represent a total commitment of $895.

British Columbia Production Facility

On July 3, 2019, the Company signed a ten-year lease with a renewal option of five years for an 84,000 square-feet production facility located in Vancouver, British Columbia, Canada. The expected delivery date of the facility is October 1, 2019 and payment commencement date is January 15, 2020. Management intends to begin operations in the new facility in the beginning of calendar year 2020. Fixed rent payments represent a total commitment of $14,630.

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 and to provide a further understanding of the Company's results of operations from our 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 respective financial statements for the periods indicated.

Metrics	Definitions
Active subscribers	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. While Active subscribers is not an IFRS or Non-IFRS Financial Measure, and therefore, does not appear in, and cannot be reconciled to, a specific line item in our consolidated financial statements, we believe that Active subscribers is a useful metric for investors 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.

Non-IFRS financial measures	Definitions
Gross merchandise sales ("GMS")	Gross merchandise sales 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, presented at retail value, 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. We believe that GMS is a useful revenue measure because the exclusion of incentives and credits provides a picture that is more indicative of future revenue.
Adjusted gross profit & 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 the 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. We believe 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.
EBITDA, Adjusted EBITDA & Adjusted EBITDA margin	EBITDA is defined as net income or loss before net finance expenses (income), depreciation and amortization expense and income tax expense. Adjusted EBITDA is defined as EBITDA excluding share-based payments as they are an equity compensation item and other items that we believe 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. We believe 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.

ACTIVE SUBSCRIBERS

	Three-month periods ended May 31, 2019	2018	Nine-month periods ended May 31, 2019	2018
Active subscribers, beginning of period	159,000	61,000	89,000	31,000
Net change in Active subscribers	30,000	15,000	100,000	45,000
Active subscribers, end of period	189,000	76,000	189,000	76,000

GROSS MERCHANDISE SALES

The reconciliation of revenue to GMS is as follows:

(In thousands of Canadian dollars)	Three-month periods ended May 31, 2019	2018	Nine-month periods ended May 31, 2019	2018
Revenue	$ 49,864	$ 22,223	$ 116,074	$ 49,131
Credits removed from cancelled accounts	-	-	(638)	-
Incentives and credits	11,348	3,944	29,417	9,150
Gross merchandise sales	$ 61,212	$ 26,167	$ 144,853	$ 58,281

For the three-month and nine-month periods ended May 31, 2019, Gross merchandise sales increased by $35.0 million and $86.6 million, respectively. The increase in Gross merchandise sales was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform. The increase in incentives and credits was primarily driven by the increase in Active subscribers, the launch of our national platform and planned strategic marketing activities.

ADJUSTED GROSS PROFIT AND ADJUSTED GROSS MARGIN

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

(In thousands of Canadian dollars)	Three-month periods ended May 31, 2019	2018	Nine-month periods ended May 31, 2019	2018
Gross merchandise sales	$ 61,212	$ 26,167	$ 144,853	$ 58,281
Cost of goods sold	35,775	17,040	87,841	39,064
Adjusted gross profit	$ 25,437	$ 9,127	$ 57,012	$ 19,217
Adjusted gross margin	41.6%	34.9%	39.4%	33.0%

For the three-month and nine-month periods ended May 31, 2019, Adjusted gross margin improved by 6.7 percentage points and 6.4 percentage points, respectively. The increase in Adjusted gross margin resulted primarily from lower production labour costs as a percentage of revenue and lower unit costs with regards to packaging and shipping due to increased operational efficiencies, additional automation investments and purchasing power. For the three-month and nine-month periods ended May 31, 2019, as a result of early adopting IFRS 16, Adjusted gross profit and Adjusted gross margin were favourably impacted by $125 thousand and 0.2 percentage points, and $327 thousand and 0.3 percentage points, respectively.

