



ANNUAL INFORMATION FORM

For the fiscal year ended
August 31, 2020

November 10, 2020

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EXPLANATORY NOTES

General Matters

This Annual Information Form is dated November 10, 2020, which is the date it was approved by the Company's Board of Directors, and, unless specifically stated otherwise, all information disclosed in this form is provided as at August 31, 2020, the end of Goodfood's most recently completed fiscal year. Unless otherwise noted or the context otherwise indicates, "we", "us", "our", "Goodfood" and the "Company" refers to Goodfood Market Corp., its predecessors and its subsidiary, YUMM Meal Solutions Corp. All references herein to "\$" or "dollars" are to Canadian dollars, unless indicated otherwise. Certain capitalized terms used herein are defined in the "Glossary of Terms".

Forward-Looking Information

This Annual Information Form 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": limited operating history, negative operating cash flow, food industry, COVID-19 pandemic, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood's reputation, transportation disruptions, storage and delivery of perishable foods, product liability, unionization activities, consolidation trends, ownership and protection of intellectual property, evolving industry, reliance on management, factors which may prevent realization of growth targets, competition, availability and quality of raw materials, 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, limited number of products, conflicts of interest, litigation, catastrophic events, risks associated with payments from customers and third parties, being accused of infringing intellectual property rights of others and climate change and environmental risks.

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, investors 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. In addition, information and expectations set forth herein are subject to and could change materially in relation to developments regarding the duration and severity of the COVID-19 pandemic and its impact on product demand, labour mobility, supply chain continuity and other elements beyond our control.

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.

IFRS and Non-IFRS Measures

Our financial statements, available on SEDAR at www.sedar.com, have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

This Annual Information Form and our most recent Management Discussion and Analysis, available on SEDAR at www.sedar.com, make reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our 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.

We use non-IFRS measures including EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and assess our ability to meet our future debt service, capital expenditure and working capital requirements.

Please refer to our most recent Management Discussion and Analysis, available on SEDAR at www.sedar.com, for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin presented by the Company and reconciliation, where applicable, to the most directly comparable IFRS measure.

We also use Active Subscribers, a metric which is not an IFRS or non-IFRS financial measure, and therefore, it does not appear in and cannot be reconciled to a specific item in our financial statements. An Active Subscriber is defined as an account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle or that is registered to Goodfood WOW. Active Subscribers exclude cancelled accounts. We believe that Active Subscribers are 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. For greater certainty, an Active Subscriber is only accounted for once, although different products might have been ordered in a given weekly delivery cycle.

Market and Industry Data

We have obtained the market and industry data presented herein from a combination of third party sources and the estimates of management. Although we believe that these third party sources and our management estimates are reliable, the accuracy and completeness of such data is not guaranteed and has not been verified by any independent sources. Market and industry data, including estimates and projections relating to size of market and market share, is inherently imprecise and cannot be verified due to limitations on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other

limitations inherent in any market research or other survey. Management's estimates are based on internal research, its knowledge of the relevant market and industry and extrapolations from third party sources. While we are not aware of any misstatements regarding the market and industry data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed under "Forward-Looking Information" and "Risk Factors".

Trademarks

This Annual Information Form includes registered and unregistered trademarks such as Marché Goodfood, Goodfood Market, Yumm, Repas Yumm, Flex and Goodfood WOW, which are protected under applicable intellectual property laws and are our property. All other trademarks used herein are the property of their respective owners.

CORPORATE STRUCTURE

Name, Address and Incorporation

Goodfood Market Corp. results from the amalgamation under the *Canada Business Corporations Act* (the "CBCA") on September 1, 2017 of Goodfood Market Corp. (formerly Mira VII Acquisition Corp.) and Goodfood Market Inc. (the resulting entity of the amalgamation between Goodfood Market Inc. and Mira VII Subco Inc.).

Our head and registered office is located at 4600 Hickmore Street, Montréal, Québec, Canada, H4T 1K2.

For additional information with respect to our history, we refer you to the "History of Goodfood" section under "Our Business".

Intercorporate Relationships

Goodfood directly owns 100% of the voting securities of YUMM Meal Solutions Corp., its only subsidiary. YUMM Meal Solutions Corp. was incorporated under the CBCA on March 21, 2019.

OUR BUSINESS

About Goodfood

Goodfood is a leading online grocery company in Canada, delivering fresh meal solutions and grocery items that make it easy for members from coast to coast to enjoy delicious meals at home every day. Goodfood's mission is to make the impossible come true, from farm to kitchen, by enabling members to do their weekly meal planning and grocery shopping in minutes. Goodfood members get access to a unique selection of products online as well as exclusive pricing made possible by its world class direct to consumer fulfilment ecosystem that cuts out food waste and expensive retail overhead. The Company has three production facilities and administrative offices in Montréal, Québec, two production facilities in the Greater Toronto Area (the "GTA"), Ontario (one in operation and another under construction), one production facility in Calgary, Alberta and one production facility in the Vancouver area, British Columbia. Goodfood had 280,000 active subscribers as at August 31, 2020.

Subscribers have the ability to build a grocery basket by selecting from a variety of Goodfood-branded grocery items and meal solutions, based on their taste preferences and personal schedules. Each basket can be delivered daily in some geographies or once a week. Prices are generally inclusive of delivery and Goodfood currently serves customers across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Prince Edward Island.

History of Goodfood

In 2014, Neil Cuggy, Jonathan Ferrari and Raffi Krikorian launched Goodfood (formerly known as Culiniste) to increase Canada's limited number of grocery delivery options and to reduce the amount of wasted produce in the Canadian food market. Goodfood Market Inc. ("**GMI**") was then incorporated pursuant to the CBCA on September 2, 2014.

On March 31, 2017, GMI completed a private placement of subscription receipts for gross proceeds of \$21,085,766 and net proceeds of \$19,553,259. Each subscription receipt was exchangeable for one common share of GMI, and ultimately entitled the holder thereof to one common share of the Resulting Issuer (as such term is defined below), upon completion of the Amalgamation (as such term is defined below).

On April 25, 2017, Mira VII Acquisition Corp. ("**Mira VII**"), together with its wholly-owned subsidiary Mira VII Subco Inc. ("**Subco**"), entered into an amalgamation agreement with GMI pursuant to which Subco would amalgamate with GMI (the "**Amalgamation**"). The amalgamated corporation ("**Amalco**") became a wholly-owned subsidiary of Mira VII at the time of the completion of the Amalgamation. On June 1, 2017, the Amalgamation and related operations were completed (collectively referred to as the reverse take-over or "**RTO**") and, as a final step, Mira VII changed its name to Goodfood Market Corp. (the "**Resulting Issuer**"). Following the closing of its RTO, the Company began trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "FOOD" on June 7, 2017. On August 31, 2017, the Resulting Issuer, formerly governed by the *Business Corporations Act* (Ontario), completed its continuance under the CBCA. On September 1, 2017 and following the continuance, the Resulting Issuer amalgamated with Amalco, its operating subsidiary, to form the Company.

On June 21, 2017, the Company signed a five-year lease with a five-year renewal option for an 83,000 square foot distribution facility located in Montréal, Québec, Canada. The facility replaced the Company's previous 16,000 square foot primary distribution facility also located in Montréal, Québec, Canada, such lease having expired on October 31, 2017. In September 2017, production and distribution operations were transferred to the new facility.

In September 2017, the Company secured a commitment from a Canadian chartered bank to provide a five-year term loan of \$2,500,000, a \$500,000 revolving line of credit and \$300,000 in other short-term financing. In October 2017, the term loan was disbursed. The proceeds of the term loan were used to refinance the Company's long-term debt, finance capital expenditures and for general corporate purposes.

In November 2017, the Company signed a seven-year lease for a production and distribution facility located in Calgary, Alberta. The new facility became fully operational in May 2018 and has allowed the Company to serve customers across Western Canada.

On February 13, 2018, the Company announced the hiring of Philippe Adam as Chief Financial Officer effective March 23, 2018.

In the beginning of April 2018, the Company began offering its Easy Prep basket, which includes all of its Classic recipes, plus time-saving Easy Prep recipes with fresh pre-cut and pre-cooked ingredients.

On April 20, 2018, the Company announced that it was awarded the prestigious Mercuriades award in the Successful Business Strategy category by the *Fédération des chambres de commerce du Québec* in partnership with Québec's *Ordre des comptables professionnels agréés*, which recognizes achievement in developing a growth strategy to maximize potential.

On May 7, 2018, the Company completed a bought deal public offering of common shares of the Company (the “**Common Shares**”) at a price of \$2.50 per Common Share for gross proceeds to the Company of \$10 million (the “**2018 Offering**”). On May 16, 2018 and pursuant to the 2018 Offering, the Company announced the partial exercise of an over-allotment option by the underwriters to purchase 200,000 Common Shares entirely from Jonathan Ferrari, Neil Cuggy, and Raffi Krikorian (the “**Selling Shareholders**”), rather than from the Company and the Selling Shareholders of a *pro rata* basis, for gross proceeds to the Selling Shareholders of \$500,000 in the aggregate.

In July 2018, the Company also began offering premium recipes under its “L’Artisan” basket.

On September 21, 2018, the Company announced the expansion of its Montréal facility by an additional 72,000 square feet. The five-year lease, with three five-year renewal options, doubled the production capacity of the Montréal facility and increased facility size to 155,000 square feet. Operations in the new facility started in fiscal year 2019. The expanded facility doubled sales capacity from the Montréal facility, increasing it from \$200 million to \$400 million.

On November 1, 2018, the founders of the Company were recognized as EY Young Entrepreneurs of the year 2018.

On November 14, 2018, the Company obtained a commitment from a Canadian financial institution for a secured three-year term loan of \$10,000,000, a \$2,500,000 revolving line of credit and \$1,000,000 in other short-term financing. The term loan and the revolving line of credit bear variable interest at the banker’s acceptance rate plus 2.50%. The term loan will be repayable in quarterly instalments of \$125,000 beginning on December 4, 2020 with a bullet repayment of the balance at the end of the three-year term. The proceeds of the term loan and the revolving line of credit will be used to refinance the Company’s long-term debt, finance capital expenditures, invest in automation and for general corporate purposes.

On February 22, 2019, the Company completed a second bought deal public offering of Common Shares at a price of \$3.50 per Common Share of which 5,714,286 Common Shares were purchased from the Company and 1,428,571 Common Shares from the Selling Shareholders (the “**2019 Offering**”). The 2019 Offering represented gross proceeds of approximately \$25 million of which \$20 million are gross proceeds to the Company. Pursuant to the 2019 Offering, the Company announced the partial exercise of an over-allotment option by the underwriters to purchase 304,926 Common Shares from the Company and 76,232 Common Shares from the Selling Shareholders, for gross proceeds of approximately \$26.3 million of which \$21 million was for the Company.

In April 2019, the Company amended the agreement signed on November 14, 2018 with a Canadian financial institution to increase the amount available in other short-term financing from \$1,000,000 to \$3,000,000.