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

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

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
(In thousands of Canadian dollars)	2019	2018	2019	2018
Net loss	$ (3,639)	$ (1,564)	$ (15,050)	$ (6,478)
Net finance expenses (income)	89	(18)	265	(48)
Depreciation and amortization expense	701	150	1,743	259
EBITDA	$ (2,849)	$ (1,432)	$ (13,042)	$ (6,267)
Loss on disposal of fixed assets	-	-	-	113
Share-based payments	465	148	1,269	300
Adjusted EBITDA	$ (2,384)	$ (1,284)	$ (11,773)	$ (5,854)
Revenue	$ 49,864	$ 22,223	$ 116,074	$ 49,131
Adjusted EBITDA margin (%)	(4.8%)	(5.8%)	(10.1%)	(11.9%)

For the three-month and nine-month periods ended May 31, 2019, Adjusted EBITDA margin improved by 1.0 percentage points and 1.8 percentage points, respectively, when compared to the three-month and nine-month periods ended May 31, 2018. For the three-month and nine-month periods ended May 31, 2019, the increase in Adjusted EBITDA margin, resulted primarily from higher revenues and lower production labour costs as a percentage of revenue and lower unit costs with regards to packaging and shipping which generated a higher gross profit, offset by an increase in selling, general and administrative expenses. EBITDA and Adjusted EBITDA were also affected positively by $372 thousand and $913 thousand, respectively, during the three-month and nine-month periods ended May 31, 2019 due to early adoption of IFRS 16. EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin would have been ($3.2) million and ($14.0) million, ($2.8) million and ($12.7) million, and (5.5%) and (10.9%), respectively for the three-month and nine-month periods ended May 31, 2019 without early adoption of IFRS 16.

For the nine-month period ended May 31, 2018, Adjusted EBITDA excludes the non-cash loss on the disposal of fixed assets as we believe this item does not reflect the performance of the underlying business of the Company.

RESULTS OF OPERATIONS – THREE-MONTH PERIODS ENDED MAY 31, 2019 AND 2018

The following table sets forth the components of the Company's consolidated statement of loss and comprehensive loss for the three-month periods ended May 31, 2019 and 2018:

	AS REPORTED				AMOUNT WITHOUT IFRS 16			
	THREE-MONTH PERIODS ENDED MAY 31,				THREE-MONTH PERIODS ENDED MAY 31,			
(In thousands of Canadian dollars)	2019	2018	Variance ($)[1]	Variance (%)[2]	2019	2018	Variance ($)[1]	Variance (%)[2]
Revenue	$ 49,864	$ 22,223	$ 27,641	124%	$ 49,864	$ 22,223	$ 27,641	124%
Cost of goods sold	35,775	17,040	(18,735)	110%	35,900	17,040	(18,860)	111%
Gross profit	$ 14,089	$ 5,183	$ 8,906	172%	$ 13,964	$ 5,183	$ 8,781	169%
Gross margin[3]	*28.3%*	*23.3%*	*N/A*	*N/A*	*28.0%*	*23.3%*	*N/A*	*N/A*
Selling, general and administrative expenses	$ 16,938	$ 6,615	$ (10,323)	156%	$ 17,185	$ 6,615	$ (10,570)	160%
Depreciation and amortization expenses	701	150	(551)	367%	332	150	(182)	121%
Net finance expenses (income)	89	(18)	(107)	594%	(75)	(18)	57	317%
Net loss, being comprehensive loss	$ (3,639)	$ (1,564)	$ (2,075)	133%	$ (3,478)	$ (1,564)	$ (1,914)	122%
Basic and diluted net loss per share	$ (0.06)	$ (0.03)	$ (0.03)	100%	$ (0.06)	$ (0.03)	$ (0.03)	100%

(1) A positive variance represents a reduction to net loss and a negative variance represents an increase in net loss.
(2) Percentage change is presented in absolute values.
(3) Gross margin is calculated as gross profit divided by revenue and is expressed in percentage terms.

EXPLANATION OF VARIANCES FOR REPORTED AMOUNTS FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2019 COMPARED TO 2018