On May 16, 2019, the Company launched Yumm, a value meal kit targeting cost-focused Canadian clients.

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

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 Montréal, Québec. The production facility is expected to help increase sales capacity and allow the Company to continue the expansion of its breakfast operations.

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. The addition of a second Western Canada facility is expected to provide the Company with operational savings and will increase the Company’s production capacity to continue to meet demand of the Western Canadian market.

On August 14, 2019, the Company obtained additional bank financing from a Canadian financial institution totalling \$12 million, including a \$7.5 million revolving line of credit, a \$2.5 million delayed drawn term loan and a \$2 million of other short-term financing. The Company intends to use the funds to finance expansion and capital expenditures related to automation of its production facilities.

On September 4, 2019, the Company announced it had reached 200,000 Active Subscribers in the fourth quarter ended on August 31, 2019, representing an increase of 111,000 Active Subscribers since the beginning of the 2019 fiscal year.

In Fiscal 2019, the Company began offering its Clean15 basket comprised of high-protein low-carb recipes, artisanal oat bowls as part of its breakfast offerings and ready-to-bake cookies. The Company also launched its ready-to-eat meal solution and introduced the sale of everyday grocery essentials on its platform.

On September 10, 2019, the Company announced that it had been voted the “Most Trusted Meal Kit Delivery Service” across Canada based on a survey conducted by BrandSpark International, a leading market research firm.

On October 16, 2019, the Company launched its reusable delivery box as part of green initiatives to eliminate 12 million pieces of single serve packaging, positioning the Company as a leader in the industry with respect to environmental sustainability initiatives. As a result of the ongoing COVID-19 pandemic, the Company has suspended its reusable delivery box program to reduce the risk of potential cross contamination for its members and intends to reinstate its reusable delivery box program when sanitary conditions permit.

On November 26, 2019, the Company announced the appointment of Raghavendra Mocharla to its management team as Chief Technology Officer, effective December 2, 2019.

On February 26, 2020, the Company completed a \$30 million financing (the “**2020 Debenture Offering**”) through the issuance of convertible unsecured subordinated debentures (the “**Debentures**”). The Debentures bear a fixed interest rate of 5.75% per annum, payable semi-annually, and will mature on March 31, 2025. The Debentures are convertible at the holder’s option into Common Shares at a conversion price of \$4.70 per Common Share.

On March 11, 2020, the Company announced the official launch of its 84,000 square feet fulfillment centre in Vancouver, British Columbia, further expanding Goodfood’s operating footprint in Western Canada.

On March 23, 2020, the Company announced its intention to hire over 500 employees in Montréal, Toronto, Calgary and Vancouver to support growing operations and ensure the fulfillment of orders across Canada.

On March 27, 2020, the Company announced the introduction of its Essential Canadian Pay Program, raising the pay of all of its hourly and salaried operations and production employees by a minimum of \$2.00 per hour throughout the duration of the COVID-19 crisis. The pay increase ended in mid-July 2020.

On April 29, 2020, the Company signed a thirteen-month lease for its first fulfillment centre in the GTA with two renewal option of five years. Fulfillment of orders at the new 42,000 square feet facility began in May 2020.

On May 19, 2020, the Company signed a ten-year lease for its second fulfillment centre in the GTA with two 5-year renewal options. The 200,000 square feet facility will expand Goodfood’s operating facilities to six from coast-to-coast. The fulfillment centre is currently under construction and is expected to be operational by the end of summer 2021.

On June 25, 2020, the Company announced that it had been selected to join the S&P/TSX Smallcap Index, effective June 22, 2020.

On July 15, 2020, the Company signed a thirty-month lease for a 45,000 square feet facility in Montréal, with two 90-day renewal options. This new facility further expands the Company's capabilities in the region, bringing the total number of facilities across Canada to seven.

On July 30, 2020, the Company announced the launch of its new user-friendly ordering interface, Flex, to enhance subscriber experience.

On August 5, 2020, the Company completed a third bought deal public offering of Common Shares at a price of \$6.05 per Common Share, of which 4,135,000 Common Shares were purchased from the Company and 1,653,000 Common Shares were sold by the Selling Shareholders FY2020 (the "**2020 Share Offering**"). The 2020 Share Offering represented gross proceeds of approximately \$35 million, of which \$25 million are gross proceeds to the Company. Pursuant to the 2020 Share Offering, the Company announced the partial exercise of an over-allotment option by the underwriters to purchase 620,250 Common Shares from the Company and 247,950 Common Shares from the Selling Shareholders FY2020, for gross proceeds of \$40.3 million, of which \$28.8 million was for the Company.

On September 2, 2020, the Company announced it had reached 280,000 Active Subscribers in the fourth quarter ended on August 31, 2020, representing an increase of 80,000 Active Subscribers since the beginning of the 2020 fiscal year.

On October 8, 2020, Goodfood announced the launch of Goodfood WOW, a new unlimited same-day grocery delivery service in the Greater Montréal Area. The Company expects this new service to expand to other major Canadian cities over the next year.

Industry Overview

Online Grocery

Pre-pandemic, the worldwide online grocery market is expected to grow by over US\$227 billion over the next five years, more than doubling in size to US\$374.9 billion. In Canada, before the COVID-19 pandemic, less than 1% of the country's C\$124 billion industry took place online. Initially, that penetration was expected to increase at a 21% CAGR to over C\$2 billion by 2023, largely driven by changing consumer expectations and technology innovation.

However, the current pandemic has shifted growth expectations upwards and timelines forward. Growth initially planned to occur in 5 years is forecasted to occur in less than 3 years. The online grocery market in Canada is now estimated to have reached approximately C\$6 billion. This heightened growth has been spurred by a sharp acceleration in penetration driven by a rise in first-time users. In 2015, 15% of Canadians had purchased groceries online, a number which rose to 25% in 2017, but reached 55% as of March 2020.

The increased penetration driving growth and scale of the online grocery industry is supported by consumers' preference for the convenience of e-commerce grocery shopping. Indeed, consumer preferences built staying power in the industry, as 54% of polled consumers indicated that the COVID-19 pandemic would lead to a permanent increase in their willingness to purchase groceries online. Moreover, 90% of polled consumers of have made an online grocery purchase anticipate continuing to do so.

From our Montréal, Toronto, Calgary and Vancouver facilities, we have the ability to reach approximately 35 million Canadian subscribers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Prince Edward Island through our distribution network. Goodfood currently has approximately 400 branded products, across an array of categories: bakery, dessert, meat and seafood, drinks, pantry, produce, snacks, dairy and kitchen essentials, with plans to grow this to 4,000 branded products in the coming years.

Ready-to-cook

The meal kit industry is a fast-growing sector of the C\$124 billion Canadian grocery industry. The meal kit subscription service has become a more mature industry. The meal kit concept has its roots in Stockholm, Sweden when, in 2007, Kicki Theander launched Middagsfrid, a service that brought bags of groceries to people's doors and it was an instant hit. Theander's brand quickly spread to Denmark, Germany, Belgium, and Switzerland, and spawned a range of competing companies. Many different meal kit companies now operate in Sweden, and the country's population is approximately 10 million people.

Today, the meal kit market is growing quickly in the U.S., after first gaining popularity in Europe, with the global market expected to reach US\$8.9 billion by 2025 (US\$5 billion in 2017) and the U.S. market alone surpassing US\$3.3 billion in 2018 according to management and third party estimates. Considering the size of the end market, penetration rates do not have to be that high for meaningful dollars to shift to the meal kit delivery market, and low-single-digit market penetration could produce meaningful food sales.

Ready-to-eat

Fresh, ready-to-eat meals are among the fastest growing segments of the C\$124 billion Canadian grocery industry as consumption habits continue to evolve rapidly. Grocery incumbents and emerging players alike are quickly building a wide range of product lines and concepts (e.g., "Grocerant") to cater to the increasingly busy lifestyles of Canadians nationwide. This shift is not unique to Canada, as the U.S. ready-to-eat leaders are on the rise, including privately held Freshly, which has gone from distributing 15,000 to over 1,000,000 meals per week since 2016. On October 30, 2020, Nestlé USA announced that it had acquired Freshly to strengthen its position in the U.S. and expanding its ability to deliver a wide variety of food products to consumers.

Given the strong tailwinds and sheer size of the overall end market, even a modest increase in the penetration of ready-to-eat meals across Canada will unlock significant upside for those positioned to seize it. The benefit for us is that we likely have the largest base of households in Canada that are already in the habit of procuring their meals online, therefore, the switch to (or addition) of ready-to-eat meals is far easier than anyone that will need to build a new brand or for the incumbents to disrupt their own models.

Our Competitive Strengths

In our view the following competitive strengths will contribute to our ongoing commercial success and future performance:

Brand Recognition

We understand the emotional attachment our customers have to home-cooked meals, and their desire to cook with friends and family. Many of our customers share their cooking experiences with their loved ones several times each week. As a result, management believes that Goodfood has developed an important emotional connection with its customers, and that its customers associate the Goodfood brand with family-friendly values. Many of our customers have shared their culinary successes through social media, which has contributed to the optimization and the prevalence of the Goodfood brand. Goodfood continues to strive to increase awareness of the Goodfood brand and its product offerings across Canada via targeted marketing campaigns and converting awareness into new subscriptions and revenues.

Flexible National Footprint

We have built a thorough and flexible production and fulfillment capacity through six existing centres across Canada and plans for an additional flagship centre in the GTA. This infrastructure gives the Company 590,000 square feet of fulfilment capacity for all of our product lines. Through investments in automation and operational flexibility, these facilities can absorb current demand and provide runway for future growth across all of the Company's product lines. The Company's investments in infrastructure in major Canadian cities enables the Company to offer same day or next day delivery.

Diversity of Product Offering

We pride ourselves in offering our subscribers a variety of products and offerings in order to provide a comprehensive grocery solution that is as complete as possible. We strive to capture the largest share of stomach of Canadians through offering high quality products that provide a solution to all meals and snacks.

Quality Local Ingredients

All of the ingredients received by customers are sourced mainly from farms across Canada and, if such sourcing is not possible due to seasonal availability or lack of availability from our local purveyors, we ensure that the customer receives ingredients with best quality/price ratio available on the market. As a result, the ingredients received by the customer are almost always at their freshest. We pride ourselves in delivering local ingredients to our customers. In addition, when selecting our products, we prioritize ingredients without additives or preservatives. We also ensure that, whenever possible, our meat and our fish come from eco-responsible sources.

Proprietary Technology

We distinguish ourselves from our competition through our proprietary technology. We have developed and operate an innovative online platform allowing consumers to select their favourite recipes from a collection of original dishes and have the personalized ingredients delivered directly to their door with easy step-by-step instructions. We have created a custom-built order management system that allows the business to react quickly to changing customer demands and short inventory cycles. We have also developed proprietary software algorithms that assign customers specific recipes based on past orders and taste preferences, allowing our customers to "set it and forget it" with confidence that the technology will choose and deliver recipes that they will enjoy.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a small time lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Sustainability

Reducing food waste is an important part of our mission and is still very much at the heart of what we do today. Meal kits significantly cut down on food waste because each ingredient is perfectly measured at peak freshness and pre-portioned. At Goodfood, we aim to source our products in a responsible way and have made significant strides in sourcing our products locally and ethically. Our packaging and cardboard boxes are currently entirely recyclable. While the offering is currently on hold due to the COVID-19 pandemic, we developed and launched a reusable box in collaboration with a Québec-based company aimed at reducing packaging waste from its meal kit delivery services as part of green initiatives to eliminate 12 million pieces of single serve packaging. Once delivered, the reusable boxes will be returned to us where they will be cleaned, refilled and used for delivery again. Each reusable box may be used up to 100 times. These new boxes have innovative insulation built into them to eliminate the need for disposable ice packs. Goodfood has also entered into an agreement with a supplier for plant-based packaging solutions to be used for select ready-to-eat products as part of the Company's green initiatives. Our team is focused on innovation to improve our packaging design, lower overall costs, and reduce our carbon footprint.

Economies of Scale and Expanding Product Offerings

We are conscious of the benefits related to scaling and adapting our supply chain, operations, production, and expenses, in order to respond effectively to customer demand, shifting market trends, and seasonality. As we continue to scale our business, grow our direct supplier relationships, and introduce increased automation into our distribution facilities, we expect to reduce our cost of goods sold, including costs related to procurement of food, packaging, and delivery of products. We expect such expenses to continue decreasing over time as we carry on scaling our business. Goodfood recognizes the growing needs of members for easy online grocery shopping and the importance of offering multi-product and multi-channel meal solutions to its members.

Entrepreneurial Culture

Our corporate culture attracts top-level talent, including professionals specialized in sourcing quality ingredients, creating stimulating and innovative recipes, and building a functional direct-to-consumer electronic-commerce platform. Our team is composed of fast-moving, entrepreneurial individuals, sharing the desire to provide our customers with inventive meal ideas and ingredients. Our business model and company culture encourage our employees to share their ideas and collaborate with members in different teams, be they recipe writers with chefs, or sourcing managers with software engineers.

Innovative Recipes and Variety

Our innovative staff of recipe writers dedicate themselves to doing research on food and dining trends, popular ingredients, and impressive yet user-friendly cooking techniques. Our recipe team prides itself in proposing fresh and innovative ingredient combinations, which aim to elevate our average customer's home cooking to a restaurant-quality experience. As a result of our efforts in collecting feedback from our customers on a weekly basis, we are able to effectively gauge the inventiveness and overall appreciation of our recipes. Our recipe creation process enables us to consistently deliver the variety of ingredients and dishes that our customers expect and deserve.

Products Overview

Overview of Our Products

Our current offering includes grocery and meal solution products that can be categorized as follows:

- Ready-to-cook offerings:
 - Classic basket - Unique ingredients and recipes for a culinary adventure;
 - Vegetarian basket - Well-balanced vegetarian meals with exciting flavours;
 - Family basket - Quicker and kid-friendly recipes;
 - L'Artisan - Premium recipe collection with higher-end proteins;
 - Easy Prep basket - Time-saving Easy Prep recipes with fresh pre-cut and pre-cooked ingredients;
 - Clean15 basket - Comprised of high-protein, low-carb recipes designed to help Canadians reach their health and fitness goals;
 - Yumm basket - Canada's most affordable meal kit starting at \$6.99 per serving.
- Private label grocery products:
 - Everyday grocery essentials - Exclusive prices on over 200 Goodfood branded products, across an array of categories: bakery, dessert, meat and seafood, drinks, pantry, produce, snacks, dairy and kitchen essentials.
- Meal solutions:
 - Ready-to-eat products involving zero cooking time.
 - Breakfast products.

Subscribers have the ability to build a grocery basket by selecting from a variety of Goodfood-branded grocery items and meal solutions, based on their taste preferences and personal schedules. Each basket can be delivered daily in some geographies or once a week. Prices are generally inclusive of delivery and Goodfood currently serves customers across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Prince Edward Island.

We are continuously looking to increase and improve the grocery products availability, develop new recipes for our ready-to-cook offerings and use both member favourites and our chef's creations for our ready-to-eat meal solutions.

Distribution Channels

Subscribers pay by credit card in advance of delivery and have between 4-7 days prior to receiving their delivery to change their menu selection. Once the orders are locked in, the sourcing team places orders with suppliers for delivery on a "just in time" basis creating negative working capital in the cash flow cycle. The production and receiving teams accept delivery of ingredients and prepare and portion the orders for shipment. We do not transform any animal protein (beef, pork, chicken, fish, shellfish, etc.). We choose our suppliers based on certification level, quality of product, lead time per order, price and supplier reputation. We maintain several backups for the majority of goods that are used on a monthly basis. Depending on the goods required for each menu, our supplier base is a combination of local purveyors and farms from around the world depending on the seasonality of the ingredients. Credit terms with suppliers vary from cash on delivery to over 90 days.

Once all the portioning and recipe assembly is done, the production team selects and packs orders based on the subscriber's recipe selection. Our ingredients are up to 7 days fresher than those sold in supermarkets because they are packaged for delivery right after their reception at our distribution facility. We engage a primary third party carrier to deliver food baskets to subscribers in each region, and several alternative carriers in order to reduce dependence on a single service provider. We do not own any delivery trucks and do not employ any delivery drivers.

Ready-to-eat products are currently made both in-house through Goodfood commissaries or by third party suppliers. In the latter case, these products do not involve any portioning or recipe assembly within our production facilities, as these steps are performed by our suppliers. Once received by Goodfood, these ready-to-eat products are usually shipped to subscribers on the same or next day. Goodfood-made ready-to-eat products involve similar sourcing and portioning steps as ready-to-cook products, with a different assembly process and the added step of cooking the product where applicable.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a very short time period lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Subscribers are usually not home to receive their deliveries. As such, we use a special liner and cold packs that allows the food to stay refrigerated for up to 60 hours. Our new reusable boxes have innovative insulation built into them to eliminate the need for disposable ice packs. This box will allow the products to also stay refrigerated for up to 60 hours.

We rely heavily on word of mouth to grow our client footprint. Our customers are encouraged to share their experience concerning quality of ingredients, appreciation of recipes and overall satisfaction via their own networks, and we have instituted referral programs and incentives for doing so. In addition, we rely on third party providers to assist with targeted online marketing efforts. We also employ more traditional marketing methods, such as radio and television.

Technology and Product Development

We are constantly improving both our customer-facing and operational technologies to achieve better customer value and per order profitability. We are also investing in automation with regards to our production capabilities, in order to meet increasing customer demand and to improve margins.

We actively track website conversion rates in order to improve our user interface and increase subscriptions. As such, we continuously strive to better understand the positive and negative aspects of our users' experiences with our proprietary interface and members area.

Our team is focused on innovation to improve the sustainability of our packaging, lower overall costs, and reduce our carbon footprint. By way of example, we developed a reusable box aimed at reducing packaging waste from our meal kit delivery services and we are continuously working on other innovative green initiatives, including plant-based packaging solutions, that will enable the Company to become more sustainable.

Components and Economic Dependence

Our ingredients are sourced mainly from farms across Canada, if local sourcing is not possible due to seasonal availability or lack of availability, we ensure that our customers receive ingredients with best quality to price ratio available on the market. In addition, when selecting our raw materials, we prioritize ingredients without additives or preservatives. We also ensure that our meat and our fish come from eco-responsible sources whenever possible. We actively focus on selection of ingredients and adjustment to our recipes to account for seasonality, which limits our dependence on any one supplier of raw materials.

We engage one primary supplier for each category of packaging materials required to manufacture our products, including bottles, insulation, and boxes. We also use several secondary suppliers for the procurement of each category of packaging materials, in order to reduce dependence on a single service provider.

Intellectual Property

Our ability to protect our intellectual property is an important aspect of our business and is key in ensuring the continued growth of our subscription base. We have developed and operate an innovative online platform allowing consumers to select their favourite recipes from a collection of original dishes and have the personalized ingredients delivered directly to their door with easy step-by-step instructions.

Our service is exclusively offered online through our proprietary technology platform. We have created a custom-built order management system that allows the business to react quickly to changing customer demands and short inventory cycles. We have also developed proprietary software algorithms that assign customers specific recipes based on past orders and taste preferences, allowing our customers to “set it and forget it” with confidence that the technology will choose and deliver recipes that they will enjoy.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a very short time period lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Our software includes software components licensed from third parties, including open source software. We believe that we follow industry best practices for using open source software and that replacements for this third party licensed software are available either as open source software or on commercially reasonable terms.

The technologies described above are at the core of our customer experience and are viewed as key to our current and future success and financial viability. To establish and protect our intellectual property in Canada, we rely on a combination of branding, trademarks, copyrights, trade secret laws, patent applications and contractual restrictions. We have established and continue to build proprietary positions in all key aspects of our business, including through the registration of domain names and trademarks in Canada. The source code for our software is protected under Canadian and applicable international copyright laws. We have also obtained the registration of an industrial design for our new reusable box from the Canadian Intellectual Property Office. We currently have no issued patents and patents might not be issued with respect to pending patent applications, or if patents are issued, they might not provide us with any competitive advantages, might not be issued in a manner that gives us the protection that we seek and might be successfully challenged by third parties.

Branding and Trademarks

We seek to create strong brands for our services and promote our services through trademarks that distinguish them in the market. As at August 31, 2020, we are the registered owner of the “MARCHÉ GOODFOOD” trademark in Canada, as well as the www.makegoodfood.ca and www.goodfoodmarket.ca domain names.

We will continue to increase consumer awareness and traction around the Goodfood brand in order to drive customer loyalty and sales. We strive to develop and foster a personal connection with the community and position Goodfood as a premium brand.

Contractual Restrictions

We seek to avoid disclosure of our intellectual property and proprietary information by requiring employees and partners to execute non-disclosure and assignment of intellectual property agreements. Such agreements require our employees and partners to assign to us all intellectual property developed in the course of their employment or engagement. We also utilize non-disclosure agreements to govern interaction with new and prospective business partners where disclosure of information may be necessary.

The enforcement of our intellectual property rights depends on any legal actions against any infringers being successful, but these actions may not be successful or may be prohibitively expensive, even when our rights have been infringed.

Facilities

Montréal Facilities

On June 21, 2017, we signed a five-year lease with a five-year renewal option for an 83,000 square feet distribution facility located in Montréal, Québec, Canada. The initial term of the lease is set to expire on October 31, 2023. In September 2017, production and distribution operations were transferred to the new facility. On September 27, 2018, we announced the expansion of our Montréal facility by an additional 72,000 square feet. The five-year lease, with three five-year renewal options, is expected to double the production capacity of the Montréal facility and increase facility size to 155,000 square feet. This facility houses administrative and production employees.

On June 18, 2019, we signed a five-year lease with a renewal option of three years for a 20,000 square feet production facility located in Montréal, Québec. The initial term of the lease is set to expire on July 5, 2024. This second production facility is expected to help increase sales capacity and allow the Company to continue the expansion of its breakfast operations.