- The increase in revenue was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform.
- The increase in gross profit was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform and is also due to a higher gross margin.
- While the Company's early adoption of IFRS 16, effective September 1, 2018, had a positive impact of 0.3% on gross margin, the increase in gross margin primarily resulted from lower production costs as a percentage of revenue and lower unit costs for packaging and shipping due to increased operational efficiencies, additional automation investments and purchasing power. This was partially offset by an increase in incentives and credits included in revenue primarily driven by the increase in Active subscribers, the launch of our national platform and planned strategic marketing activities. The Company expects that fixed costs as a percentage of revenues will continue to decrease with the Company's continued growth which should further increase gross margin in the future.
- The increase in selling, general and administrative expenses is primarily due to planned strategic increases in marketing costs and higher wage costs due to the addition of administrative personnel to support the Company's growth, partially offset by the classification of rent expense associated with leases previously classified as operating leases under IAS 17 as depreciation and interest expense pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018.
- The increase in depreciation and amortization expenses resulted from the acquisition of fixed assets across all asset classes for the Company's Eastern Canada and Western Canada production facilities, and from the recognition of right-of-use assets recognized pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018.
- The increase in net finance expenses (income) resulted primarily from the interest expense on lease obligations associated with the recognition of lease obligations pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018, partially offset by higher interest income earned due to increased interest rates and net cash provided by operating activities.
- The increase in net loss is mainly attributable to higher selling, general and administrative expenses and depreciation and amortization expenses, offset by higher gross profit.

RESULTS OF OPERATIONS – NINE-MONTH PERIODS ENDED MAY 31, 2019 AND 2018

The following table sets forth the components of the Company's consolidated statement of loss and comprehensive loss for the nine-month periods ended May 31, 2019 and 2018:

	AS REPORTED				AMOUNT WITHOUT IFRS 16			
	NINE-MONTH PERIODS ENDED MAY 31,				NINE-MONTH PERIODS ENDED MAY 31,			
(In thousands of Canadian dollars)	2019	2018	Variance ($)(1)	Variance (%)(2)	2019	2018	Variance ($)(1)	Variance (%)(2)
Revenue	$ 116,074	$ 49,131	$ 66,943	136%	$ 116,074	$ 49,131	$ 66,943	136%
Cost of goods sold	87,841	39,064	(48,777)	125%	88,168	39,064	(49,104)	126%
Gross profit	$ 28,233	$ 10,067	$ 18,166	180%	$ 27,906	$ 10,067	$ 17,839	177%
Gross margin(3)	*24.3%*	*20.5%*	*N/A*	*N/A*	*24.0%*	*20.5%*	*N/A*	*N/A*
Selling, general and administrative expenses	$ 41,275	$ 16,221	$ (25,054)	154%	$ 41,861	$ 16,221	$ (25,640)	158%
Depreciation and amortization expenses	1,743	259	(1,484)	573%	812	259	(553)	213%
Loss on disposal of fixed assets	-	113	113	100%	-	113	113	100%
Net finance expenses (income)	265	(48)	(313)	663%	(195)	(48)	147	310%
Net loss, being comprehensive loss	$ (15,050)	$ (6,478)	$ (8,572)	132%	$ (14,572)	$ (6,478)	$ (8,094)	125%
Basic and diluted net loss per share	$ (0.28)	$ (0.13)	$ (0.15)	115%	$ (0.27)	$ (0.13)	$ (0.14)	108%

(1) A positive variance represents a reduction to net loss and a negative variance represents an increase in net loss.
(2) Percentage change is presented in absolute values.
(3) Gross margin is calculated as gross profit divided by revenue and is expressed in percentage terms.

EXPLANATION OF VARIANCES FOR REPORTED AMOUNTS FOR THE NINE-MONTH PERIOD ENDED MAY 31, 2019 COMPARED TO 2018

- The increase in revenue was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform.
- The increase in gross profit was primarily driven by the continued growth in the number of Active subscribers and the launch of the national platform and is also due to a higher gross margin.
- While the Company's early adoption of IFRS 16, effective September 1, 2018, had a positive impact of 0.3% on gross margin, the increase in gross margin primarily resulted from lower production costs as a percentage of revenue and lower unit costs for packaging and shipping due to increased operational efficiencies, additional automation investments and purchasing power. This was partially offset by an increase in incentives and credits included in revenue primarily driven by the increase in Active subscribers, the launch of our national platform and planned strategic marketing activities. The Company expects that fixed costs as a percentage of revenues will continue to decrease with the Company's continued growth which should further increase gross margin in the future.
- The increase in selling, general and administrative expenses is primarily due to planned strategic increases in marketing costs and higher wage costs due to the addition of administrative personnel to support the Company's growth, partially offset by the classification of rent expense associated with leases previously classified as operating leases under IAS 17 as depreciation and interest expense pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018.
- The increase in depreciation and amortization expenses resulted from the acquisition of fixed assets across all asset classes for the Company's Eastern Canada and Western Canada production facilities, and from the recognition of right-of-use assets recognized pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018.
- The decrease in loss on disposal of fixed assets resulted from the disposal of fixed assets that occurred in Fiscal 2018. No other disposals of fixed assets have occurred during Fiscal 2019.
- The increase in net finance expenses (income) resulted primarily from the interest expense on lease obligations associated with the recognition of lease obligations pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018, partially offset by higher interest income earned due to increased interest rates and net cash generated in operating activities.
- The increase in net loss is mainly attributable to higher selling, general and administrative expenses and depreciation and amortization expenses, offset by higher gross profit.