On July 15, 2020, we signed a thirty-month lease for a 45,000 square feet facility in Montréal, Québec with two 90-day renewal options. The initial term of the lease is set to expire on March 31, 2023. This new facility further expands the Company's capabilities in the region.

The distribution facilities are strategically located close to Montréal's main food terminals and logistics providers. This allows us to receive high quality products quickly. Our distribution facilities are registered with the appropriate regulatory bodies. The facilities and equipment required to manage production include (i) walk-in fridges to store, receive and transform products, (ii) a test kitchen, (iii) blast freezers, (iv) storage freezers, (v) food grade production area, (vi) ambient temperature room, and (vii) shipping and receiving docks.

Calgary Facility

In November 2017, we signed a seven-year lease for a 43,000 square feet production and distribution facility located in Calgary, Alberta. The new facility became fully operational in May 2018 and has allowed us to serve customers across Western Canada. The initial term of the lease is set to expire on July 31, 2025 and contains four five-year renewal options exercisable by the Company.

Our distribution facility is strategically located close to Calgary's main food terminals and logistics providers. This allows us to receive high quality products quickly. Our distribution facility is registered with the appropriate regulatory bodies and the lease on the current distribution facility is for an initial term ending on July 31, 2025. The current distribution facility houses administrative and production employees. The facilities and equipment required to manage production include (i) walk-in fridges to store, receive and transform products, (ii) blast freezers, (iii) storage freezers, (iv) food grade production area, (v) ambient temperature room and (vi) shipping and receiving docks.

Vancouver Facility

On July 3, 2019, we signed a ten-year lease, commencing on January 15, 2020, with a renewal option of five years for an 84,000 square feet production facility located in Vancouver, British Columbia. The initial term of the lease is set to expire on January 15, 2030. The addition of a second Western Canada facility is expected to provide the Company with operational savings and will increase the Company's production capacity to continue to meet demand of the Western Canadian market. The facility became fully operational on March 11, 2020.

Our distribution facility is strategically located close to Vancouver's main food terminals and logistics providers. This allows us to receive high quality products quickly. Our distribution facility is registered with the appropriate regulatory bodies. The current distribution facility houses administrative and production employees. The facilities and equipment required to manage production include (i) walk-in fridges to store, receive and transform products, (ii) storage freezers, (iii) food grade production area, (iv) ambient temperature room and (v) shipping and receiving docks.

Toronto Facilities

On April 29, 2020, we signed a thirteen-month lease for a fulfillment centre in the GTA, commencing on May 4, 2020, with two five-year renewal options. The initial term of the lease is set to expire on June 30, 2021. Fulfillment of orders at the new 42,000 square feet facility began in May 2020.

On May 19, 2020, we signed a ten-year lease for a second fulfillment centre in the GTA, with two five-year renewal options. The 200,000 square feet facility will expand Goodfood's operating facilities to six from coast-to-coast. The fulfillment centre is currently under construction and is expected to be operational by the end of summer 2021.

Employees

As at August 31, 2020, we had over 3,100 employees. Our executive team has a background in the online grocery industry which represents a competitive asset from a sales, operations and market positioning perspective.

Historically, we have had the ability to attract and retain top talent due to our employer branding and talent management strategy. Our corporate culture is defined as customer-focused and entrepreneurial. Employees are encouraged to "do more with less" and focus on innovations that add to the customer experience. Over the past few years, we have established multiple performance-driven human resources programs, human resources policies and benefits, in an effort to maximize employees' engagement, succeed collectively and meet our strategic goals.

We remain close to our employees' needs and satisfaction and make proper adjustments on an as-needed basis to remain competitive and maintain our workforce engagement at a high level. We foster a culture of open and honest communication to provide a positive work environment to our employees and to be perceived as an employer of choice. We have a history of good labour relations since the Company was founded.

None of our employees are represented by a labour union and there is no collective bargaining agreement in place. We are not aware of any unionization attempt by our employees. All of our executive officers and certain other key employees have signed non-competition and non-solicitation undertakings in favour of the Company.

Competition

The industry in which we operate is highly competitive. As a result, we face competition from an important number of players operating in varying market segments. Such competitors include: (a) the supermarket industry and other food retailers, (b) other meal kit companies, (c) restaurants, (d) food manufacturers and other consumer goods companies, and (e) food delivery businesses, including ready-made meal services and grocery delivery companies.

With respect to meal kit companies, the Canadian industry currently has approximately a dozen companies most of which are small regional players with limited financing and small teams. Our main competitors are Hello Fresh (launched winter 2016), Toronto-based Chef's Plate (launched winter 2014, and acquired by Hello Fresh), Miss Fresh (launched fall 2015) and Cook-It (launched summer 2014). With respect to online grocery companies, the Canadian market is currently composed of four major players. Our main competitors are Sobeys, Metro, Loblaws and Walmart. We are one of the few online grocery Canadian companies to be able to successfully expand our target market outside of young professionals. We are one of the more capital efficient online grocery companies in Canada due to our strong management team and extensive track record of execution and growth. We aim to acquire new subscribers more cost effectively than our competitors and retain them longer due to our superior end to the scale of our business, our end-user experience, our superior customer service, and our expanded product offering. We believe that our focus on creating the best customer end to end experience, strategy to achieve industry brand dominance, commitment to high quality competitively priced meal kits and grocery products and dedicated management team will enable us to further our position as a market leader in the online grocery industry.

Although we believe in our competitive strategy, we foresee competition increasing in the industry. Some of our potential competitors may have specific resources that we do not have, such as larger fulfillment and distribution infrastructures, greater technical, financial and marketing capabilities, and larger customer bases. In addition, mergers between competitors across the online grocery industry could result in a significant impact on the competitive landscape of our business. Such factors may allow other industry players to increase their revenue streams, improve on their customer acquisition targets, and be in a position to respond more effectively to changes in consumer demand than we may be.

Finally, existing players in the food and grocery industries have, and may continue to, branch out into the meal kit segment, offering home delivery of groceries and ready-made meals. We believe that our general focus on customers distinguishes us sufficiently from such potential competitors.

Seasonality and Cyclicity

We adjust our meals based on seasonality of available ingredients and, as such, our expenses do not fluctuate significantly from quarter to quarter. However, during periods with warmer weather our packaging costs are affected due to additional packaging requirements associated with maintaining food freshness and quality. During these periods we benefit from lower food costs due to increased availability.

During holiday and popular vacation periods, our revenues are lower, as a higher proportion of subscribers elect to skip their delivery. Further, the growth rate of subscribers is also negatively affected during these periods.

Adverse or unusual weather patterns may impact third party carriers' ability to deliver food baskets to subscribers. We do not own any delivery trucks and do not employ any delivery drivers.

Regulatory Matters and Industry Standards

We are subject to a wide variety of laws, regulations and orders across all jurisdictions in which we do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental, consumer protection, and other matters.

Food Product Regulations

We and our suppliers must comply with applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of meat, poultry, fish and produce regulated by Health Canada, the Canadian Food Inspection Agency and applicable provincial regulatory authorities. We are also subject to pricing requirements with respect to certain products by applicable regulatory authorities or marketing boards.

The manufacturing, handling, preparation, distribution and labelling of food products is regulated in Canada through federal and provincial authorities. On January 15, 2019, significant portions of the regulations enacted under the *Safe Food for Canadians Act* came into force in Canada. Most Canadian provincial and territorial jurisdictions impose their own regulatory regimes on the food industry. We continue to monitor for and support the cost of building, maintaining and testing compliance systems to ensure compliance with the regulatory environment.

Employment Regulations

We are subject to provincial labour and employment laws that govern our relationship with employees, including minimum wage requirements, overtime, working conditions, workplace health and safety standards, and payroll taxes.

Consumer Protection Regulations

We are subject to consumer protection legislation in each province in which we operate, including pricing requirements, prohibitions against false or misleading representations, and specific information to be included in customer orders and receipts.

Insurance

We carry various insurance policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of our operations. The most significant insurance policies that we carry are (i) a commercial general liability policy, (ii) an umbrella liability policy, (iii) a tenant's liability policy, (iv) a cyber insurance policy, (v) a commercial property policy for stock, equipment and tenant's improvements to our distribution facilities and (vi) a directors and officers insurance policy. All policies are subject to certain deductibles, limits or sub-limits and policy terms and conditions customary for businesses of our size and industry.

Social Policies

Management is committed to the well-being of its community, especially in the context of access to food for all Canadians. As such, for every box purchased by a customer, we contribute a certain portion of the proceeds to providing nutritious meals to children in need in schools located within our community. In Canada, many children go to school every morning without any breakfast or lunch. By contributing to such meals, we hope to make a difference in the lives of these children.

RISK FACTORS

The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Common Shares could decline, and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the uncertainties described below or other unforeseen risks.

Limited Operating History

Goodfood began carrying on business in 2014 and has a limited history of generating a profit from its operations in most regions. Goodfood is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of significant revenues. There is no assurance that Goodfood will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Operating Cash Flow

Goodfood had positive operating cash flow for the year ended August 31, 2020. However, Goodfood could have negative operating cash flow into the future and therefore, its finances may need to be allocated to funding this negative operating cash flow. Goodfood may require additional financing to fund its operations to the point where it is generating positive operating cash flows. Continued negative operating cash flow may restrict Goodfood's ability to pursue its business objectives.

Food Industry

The financial performance of Goodfood is subject to a number of factors that affect the food service industry generally. The Canadian food service industry is intensely competitive with respect to price, value proposition, service, location and food quality. There are many well-established competitors, including those with greater financial and other resources than Goodfood. Some of Goodfood's competitors may have brands with longer operating histories or may be better established in markets where Goodfood operates or may operate in the future. If Goodfood is unable to successfully compete in the segments of the industry in which it operates, the financial condition and results of operations of Goodfood may be adversely affected.

Goodfood's business is also affected by factors such as inflation, increased food, labour and benefit costs, and the availability of experienced management and hourly employees may adversely affect the industry in general and Goodfood in particular. Even if Goodfood is able to successfully compete with other companies, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer trends.

COVID-19 Pandemic

The COVID-19 pandemic has had an impact on Goodfood's overall business and operations. As an essential service in Canada, Goodfood continued to operate throughout the pandemic and experienced an acceleration of growth in demand. While subscriber orders have been fulfilled and consumer behaviour during the pandemic has contributed to an increase in subscriber base, orders by subscribers and overall business, operations and supply chains were significantly challenged with temporary supplier closures and substitution of unavailable ingredients combined with workforce shortages and additional sanitary measures, putting pressure on food and labour costs. Pressure on supply chains, inventory levels and increased operational costs or disruptions and labour shortages could increase depending on the duration and severity of the pandemic as well as any changes to Goodfood's industry regulatory framework.

As a result of the COVID-19 pandemic, the number of employees working remotely has increased significantly, which has also increased demands on information technology resources and systems and increased the risk of phishing and other cybersecurity attacks.