FINANCIAL POSITION

The following table provides an analysis of the variances in the Company's consolidated statement of financial position as at May 31, 2019 compared to the Company's statement of financial position as at August 31, 2018:

	AS REPORTED			AMOUNT WITHOUT IFRS 16		
(In thousands of Canadian dollars)	May 31, 2019	August 31, 2018	Variance	May 31, 2019	August 31, 2018	Variance
Total Assets	**$ 79,025**	**$ 34,309**	**$ 44,716**	**$ 69,014**	**$ 34,309**	**$ 34,705**
Variance mainly due to:						
Cash and cash equivalents	49,713	24,453	25,260	49,713	24,453	25,260
Inventories	4,107	1,585	2,522	4,107	1,585	2,522
Fixed assets	10,452	6,006	4,446	10,959	6,006	4,953
Right-of-use-assets	10,529	-	10,529	-	-	-
Total Liabilities	**$ 56,281**	**$ 17,853**	**$ 38,428**	**$ 45,792**	**$ 17,583**	**$ 28,209**
Variance mainly due to:						
Accounts payable and accrued liabilities	28,813	11,343	17,470	28,813	11,343	17,470
Deferred revenue	5,343	2,522	2,821	5,343	2,522	2,821
Long-term debt, including current portion	10,019	2,092	7,927	10,309	2,092	8,217
Lease obligations	12,106	-	12,106	-	-	-
Other non-current liabilities	-	1,396	(1,396)	1,327	1,396	(69)
Total Shareholders' Equity	**$ 22,744**	**$ 16,456**	**$ 6,288**	**$ 23,222**	**$ 16,456**	**$ 6,766**
Variance mainly due to:						
Common shares	56,593	36,283	20,310	56,593	36,283	20,310
Deficit	(35,659)	(20,609)	(15,050)	(35,181)	(20,609)	(14,572)

EXPLANATION OF VARIANCES FOR REPORTED AMOUNTS FROM AUGUST 31, 2018 TO MAY 31, 2019

- The increase in cash and cash equivalents is the result of increased net cash provided by operating and financing activities.
- The increase in inventories is due to the Company's growth, where the increase in food inventory and packaging inventory generally follows weekly and monthly revenue trends, respectively.
- The increase in fixed assets is primarily due to investments in the expansion and automation at the Company's Eastern and Western Canada production facilities.
- The increase in right-of-use assets and lease obligations and decrease in other non-current liabilities reflects the Company's early adoption of IFRS 16, effective September 1, 2018.
- The increase in accounts payable and accrued liabilities is primarily due to higher purchases resulting from the Company's growth and more favourable payment terms as a result of increased purchasing power.
- The increase in deferred revenue is due to Company's growth and to the timing of period-end within the Company's weekly delivery cycle.
- The increase in long-term debt resulted from the secured financing closed in November 2018 where the Company obtained a commitment from a leading Canadian financial institution for a $10 million three-year term loan, a $2.5 million revolving credit facility and other short-term financing with favourable repayment terms. As at May 31, 2019, $10 million of the term loan was disbursed and the proceeds were used to fund expansion capital expenditures, invest in automation, and refinance the Company's long-term debt. The term loan is repayable in quarterly installments beginning in December 2020. Leases previously classified as finance leases under IAS 17 are also now reflected within lease obligations pursuant to the Company's early adoption of IFRS 16, effective September 1, 2018.
- The increase in common shares is mainly due to the public offering completed on February 22, 2019, where 6,019,212 commons shares were issued for gross proceeds of $21.1 million, less share issuance costs of $1.5 million. In addition, agent compensation options granted in connection with the private placement completed in June 2017 were exercised during the third quarter of Fiscal 2019 resulting in the issuance of 299,064 common shares for gross proceeds of $598 thousand.
- The increase in deficit is due to the net loss incurred for the nine-month periods ended May 31, 2019.

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, to maximize the preservation of capital and deliver competitive returns on invested capital. To fund its activities, the Company has relied on public and private placements, 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 May 31, 2019 and 2018 is presented below:

(In thousands of Canadian dollars)	Three-month periods ended May 31, 2019	2018	Variance
Net cash provided by operating activities	$ 2,444	$ 1,785	$ 659
Net cash provided by financing activities	2,570	8,944	(6,374)
Net cash used in investing activities	(1,572)	(1,919)	347
Net change in cash and cash equivalents	$ 3,442	$ 8,810	$ (5,368)
Cash and cash equivalents, beginning of period	46,271	15,177	31,094
Cash and cash equivalents, end of period	$ 49,713	$ 23,987	$ 25,726

The positive variance in net cash provided by operating activities is primarily due to a favorable change in non-cash operating working capital and the classification of lease payments under IFRS 16 of $498 thousand as financing activities instead of as operating activities ($165 thousand for the three-month period ended May 31, 2018). The negative variance in net cash provided by financing activities is primarily due to the issuance of $10.0 million of common shares in May 2018, partially offset by proceeds from issue of long-term debt of $2.5 million in May 2019. The positive variance in net cash used in investing activities is primarily due to the higher capital expenditures in the third quarter of Fiscal 2018 relating to the leasehold improvements at the Western Canada facility.

A summary of net cash flows by activity for the nine-month periods ended May 31, 2019 and 2018 is presented below:

(In thousands of Canadian dollars)	Nine-month periods ended May 31, 2019	2018	Variance
Net cash provided by (used in) operating activities	$ 3,851	$ (714)	$ 4,565
Net cash provided by financing activities	26,397	11,195	15,202
Net cash used in investing activities	(4,988)	(4,042)	(946)
Net change in cash and cash equivalents	$ 25,260	$ 6,439	$ 18,821
Cash and cash equivalents, beginning of period	24,453	17,548	6,905
Cash and cash equivalents, end of period	$ 49,713	$ 23,987	$ 25,726

The positive variance in net cash provided by operating activities is primarily due to a favorable change in non-cash operating working capital and the classification of lease payments under IFRS 16 of $1,258 thousand as financing activities instead of as operating activities ($413 thousand for the nine-month period ended May 31, 2018). The positive variance in net cash provided by financing activities is primarily due to the issuance of $21.1 million of common shares and 10.0 million in proceeds from issuance of long-term debt during the nine-month period ended May 31 2019, partially offset by the issuance of $10.0 million of commons shares in May 2018. The negative variance in net cash used in investing activities is primarily due to the increase in capital expenditures in Fiscal 2019 relating to investment in automation and the expansion of the Eastern Canada facility.

CREDIT FACILITY

Significant financing transactions occurring in Fiscal 2019 were as follows:

- In November 2018, the Company obtained a commitment from a leading Canadian financial institution for a secured three-year term loan of $10 million, a $2.5 million revolving credit facility and $1 million in other short-term financing. The credit facility is secured by a first-ranking hypothec on all the Company's movable and immovable assets.
- In April 2019, the Canadian financial institution increased the amount in other short-term financing from $1 million to $3 million.
- As at May 31, 2019, $10 million of the term loan was disbursed, bearing variable interest at CDOR plus 2.50% (4.48% as at May 31, 2019). The proceeds were used to fund expansion capital expenditures, invest in automation, and refinance the Company's long-term debt. The term loan is repayable in quarterly installments of $125 thousand beginning on December 4, 2020 with a bullet repayment of the balance at the end of the three-year term ending in November 2021. Debt issuance costs of $25 thousand were incurred and recorded against the debt at the inception date of the debt. As at May 31, 2019, debt issuance costs of $4 thousand were amortized and recorded in net finance costs.
- In March 2019, the Company signed two interest rate swap agreements with the same leading Canadian financial institution. With these agreements, the Company effectively fixed the interest rate on notional amounts of $2.5 million and $1.3 million, at a rate 4.72% and 4.57%, respectively, of the Company's long-term debt until maturity in November 2021.
- The credit facility includes financial covenants with which the Company was in compliance as at May 31, 2019.
- As at May 31, 2019, the Company has corporate credit cards used for business purposes with authorised limits totaling $5.9 million, including $3.0 million in other short-term financing secured from a leading Canadian financial institution. Amounts owing with respect to credit cards are included in accounts payable and accrued liabilities.