The magnitude, duration, and severity of the COVID-19 pandemic are difficult to predict and could affect the significant estimates and judgements used in the preparation of the Company's consolidated financial statements.

Quality Control and Health Concerns

A consumer who improperly handles or cooks our products may suffer a food-borne illness and seek to hold Goodfood responsible for all damages and suffering resulting from that food-borne illness. Goodfood's business can be materially and adversely affected by negative publicity resulting from such an illness, injury, cleanliness, poor food quality or safety or any other health concerns or operating issues relating to Goodfood's facility and products. Such negative publicity or concerns could reduce sales and gross revenues and have a material adverse effect on Goodfood's business. Goodfood has a number of procedures in place for managing food safety and quality. Nevertheless, the risk of food borne illness or contamination cannot be completely eliminated. Any outbreak of such illness or contamination at Goodfood's facility or within the food service industry more generally, or the perception of such an outbreak, could have a material adverse effect on the financial condition and results of operations of Goodfood.

Regulatory Compliance

Goodfood and its suppliers are subject to a wide variety of laws, regulations and orders across all jurisdictions in which they do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental and other matters. Changes to any of the laws, rules, regulations or policies applicable to Goodfood's business, including tax laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, beverages and general merchandise products, could adversely affect the operations or financial condition or performance of Goodfood. Failure by Goodfood or its suppliers to comply with applicable laws, regulations and orders could subject Goodfood to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect reputation, operations or financial condition or performance of Goodfood. In the course of complying with changes to laws, Goodfood could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict Goodfood's operations or profitability and thereby threaten Goodfood's competitive position and ability to efficiently conduct business.

Regulation of the Industry

Goodfood is subject to applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of meat, poultry, fish and produce regulated by Health Canada, the Canadian Food Inspection Agency and applicable provincial regulatory authorities. Goodfood has systems in place that ensure compliance with such regulation, and as regulation changes, Goodfood will modify its internal controls and handling as necessary. Any failure to comply, allegation by a regulatory authority of a failure to comply with such regulations, change in applicable regulation or in the manner in which it applies to Goodfood's industry or business could have a material impact on its operations and ability to provide product to meet demand on-time and in an efficient and cost-effective manner and a material adverse effect on its financial results.

Further, some of Goodfood's suppliers operate in supply-managed environments in which the production of a particular agricultural commodity is controlled through a quota system. The price of the supply-managed commodity may be set by regulation or by delegated authority. In such an environment, purchasers of the commodity have reduced bargaining power and must accept the regulated prices. Goodfood's suppliers, in turn, may base their prices on the acquisition cost of such supply-managed commodities.

Public Safety Issues

Adverse conditions, such as the threat pandemics or other outbreaks or perceived outbreaks of disease (including avian flu, COVID-19, H2N1, SARS or mad cow disease), may have a negative impact on the food industry and the economy in general. The occurrence, re-occurrence, continuation or escalation of such local, regional, national or international events or circumstances could reduce revenue for Goodfood which could have an adverse effect on the financial condition and results of operations of Goodfood.

Product Recalls

Manufacturers and distributors of food products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of Goodfood's products are recalled due to an alleged product defect or for any other reason, Goodfood could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Goodfood may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if subject to a recall, the image of Goodfood could be harmed. A recall for any reason could lead to decreased demand for Goodfood's products and could have a material adverse effect on the results of operations and financial condition of Goodfood.

Damage to Goodfood's Reputation

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information, opinions and statements concerning Goodfood may be posted on such platforms at any time. Information posted may be adverse to Goodfood's interests or may be inaccurate, each of which may harm Goodfood's performance, prospects or business. Any damage to Goodfood's reputation, whether arising from the conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with provincial securities commissions, the TSX, security breaches or otherwise could have a material adverse effect on the business and results of operation of Goodfood. The harm may be immediate without affording Goodfood an opportunity for redress or correction.

Ultimately, the risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm the reputation, business, financial condition and results of operations of Goodfood.

Transportation Disruptions

Due to the perishable and premium nature of Goodfood's products, Goodfood depends on fast and efficient courier services to distribute its product. Interruptions, delays or failures in these carrier services could delay or prevent the delivery of products, which may result in significant product inventory losses given the highly perishable nature of our food products and adversely affect our ability to fulfill our customers' orders. Any prolonged disruption of these courier services could have an adverse effect on the financial condition and results of operations of Goodfood. Rising costs associated with the courier services used by Goodfood to ship its products may also adversely impact the business of Goodfood and its ability to operate profitably. In addition, carrier interruptions and delays as a result of the COVID-19 pandemic could impact our ability to deliver orders to our customers in a timely manner.

Storage and Delivery of Perishable Foods

Our ability to adequately store, maintain and deliver quality perishable foods is critical to our business. We store food products, which are highly perishable (including meat, poultry and dairy products), in refrigerated fulfillment centers and ship them to customers inside boxes that are insulated with thermal or corrugate liners and frozen refrigerants to maintain appropriate temperatures in transit and use refrigerated third party delivery trucks to support temperature control for shipments to certain locations. Our inability, or the inability of third party courier services, to store, maintain and deliver highly perishable inventory at specific temperatures could result in significant product inventory losses as well as an increased risk of food-borne illnesses and other food safety risks.

Product Liability

As a distributor of products designed to be ingested by humans, Goodfood faces an inherent risk of exposure to product liability claims, regulatory action and litigation if the products it distributes are alleged to have caused significant loss or injury. In addition, the preparation and sale of Goodfood's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Goodfood's products alone or in combination with other medications or substances could occur. Additionally, Goodfood is exposed to many types of operational risk, including the risk of misconduct and errors by its employees and third party service providers.

Goodfood may be subject to various product liability claims. A product liability claim or regulatory action against Goodfood could result in increased costs, could adversely affect Goodfood's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of Goodfood. There can be no assurance that Goodfood will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Goodfood's potential products.

Unionization Activities

Goodfood's employees may elect to be represented by labour unions in the future. If a significant number of Goodfood's employees were to become unionized, it could adversely affect the business, financial condition or results of operations of Goodfood. In addition, a labour dispute involving some or all of the Goodfood's employees may harm Goodfood's reputation, disrupt its operations and reduce its revenues, and resolution of disputes may increase its costs.

Consolidation Trends

The industries in which we operate have experienced a consolidation trend in the last two years as players are looking for opportunities to scale up in this fast-growing industry. From time-to-time, the Company has entered into and continues to enter into discussions with third parties in the ordinary course with respect to potential commercial or business relationships and transactions which may include strategic partnerships, business combinations or mergers and acquisitions involving the Company. While such meetings or discussions may occur, there is no assurance that such discussions will result in any transaction involving the Company.

Ownership and Protection of Intellectual Property

The business and technology systems underpinning the order placement and processing functions of Goodfood's intellectual property are not protected by patents or registered design rights, which means that Goodfood cannot preclude or inhibit competitors from entering the same market if they develop the same or similar technology independently. Goodfood is particularly reliant, therefore, on copyright, trade secret protection and confidentiality and license agreements with its employees, suppliers, consultants and others to protect its intellectual property rights. Although Goodfood has taken steps consistent with industry practice to reduce these risks, such steps may be inadequate. Goodfood is particularly reliant on the intellectual property rights it holds in respect of its brand, which comprises the Goodfood name used both as plain words and in its stylised form together with the Goodfood logo. Goodfood is the registered owner of the "MARCHÉ GOODFOOD" trademark in Canada, www.makegoodfood.ca and www.goodfoodmarket.ca. In addition, we have applied to be the registered owner of the "Goodfood Market" trademark in Canada. We are also the owners of the unregistered trademarks "YUMM" and "REPAS YUMM". Goodfood further owns a number of domain name registrations, including www.makegoodfood.ca and www.yumm.ca. Goodfood has also obtained the registration of an industrial design for its new reusable box from the Canadian Intellectual Property Office.

If Goodfood or the third party fails to register, renew or enforce Goodfood's intellectual property rights, if there is any unauthorised use or significant impairment of Goodfood's intellectual property rights, the value of its products and services could be diminished, Goodfood's competitive position could be adversely affected and its business may suffer. In addition, third parties may independently discover Goodfood's trade secrets or access proprietary information or systems and, in such cases, Goodfood may not be able to rely on any intellectual property rights to prevent the use of such trade secrets, information or systems by such parties. Costly and time-consuming litigation could be necessary to determine and enforce the scope of Goodfood's proprietary rights and the outcome of such litigation could not be guaranteed. Failure to prevent the use of such secrets, information or systems by such third parties could materially adversely affect the business.

Evolving Industry

The online purchase of grocery and meal kits is relatively new and rapidly evolving. Goodfood's success will depend to a substantial extent on the willingness of consumers to continue, and increase, their consumption of online grocery and meal kits. If demand for online ordering of grocery and meal kits decreases compared to current levels or consumer acceptance does not increase in line with Goodfood's expectations, Goodfood's business, financial condition, results of operations and prospects could be materially adversely affected. Factors important to maintaining and increasing the number of orders for Goodfood's meal kits include Goodfood's ability to (i) attract new consumers, (ii) manage new and existing technologies and sales channels, (iii) increase awareness of its brands through marketing and promotional activities, and (iv) obtain or increase purchases from repeat consumers.

Any failure to properly manage these factors could negatively impact Goodfood's ability to attract and retain consumers and maintain or increase the number of orders received, which could have a material adverse effect on Goodfood's business, financial condition, results of operations and prospects.

Reliance on Management

The success of Goodfood is highly dependent upon the ability, expertise, judgment, discretion and good faith of its limited number of senior management personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Goodfood's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

Goodfood is currently in the development stage and expects that, in the future, even if revenues continue to increase, its revenue growth may not continue at the same pace or may decline in the future. There are risks associated with Goodfood's growth strategy, and such strategies may not succeed, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors as well as the following (i) quality control and health concerns, (ii) delays in obtaining, or conditions imposed by, regulatory approvals, (iii) environmental pollution, (iv) non-performance by third party contractors, (v) increases in materials or labour costs, (vi) breakdown, aging or failure of equipment or processes, (vii) contractor or operator errors, (viii) labour disputes, disruptions or declines in productivity, (ix) inability to attract sufficient numbers of qualified workers, and (x) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that Goodfood may not have the capacity to meet customer demand or to meet future demand when it arises. In addition, Goodfood expects to continue to expend substantial financial and other resources on (i) personnel, including significant increases to the total compensation as Goodfood pays its employees as it grows employee headcount, (ii) marketing, including expenses relating to increased direct marketing efforts, (iii) office space, as Goodfood increases the space it needs for its growing employee base, and (iv) general administration, including legal, accounting and other compliance expenses related to being a public company.

If Goodfood cannot manage growth effectively it could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Competition

The Canadian online grocery industry currently has few major players. Goodfood may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than Goodfood. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Some of these competitors and new entrants may have brands that are or become more widely recognized by consumers than Goodfood's brand, and they may also have substantially greater financial, marketing, technical or other resources. Goodfood's competitors may also merge or form strategic partnerships. These factors could adversely impact Goodfood's competitive position.