CONTRACTUAL OBLIGATIONS

The following are amounts due on contractual maturities of financial liabilities, including estimated interest payments, as well as commitments with respect to leases as at May 31, 2019:

(In thousands of Canadian dollars)	Total	Less than 1 year	1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 28,813	$ 28,813	$ -	$ -
Long-term debt	11,125	455	10,670	-
Leases [1]	15,349	1,790	6,524	7,035
	$ 55,287	$ 31,058	$ 17,194	$ 7,035

(1) As at May 31, 2019, future lease payments of $5,591 for which the Company is reasonably certain to exercise the renewal options have been recognized in lease obligations included in the statement of financial position as at May 31, 2019, representing an amount of $6,443 of undiscounted cash flows.

SELECTED QUARTERLY INFORMATION AND RECONCILIATION OF QUARTERLY NON-IFRS MEASURES

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

	Three-month periods ended							
	May 31, 2019 (1)	Feb. 28, 2019 (1)	Nov. 30, 2018 (1)	Aug. 31, 2018	May 31, 2018	Feb. 28, 2018	Nov. 30, 2017	Aug.31, 2017
Active subscribers	189,000	159,000	126,000	89,000	76,000	61,000	45,000	31,000
(in thousands of Canadian dollars)								
Gross merchandise sales	$ 61,212	$ 46,535	$ 37,105	$ 25,812	$ 26,166	$ 18,840	$ 13,275	$ 8,709
Credits removed from cancelled accounts	-	638	-	-	-	-	-	-
Incentives and credits	(11,348)	(10,580)	(7,488)	(4,441)	(3,943)	(3,167)	(2,039)	(1,221)
Revenue	49,864	36,593	29,617	21,371	22,223	15,673	11,236	7,488
Net loss	(3,639)	(6,560)	(4,851)	(2,956)	(1,564)	(2,393)	(2,520)	(3,770)
Basic and diluted net loss per share (2)	(0.06)	(0.13)	(0.09)	(0.06)	(0.03)	(0.05)	(0.05)	(0.08)

(1) The transition to IFRS 16 on September 1, 2018 had an impact on net loss and basic and diluted net loss per share. Refer to the related sections of this MD&A for the impact of the transition to IFRS 16.

(2) 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 ending August 31, 2019, anticipated operating losses as the Company continues to grow its Active subscriber base and capital expenditures are expected to reduce the Company's cash balance and liquidity position compared to May 31, 2019, absent additional financing. We believe 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 amounts receivable included in other current assets. The Company's maximum credit exposure corresponds to the carrying value of these financial assets. We believe 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, 2018 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 does not currently have any 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, with the exception of the two new leases that were signed and are described in the "Third Quarter Fiscal 2019 Highlights" section of this MD&A.

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.

DERIVATIVES

The Company entered into two interest rate swap agreements during the three-month period ended May 31, 2019, as described in the "Liquidity and Capital Resources" section of the MD&A and in detail in Note 7 to its condensed interim consolidated financial statements for the three-month and nine-month periods ended May 31, 2019.

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 May 31, 2019, the Company was in compliance with these financial covenants.

OUTSTANDING SHARE DATA

As at July 11, 2019, the Company had 58,143,521 common shares issued and outstanding and 3,290,736 stock options outstanding.

For additional information with respect to stock options, refer to Note 14 to the Company's condensed interim consolidated financial statements for the three-month and nine-month periods ended May 31, 2019.

USE OF PROCEEDS FROM PUBLIC OFFERINGS

FEBRUARY 2019 PUBLIC OFFERING

On February 22, 2019, the Company completed a public offering and issued 6,019,212 common shares for net proceeds of $19.6 million (including proceeds from over-allotment option).