To remain competitive, Goodfood will require a continued high level of investment in marketing, sales and customer support. Goodfood may not have sufficient resources to maintain marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Availability and Quality of Raw Materials

Goodfood is dependent upon the availability and quality of the raw materials, food, services and products used in its meal solutions. The availability and price of these commodities are subject to fluctuation and may be affected by a variety of factors affecting the supply and demand of the raw materials used in these products. Rising costs associated with the price of such commodities may adversely affect the business and the ability of Goodfood to operate profitably.

Environmental and Employee Health and Safety Regulations

Goodfood's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Goodfood will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on Goodfood's manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Goodfood's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Goodfood.

Online Security Breaches and Disruption

Goodfood relies heavily on technology to provide the security necessary for the secure transmission of information from its consumers, such as credit or debit card numbers. Goodfood also receives, transmits and stores a large volume of personally identifiable information and other sensitive data from customers and potential customers. There are federal, provincial and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, personally identifiable information is increasingly subject to legislation and regulations to protect the privacy of personal information that is collected, processed and transmitted. Goodfood cannot guarantee absolute protection against unauthorised attempts by third parties or its current or former employees to access its IT systems, including malicious third party applications that may interfere with or exploit security flaws in its products and services. Viruses, worms and other malicious software programmes could, amongst other things, jeopardise the security of information stored in a user's computer or in Goodfood's computer systems or attempt to change the internet experience of users by interfering with Goodfood's ability to connect with its users. If any compromise of Goodfood's security measures were to occur, or if Goodfood's website or other systems were to experience service outages or other interruptions, the business, financial condition and results of operations of Goodfood may be materially adversely affected. In addition, certain provinces have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause Goodfood's customers to lose confidence in the effectiveness of our data security measures. Moreover, if a high profile security breach occurs with respect to a competitor of Goodfood, customers may lose trust in the security of Goodfood and the business model generally, which could adversely impact Goodfood's ability to conduct business. Any security breach, whether actual or perceived, would harm our reputation and Goodfood could lose customers.

Goodfood's website and platform may be subject to distributed denial of service, or DDoS, attacks in the future, a technique used by hackers to take an Internet service offline by overloading its servers. Goodfood cannot guarantee that applicable recovery systems, security protocols, network protection mechanisms and other procedures are or will be adequate to prevent network and service interruption, system failure or data loss. Moreover, our platform could be breached if vulnerabilities in our platform are

exploited by unauthorized third parties. Since techniques used to obtain unauthorized access change frequently and the size of DDoS attacks is increasing, we may be unable to implement adequate preventative measures or stop the attacks while they are occurring. A DDoS attack or security breach could delay or interrupt service to our customers. In addition, any actual or perceived DDoS attack or security breach could damage our reputation and brand, expose us to a risk of litigation and possible liability and require us to expend significant capital and other resources to alleviate problems caused by the DDoS attack or security breach.

Reliance on Data Centers

Goodfood serves customers using third party cloud-based and traditional data center facilities. The continuous availability of Goodfood's products and services depends on the operations of these facilities, on a variety of network service providers, on third party vendors and on data center and cloud operations staff. In addition, Goodfood depends on the ability of third party facility provider to protect the facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. If there are any lapses of service or damage to the facilities, Goodfood could experience lengthy interruptions in its services as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, the business of Goodfood could be harmed.

Open Source License Compliance

Goodfood incorporates open source software into our proprietary platform and into other processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of the platform and negatively affects our business operations.

Some open source licenses contain requirements that all modifications or derivative works created based on the type of open source are generally made available. If portions of Goodfood's intellectual property are determined to be subject to an open source license, or if the license terms for the open source software that Goodfood incorporates changes, Goodfood could be required to publicly release the affected portions of the source code, reengineer all or a portion of its platform or change its business activities. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated, and could adversely affect Goodfood's business.

Future Capital Requirements

Goodfood may need to raise additional funds through public or private debt or equity financings in order to: (i) fund ongoing operations and capital expenditures; (ii) take advantage of opportunities, including more rapid expansion of Goodfood's business or the acquisition of complementary businesses; or (iii) respond to competitive pressures. Any additional capital raised through the sale of equity may dilute Goodfood's shareholders' percentage ownership of the Common Shares. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

Operating Risk and Insurance Coverage

Goodfood has insurance to protect its assets, operations and employees. While Goodfood believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Goodfood is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Goodfood's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Goodfood were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Goodfood were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Limited Number of Products

Goodfood currently offers its products to customers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Prince Edward Island. Some of Goodfood's competitors offer a more diverse set of products to individuals and in additional markets. There can be no assurance that Goodfood will be successful in broadening the scope of products offered. Failure to broaden the scope of products offered to potential customers may inhibit the growth of repeat business and harm the operating results of Goodfood.

There also can be no guarantee that Goodfood will be successful with respect to its current efforts in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Prince Edward Island, as well as any further expansion beyond these regions or Canada, if Goodfood decides to attempt such expansion at all, which may also inhibit the growth of Goodfood's business. Expanding Goodfood's operations into new markets would subject Goodfood's business to new challenges, regulations and risks.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Goodfood becomes involved be determined against it, such a decision could adversely affect Goodfood's ability to continue operating and the market price for Goodfood's Common Shares and could use significant resources. Even if Goodfood is involved in litigation and wins, litigation can redirect significant company resources.

Catastrophic Events

Events beyond the control of Goodfood may damage its ability to accept customers' orders, maintain its platform or perform its servicing obligations. In addition, these catastrophic events may negatively affect customers' demand for Goodfood's products and services. Such events include, but are not limited to, fires, earthquakes, terrorist attacks and natural disasters. Despite any precautions Goodfood may take, system interruptions and delays could occur if there is a natural disaster, if a third party provider closes a facility Goodfood uses without adequate notice for financial or other reasons, or if there are other unanticipated problems at Goodfood's leased facilities, and such disruptions could harm Goodfood's ability to run its business and cause lengthy delays which could harm business, results of operations and financial condition of Goodfood.

Risks Associated with Payments from Customers and Third Parties

Nearly all of Goodfood's customers' payments are made by credit card. We currently rely exclusively on one third party vendor to provide payment processing services, including the processing of, and our business would be disrupted if this vendor becomes unwilling or unable to provide these services to us and we are unable to find a suitable replacement on a timely basis. Goodfood is also subject to payment brand operating rules, payment card industry data security standards and certification requirements, which could change or be reinterpreted to make it more difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit card payments from customers, which would make our services less convenient and attractive to our customers and likely result in a substantial reduction in revenue. Goodfood may also incur losses as a result of claims that the customer did not authorize given purchases, fraud, erroneous transmissions and customers who have closed bank accounts or have insufficient funds in their accounts to satisfy payments owed to us.

Being Accused of Infringing Intellectual Property Rights of Others

Other parties may claim that Goodfood infringes or violates their trademarks, patents, copyrights, domain names, publicity rights or other proprietary rights. Such claims, regardless of their merit, could result in litigation or other proceedings and could require us to expend significant financial resources and attention by our management and other personnel that otherwise would be focused on our business operations, result in injunctions against us that prevent us from using material intellectual property rights, or require us to pay damages to third parties. Goodfood may need to obtain licenses from third parties who allege that we have infringed or violated their rights, but such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain or use on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property that we do not own, which would require us to develop alternative intellectual property. To the extent we rely on open source software, we may face claims from third parties that claim ownership of the open source software or derivative works that were developed using such software, or otherwise seek to enforce the terms of the applicable open source license. Similar claims might also be asserted regarding our in-house software. The occurrence of these claims could harm our brand or materially adversely affect our business, financial position and operating results.

Climate Change and Environmental Risks

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy use and efficiency is becoming more stringent. This trend could lead to an increased cost of compliance over time, the impact of which is not currently known. In addition, physical risk of climate

change could also have an adverse effect Goodfood's operations. These risks include extreme weather and other weather-related events that could have an impact on supply chain and delivery logistics. Goodfood can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations.

Goodfood assesses its sustainability profile and environmental impact on a consistent basis which has led to it implementing steps, such as the launch of Goodfood's new reusable delivery box. However, environmental regulation is subject to change and it and Goodfood's own initiatives with respect to environmental and sustainability could result in material additional costs to Goodfood over time.

CAPITAL STRUCTURE

Share Capital

The Company's authorized share capital consists of an unlimited number of Common Shares, without nominal or par value, of which 66,334,533 Common Shares were issued and outstanding as at August 31, 2020.

Common Shares

Each holder of Common Shares is entitled to one vote per Common Share held on all matters submitted to a vote of the shareholders, including the election of directors.

Holders of Common Shares are entitled to receive dividends, if any, as may be declared from time to time by the Company's Board of Directors. In the event of the liquidation, dissolution or winding up of the Company, holders of Common Shares will be entitled to share rateably in the net assets legally available for distribution to shareholders after the payment of all of the Company's debts and other liabilities.

Holders of the Common Shares have no pre-emptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to the Common Shares.

Debentures

On February 26, 2020, the Company issued \$30 million aggregate principal amount of Debentures due on March 31, 2025 (the "Debenture Maturity Date"). These Debentures bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, commencing on September 30, 2020. As at August 31, 2020, there were \$18,136,000 in aggregate principal amount of Debentures that were issued and outstanding.

At the holder's option, the Debentures will be convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the Debenture Maturity Date, or (ii) if called for redemption, the date fixed for redemption by the Company, at a conversion price of \$4.70 per Common Share, subject to adjustment in certain events. This represents a conversion rate of approximately 212.7660 Common Shares for each \$1,000 principal amount of Debenture, subject to the operation of certain anti-dilution provisions.

The Debentures will not be redeemable by the Company prior to March 31, 2023. On or after March 31, 2023 and prior to March 31, 2024, the Debentures will be redeemable by the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days prior to the date on which notice of redemption is provided is not less than 125% of the Conversion Price. On or

after March 31, 2024 and prior to the Debenture Maturity Date, the Debentures will be redeemable by the Company on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any. Subject to certain conditions, the Company will have the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of redemption.

In the event of a change of control of the Company, subject to certain terms and conditions, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures.

The Debentures are direct, subordinated unsecured obligations of the Company, subordinated to any senior indebtedness of the Company, including the Company's revolving credit facility, and ranking equally with one another and with all other existing and future subordinated unsecured indebtedness of the Company to the extent subordinated on the same terms.