The following table compares the estimated use of proceeds presented in the Company's final short form prospectus dated February 18, 2019 with the actual use of proceeds as at May 31, 2019:

(In thousands of Canadian dollars)	Actual use of proceeds	Estimated use of proceeds[1]	Variance
Capital expenditures and process automation	$ 1,517	$ 10,000	$ (8,483)
Expansion of product offering and development of new meal solutions	582	5,000	(4,418)
Implementation of reusable packaging initiatives	15	500	(485)
Working capital and general corporate purposes	574	4,065	(3,491)
Remaining as at May 31, 2019	16,883	N/A	16,883
Total net proceeds	19,571	19,565	6
Share issuance costs	1,496	1,502	(6)
Gross proceeds	$ 21,067	$ 21,067	$ -

(1) Included in the estimated use of proceeds for Working capital and general corporate purposes is the additional net proceeds from the exercise of the Treasury Over-Allotment Option.

SEGMENT REPORTING

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated 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 nine-month periods ended May 31, 2019 are the same as those applied to the Company's annual audited financial statements for the year ended August 31, 2018, except for significant judgments and key sources of estimation uncertainty related to the application of IFRS 16 and IFRS 15, which are described in Note 4 to the Company's condensed interim consolidated financial statements for the three-month and nine-month periods ended May 31, 2019.

ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16

Effective September 1, 2018, the Company early adopted IFRS 16, *Leases*, using the modified retrospective approach. Accordingly, comparative figures as at and for the year ended August 31, 2018 and the three-month and nine-month periods ended May 31, 2018 have not been restated and continue to be reported under IAS 17, *Leases* ("IAS 17") and IFRIC 4, *Determining whether an arrangement contains a lease*.

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

For information with regards to the Company's specific application of IFRS 16 and the impact of this transition, refer to Note 4 to the Company's condensed interim consolidated financial statements for the three-month and nine-month periods ended May 31, 2019.

IFRS 15

Effective September 1, 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers,* using the cumulative effect method, with the effect of adopting this standard recognized on September 1, 2018, the date of initial application. Accordingly, comparative figures as at August 31, 2018, and for the three-month and nine-month periods ended May 31, 2018, have not been restated.

IFRS 15 replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods and services. Determining the timing of the transfer of control, at a point in time or over time, requires judgment.

The Company generates revenue from the sale of meal solutions. IFRS 15 did not have an impact on the Company's accounting policies for revenue recognition since, under both IFRS 15 and previous standards, the Company recognizes revenue upon delivery of the meal solutions.

For information with regards to the Company's specific application of IFRS 15 and the impact of this transition, refer to Note 4 to the Company's condensed interim consolidated financial statements for the three-month and nine-month periods ended May 31, 2019.

IFRS 9

Effective September 1, 2018, the Company adopted IFRS 9, *Financial Instruments*.

IFRS 9 sets out requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard simplifies the classification of a financial asset as either at amortized cost or at fair value and requires the use of a single impairment method. The approach is based on how an entity manages financial instruments in the context of its business model and the contractual cash flow characteristics of financial assets. The standard also adds guidance on the classification and measurement of financial liabilities.

The Company's cash and cash equivalents, security deposits and amounts receivable, previously classified as loans and receivables under IAS 39, are classified as financial assets subsequently measured at amortized cost under IFRS 9. There is thus no change to the initial measurement of the Company's financial assets.

The Company's accounts payable and accrued liabilities, and long-term debt, previously classified as other financial liabilities under IAS 39, are classified as financial liabilities subsequently measured at amortized cost under IFRS 9. There is thus no change in the initial measurement of the Company's financial liabilities.

There was no impact of transition to IFRS 9 on the Company's condensed interim statement of financial position as at September 1, 2018.

For information with regards to the Company's specific application of IFRS 9 and the impact of this transition, refer to Note 4 to the Company's condensed interim consolidated financial statements for the three-month and nine-month periods ended May 31, 2019.

RECENT ACCOUNTING PRONOUNCEMENTS

Please refer to the Company's annual audited financial statements for the year ended August 31, 2018 as there have been no changes.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer ("Certifying Officers") that report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month and nine-month periods ended May 31, 2019, no changes were made to the Company's internal controls over financial reporting that have materially affected, or are reasonable likely to materially affect, the Company's internal controls over financial reporting.