The Debentures are listed for trading on the TSX under the symbol "FOOD.DB". For additional detail regarding the Debentures, please refer to the short form prospectus dated February 19, 2020 and the indenture entered into with TSX Trust Company, as indenture trustee, on February 26, 2020 relating to the Debentures (the "Debenture Indenture"), available on SEDAR at www.sedar.com

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Goodfood's Common Shares are listed for trading on the TSX under the symbol FOOD. The following table shows the monthly range of high and low prices per Common Share at the close of market on the TSX, as well as total monthly volumes and average daily volumes of the Common Shares traded on the TSX since September 1, 2019:

| Month | Price per Common Share (\$) Monthly High | Price per Common Share (\$) Monthly Low | Common Shares Total Monthly Volume | Common Shares Average Daily Volume |
|----------------------|---|--|--|--|
| September 2019 | 3.08 | 2.62 | 900,233 | 45,012 |
| October 2019..... | 3.07 | 2.64 | 931,942 | 42,361 |
| November 2019..... | 3.19 | 2.83 | 670,072 | 31,908 |
| December 2019 | 3.16 | 2.99 | 1,478,414 | 73,921 |
| January 2020 | 3.46 | 3.08 | 966,334 | 43,924 |
| February 2020 | 3.18 | 2.26 | 1,644,877 | 86,572 |
| March 2020 | 3.94 | 1.49 | 6,697,403 | 304,427 |
| April 2020 | 4.65 | 3.25 | 6,792,394 | 323,447 |
| May 2020 | 4.94 | 3.72 | 5,699,947 | 284,997 |
| June 2020 | 4.79 | 4.10 | 4,899,376 | 222,699 |
| July 2020..... | 7.68 | 4.67 | 14,764,344 | 671,107 |
| August 2020..... | 9.20 | 6.67 | 10,559,459 | 527,973 |

DIVIDENDS AND DIVIDEND POLICY

We have not declared or paid any cash dividends on our securities in Fiscal 2020 and do not currently anticipate paying any cash dividends on our securities, including the Common Shares, in the foreseeable future. We currently intend to reinvest our earnings to finance the growth of our business. Any future determination to pay dividends on our securities will be at the discretion of the Board of Directors and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant. There are no restrictions on the Company's ability to pay dividends.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The table below shows the number of securities that are, to the Company's knowledge, being held in escrow or are subject to a contractual restriction on transfer as at August 31, 2020.

| Designation of Class | Number of Securities Held in Escrow or That Are Subject to a Contractual Restriction on Transfer | Percentage of Class |
|-----------------------------|---|----------------------------|
| Common Shares | 28,004,623 ⁽¹⁾ | 42.22% |

Note

⁽¹⁾ In connection with the 2020 Share Offering, each of the officers and directors of the Company entered into voluntary lock-up agreements, pursuant to which an aggregate of 28,004,623 Common Shares were locked up commencing on the closing date of the 2020 Share Offering, being August 5, 2020, for a 90-day period, ended on November 3, 2020.

DIRECTORS AND EXECUTIVE OFFICERS

The following tables set out, for each of our directors and executive officers, the person's name, province or state and country of residence, position with us, principal occupation and the date on which the person became a director or executive officer, as the case may be. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 27,506,048 Common Shares, representing approximately 41.47% of the Common Shares outstanding as at August 31, 2020.

Directors

| Name and Province or State and Country of Residence | Position(s)/Title | Director Since | Principal Occupation | Common Shares beneficially owned |
|--|---|---------------------------|---|---|
| Jonathan Ferrari Québec, Canada | Chairman and Chief Executive Officer of the Company | 2017 | Co-Founder, Chairman and Chief Executive Officer of the Company | 10,225,359 (15.41%) |
| Neil Cuggy Québec, Canada | President and Chief Operating Officer of the Company | 2017 | Co-Founder, President and Chief Operating Officer of the Company | 10,226,475 (15.42%) |
| Hamnett Hill ^{(1) (4)} Québec, Canada | Director | 2017 | Partner at Diagram Ventures | 6,964,711 (10.50%) |
| Donald Olds ^{(2) (4)} Québec, Canada | Lead Director | 2017 | Director of companies such as Aifred Health Inc., Presagia Corp. and Acasti Pharma Inc. | 72,735 (0.11%) |
| Terry Yanofsky ⁽¹⁾ Québec, Canada | Director | 2019 | Director of companies such as Reitmans (Canada) Ltd. and Canopy Growth Corporation | None |
| François Vimard ⁽³⁾ Ontario, Canada | Director | 2019 | Director of companies such as Andrew Peller Ltd, GSI Canada and KP Tissue Inc. | None |

Notes

⁽¹⁾ Member of the Governance, Human Resources and Compensation Committee.

⁽²⁾ Chair of the Governance, Human Resources and Compensation Committee.

⁽³⁾ Chair of the Audit Committee.

⁽⁴⁾ Member of the Audit Committee.

Executive Officers

| Name and Province or State and Country of Residence | Position(s)/Title | Executive Officer Since | Principal Occupation | Common Shares beneficially owned |
|--|---|--|---|---|
| Philippe Adam..... Québec, Canada | Chief Financial Officer of the Company | 2018 | Chief Financial Officer of the Company | 13,359 (0.02%) |
| Mohammad Awada Alberta, Canada | Executive Vice- President Head of Strategic Execution of the Company | 2019 | Executive Vice- President Head of Strategic Execution of the Company | 6,663 (0.01%) |
| Raghavendra Mocharla..... Ontario, Canada | Chief Technology Officer of the Company | 2019 | Chief Technology Officer of the Company | 695 (0.00%) |

Biographies

The following are brief profiles of the executive officers and directors of the Company, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Hamnett Hill, Director

Hamnett Hill is a director of Goodfood Market Corp. and has spent 25 years building and leading companies that make technology work for everyday consumers. Mr. Hill is currently partner at Diagram Ventures, a leading venture builder in the financial, insurance and healthcare sectors. As co-founder and Chief Executive Officer of Smooch.io until May 2019, Mr. Hill has worked to humanize the relationships between businesses and consumers by bringing the power of B2C messaging to businesses and software vendors, making it easy for consumers to have rich messaging conversations with companies from wherever they are. In June 2019, Mr. Hill joined Diagram Ventures as a partner and has since become a member of the board of directors of Breathe Life, one of its portfolio companies. Mr. Hill is also an active technology angel investor, with investments in companies such as BlockStream, AppDirect and MixGenius (Landr.com). He is a director of Humanitarian U, an online university that prepares first responders for humanitarian disasters around the world, in concert with partners such as the World Health Organization. Engaging his passion for food and food systems, Mr. Hill is the founder and principal of edō Capital, a private equity firm for early-stage, innovative food businesses and technologies that contribute to a healthier and more sustainable future. He is also Chairman of the edō Foundation, a charitable organization devoted to increasing awareness and education about sustainable food issues. Mr. Hill's companies and teams have been honored with numerous awards, including the Profit 100 Fastest Growing Canadian Companies, Canada's 50 Best Managed Companies, Canada's Top 100 Employers, Canada's Top 40 Under 40, and Ernst & Young Entrepreneur of the Year, among others

Donald Olds, Director

Donald Olds was President and Chief Executive Officer of the NEOMED Institute from January 2017 to May 2019, prior to which he was the Chief Operating Officer of Telesta Therapeutics Inc. a TSX-listed biotechnology company from 2014 to 2016. In October 2016, he led the process that resulted in the successful sale of Telesta to a larger public biotechnology company. Prior to Telesta, he was President and Chief Executive Officer of Presagia Corp., a private software development company from 2011 to 2013. Before joining Presagia, he worked for almost 9 years as Chief Financial Officer and Chief Operating Officer of Aegera Therapeutics. Prior to Aegera, Mr. Olds was Chief Financial Officer of Mediatrix Telecom from 2000 to 2002 and led the technology investment banking practice of TD Securities in Québec from 1997 to 2002. Mr. Olds is currently Chairman of Aifred Health Inc., Director of Cannara Biotech Inc., Director of Presagia Corp. and Director of Acasti Pharma Inc. He holds an MBA (Finance & Strategy) and M.Sc. (Renewable Resources) from McGill University.

Terry Yanovsky, Director

Terry Yanovsky is a senior retail executive with an extensive background in both entrepreneurial and corporate environments. She is a strategic leader, skilled at building teams around a strong vision and moving an organization towards its goals at both the national and international levels. Ms. Yanovsky is a director of Goodfood. She most recently served as the Senior Vice-President, General Manager of Sephora Canada from 2015 to 2020, where she was responsible for leading the strategic direction of the company. Prior to joining Sephora, Ms. Yanovsky held numerous positions at L Brands from 2010 to 2015, including General Manager for Bath & Body Works Canada and head of L Brands in China. Prior to L Brands, Ms. Yanovsky was with Intrawest Corporation where she headed up their retail division, comprised of 150 sporting goods and apparel stores across North America. Previous to Intrawest, she was with IKEA

Canada for seven years in several positions of increasing responsibility, including Vice President, Business Development & Services. While at IKEA, she developed and launched IKEA's direct retailing strategy. Ms. Yanofsky is currently a director of Reitmans (Canada) Limited and Canopy Growth Corporation. She holds a BA in Psychology from McGill University.

François Vimard, Director

François Vimard is a director of Goodfood Market Corp., Andrew Peller Ltd., GS1 Canada and KP Tissue Inc. From 1995 to 2017, Mr. Vimard served in numerous functions at Empire Ltd. / Sobeys Inc. including as Interim President and Chief Executive Officer and 10 years as Chief Financial Officer. Before joining Empire / Sobeys, he worked for 10 years at Provigo Ltd., holding numerous finance positions. Before joining Provigo, Mr. Vimard began his career as an auditor at Deloitte. He holds a Bachelor of Business Administration (B.B.A.), Accounting and Finance, Licences in Accounting from the Université Laval, Member of the order of Chartered Professional Accountants, and Graduate of the Institute of Corporate Director (ICD).

Executive Officers Who Also Serve as Directors

Jonathan Ferrari, Chairman, Director and Chief Executive Officer

Mr. Ferrari is Co-Founder and Chief Executive Officer of Goodfood. After graduating with honors from McGill University, Mr. Ferrari joined RBC's investment banking team in Montréal in 2010, advising retailers on mergers and acquisitions, capital raises and strategic partnerships. He co-founded MTL Capital LLC in 2013, a privately held entrepreneurial investment firm and in 2014 he co-founded Goodfood. In 2017, Mr. Ferrari was named one of Canada's Top 40 Under 40. This national award celebrates the exceptional achievements of Canadians in leadership, innovation and community involvement. In 2018, Mr. Ferrari was named EY young entrepreneur of the year. Mr. Ferrari is a Montréal native.

Neil Cuggy, Director, President and Chief Operating Officer

Mr. Cuggy is Co-Founder, President and Chief Operating Officer of Goodfood. Mr. Cuggy's previous experience includes co-founding in 2013 and leading an entrepreneurial investment firm called MTL Capital LLC, a privately held entrepreneurial investment firm, and in 2014, he co-founded Goodfood. Before founding MTL Capital and Goodfood, Mr. Cuggy worked in the Investment Banking division of RBC Capital Markets from 2010 to 2012 where he worked on multiple mergers and acquisitions, equity financings and debt financings. He is a Montréal native who comes from a long line of entrepreneurs. In 2018, Mr. Cuggy was named EY young entrepreneur of the year and he graduated first class honors with distinction from McGill University where he received a Bachelor of Commerce degree in Investment Management.

Executive Officers Who Do Not Serve as Directors

Philippe Adam, Chief Financial Officer

Mr. Adam is the Chief Financial Officer of the Company. Mr. Adam has over 15 years of experience in corporate finance, accounting and operations. He was a principal at Champlain Financial Corporation, a Canadian private equity firm, between 2013 and 2018 where he led many buyout transactions and acted as a board member of several portfolio companies. From 2013 to 2016, he was the chief financial officer of Garda Background Screening Solutions, a leading pre-employment screening services company that was sold to a strategic buyer in 2016. Mr. Adam was an investment banker with National Bank Financial and was as a director in their corporate financing group, covering both public and private companies. Prior to that, he worked for several years at Deloitte LLP and at a Canadian investment fund. He has been involved in a wide variety of strategic matters over the years including mergers and

acquisitions, cross border transactions and debt and equity financing. Philippe earned a Bachelor of commerce degree from Laval University and a Graduate Diploma in Accountancy from HEC. He is a member of the Canadian institute of Chartered Professional Accountants (CPA) and has the Chartered Business Valuator (CBV) designation, for which he was the Canadian gold medallist in 2009.

Mohammad Awada, Executive Vice-President Head of Strategic Execution

Mr. Awada is the Executive Vice-President, Head of Strategic Execution of the Company. Mr. Awada has more than 7 years of experience in capital markets, in the realms of investment banking and private equity, in addition to executive leadership experience with a focus on Supply Chain and operations. As Executive Vice President, Head of Strategic Execution, Mr. Awada oversees Goodfood's National Supply Chain and National Logistics functions, along with Goodfood's Ready to Eat product division and Western Canadian operation. Prior to joining Goodfood, Mr. Awada was a private equity associate at PSP Investments from 2015 to 2017 where he participated in the evaluation and execution of a variety of global leveraged buyout investment opportunities including carve-outs, public-to-private and secondary buyouts. Prior to that, Mr. Awada worked as an Investment Banking Analyst at RBC Capital Markets from 2013 to 2015 where he worked on a variety of strategic and capital market transactions including mergers & acquisitions, takeover defense, strategic review, debt offerings and equity financings. Mr. Awada holds a Bachelors of Commerce, Honours in Investment Management (Bcom) from McGill University where he received the L.J. Forget Award for Excellence in Finance upon graduation.

Raghavendra Mocharla, Chief Technology Officer

Mr. Mocharla is the Chief Technology Officer of the Company. Mr. Mocharla has over 20 years of experience in defining and executing ambitious customer centric technology product roadmaps while building and leading high performing teams. He most recently was Vice President, E-commerce at Indigo re-imagining the e-commerce web and mobile applications for Canadian book lovers. Mr. Mocharla held a leadership position at Amazon responsible for competitively pricing millions of products worldwide at various Amazon destinations. He also held senior technology positions at Yahoo! and E*Trade Financial, leveraging Internet technology to build immersive customer experiences, in addition to having founded several entrepreneurial ventures. Mr. Mocharla holds an Electrical Engineering degree from Bharathiyar University.

Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, no current director or officer of the Company is, or within the ten years prior to the date of this Annual Information Form has been, a director, officer, or promoter of any person or company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Terry Yanofsky has been a director of Reitmans (Canada) Limited ("**Reitmans**"), a Canadian-based retailer listed on the TSX, since August 2019. On May 19, 2020, Reitmans obtained an initial order from the Superior Court of Québec to seek protection from its creditors under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Since its initial filing on May 19, 2020, Reitmans obtained an initial extension of the protection under the CCAA until July 29, 2020, a second extension until October 16, 2020 and a third extension until January 22, 2021. Trading of Reitmans' shares was suspended on May 19, 2020 and Reitmans' shares were delisted from the TSX effective at the close of business on July 29, 2020.

Penalties or Sanctions

No current director or officer of the Company, nor shareholder holding a sufficient number of shares of to affect materially the control of the Company, has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of Goodfood's knowledge, there are no known existing or potential conflicts of interest among the Company and a current director or officer of the Company as at the date hereof, except that certain of our directors also serve as directors or officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS

As at the date of this Annual Information Form, we are not involved in any legal proceeding.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except for the transactions related to the RTO, the 2018 Offering, the 2019 Offering and the 2020 Share Offering, we have not completed a transaction within the three years before the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect us in which any of our directors, executive officers or principal shareholders, or any of their associates or affiliates, had any material interest, either direct or indirect.

MATERIAL CONTRACTS

The following represent the material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into since the beginning of the last financial year, or entered into prior to such date, but which is still in effect and to which are required to be filed with Canadian securities regulatory authorization in accordance with Section 12.2 of *National Instrument - 51-102 Continuous Disclosure Obligations*.

2020 Debenture Offering Underwriting Agreement

On February 6, 2020, the Company entered into an underwriting agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and Desjardins Capital Markets, and including Canaccord Genuity Corp., Raymond James Ltd., RBC Dominion Securities Inc., Stifel Nicolaus Inc., TD Securities Inc., Eight Capital and Industrial Alliance Securities Inc., setting out the terms and conditions of the 2020 Debenture Offering. For more information with respect to the Debentures, please refer to "Our Business" and to the "Debentures" section in Capital Structure.

Debenture Indenture

On February 26, 2020, the Company and TSX Trust Company, as indenture trustee, entered into the Debenture Indenture, setting out the terms of the Debentures. For more information on the Debentures, please refer to "Our Business" and to the "Debentures" section in Capital Structure.

2020 Share Offering Underwriting Agreement

On July 15, 2020, the Company entered into an underwriting agreement with a syndicate of underwriters co-led by Desjardins Capital Markets and Stifel GMP, and including National Bank Financial Inc., Scotia Capital Inc., Raymond James Ltd., RBC Dominion Securities Inc., Canaccord Genuity Corp., Eight Capital, Acumen Capital Finance Partners Limited, Jonathan Ferrari, Neil Cuggy, Raffi Krikorian and Hamnett Hill setting out the terms and conditions of the 2020 Share Offering. For more information with respect to the 2020 Share Offering, please refer to “Our Business”.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares is TSX Trust Company at its principal office in Montréal, Québec. The indenture trustee for our Debentures is TSX Trust Company at its principal office in Montréal, Québec and Toronto, Ontario,

INTERESTS OF EXPERTS

Our current independent auditors, KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

AUDIT COMMITTEE

Audit Committee Charter

The Board of Directors has adopted a written charter describing the mandate of the Audit Committee that establishes, *inter alia*, the Audit Committee’s purpose and responsibilities. Within the purview of its mandate, the Audit Committee is responsible for overseeing the accounting and financial reporting practices of Goodfood and audits of Goodfood’s financial statements. The Audit Committee’s responsibilities also include the selection, recommendation and oversight of Goodfood’s independent auditors. The text of the Audit Committee’s charter is reproduced in its entirety in Annex A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is currently comprised of François Vimard, Donald Olds, and Hamnett Hill. Mr. Vimard is the chair of the Audit Committee. For education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, please refer to the “Biographies” section in “Directors and Executive Officers”.

It is the Board’s determination that each of the members of the Audit Committee is financially literate and independent within the meaning of *National Instrument - 52-110 Audit Committee*.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the pre-approval of all non-audit services to be provided to Goodfood by its independent auditors. At least annually, the Audit Committee reviews and confirms the independence of the independent auditors by obtaining statements from the independent auditors describing all relationships with Goodfood, including with respect to any non-audit services.

Independent Auditor's Fees

Aggregate fees billed by our independent auditors, KPMG LLP, for Fiscal 2019 and Fiscal 2020 are as follows:

| Services Retained | Fees billed in Fiscal 2019 | Fees billed in Fiscal 2020 |
|---|-----------------------------------|-----------------------------------|
| Audit fees ⁽¹⁾ | \$ 195,962 | \$ 299,155 |
| Audit-related fees ⁽²⁾ | 20,000 | 24,030 |
| Tax fees ⁽³⁾ | 22,200 | 33,454 |
| All other fees ⁽⁴⁾ | — | — |
| Total..... | \$ 238,162 | \$ 356,639 |

Notes

⁽¹⁾ Fees billed by our independent auditors for professional services related to the audit of the financial statements of the Company for the years ended August 31, 2019 and 2020 and include \$57,481 and \$136,526, respectively, for professional fees in relation to public offerings and prospectuses.

⁽²⁾ Fees billed by our independent auditors for audit-related services.

⁽³⁾ Fees billed by our independent auditors for tax compliance, tax advice and tax planning services.

⁽⁴⁾ Fees billed by our independent auditors for other services.

ADDITIONAL INFORMATION

Additional information relating to Goodfood may be found on SEDAR at www.sedar.com and on the Company's website at www.makegoodfood.ca. You can also obtain a copy of such documents by contacting us by mail, email or telephone:

Investor Relations
4600 Hickmore Street
Montréal, Québec H4T 1K2
Canada
Telephone: 1(855) 515-5191
ir@makegoodfood.ca

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans is contained in the Company's management information circular dated November 10, 2020.

Additional financial information is provided in the audited financial statements and the management's discussion & analysis of the Company for Fiscal 2020.

GLOSSARY OF TERMS

“**2018 Offering**” means the bought deal public offering for gross proceeds to the Company of \$10 million completed on May 7, 2018.

“**2019 Offering**” means the bought deal public offering for gross proceeds to the Company of \$20 million completed on February 22, 2019.

“**2020 Debenture Offering**” means the bought deal public offering of Debentures for gross proceeds to the Company of \$30 million completed on February 26, 2020.

“**2020 Share Offering**” means the bought deal public offering of Common Shares for gross proceeds to the Company of \$25 million completed on August 5, 2020.

“**Amalco**” means Goodfood Market Inc., the entity resulting from the amalgamation between GMI and Subco.

“**Amalgamation**” means the three-cornered amalgamation between GMI, Mira VII and Subco pursuant to which the GMI and Subco amalgamated to form Amalco.

“**Audit Committee**” means the audit committee of the Company.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company.

“**CBCA**” means the *Canada Business Corporations Act*, as amended from time to time.

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, as amended from time to time.

“**Common Shares**” means common shares in the share capital of the Company.

“**Company**” means Goodfood Market Corp. and its predecessors.

“**Debenture Maturity Date**” means March 31, 2025.

“**Debentures**” means the 5.75% convertible unsecured subordinated debentures due on the Debenture Maturity Date.

“**Fiscal 2017**” means the Company’s fiscal year ended August 31, 2017.

“**Fiscal 2018**” means the Company’s fiscal year ended August 31, 2018.

“**Fiscal 2019**” means the Company’s fiscal year ended August 31, 2019.

“**Fiscal 2020**” means the Company’s fiscal year ended August 31, 2020.

“**GMI**” means Goodfood Market Inc. and its predecessors.

“**Goodfood**” means Goodfood Market Corp. and its predecessors.

“**IFRS**” means the International Financial Reporting Standards.

“**management**” means the persons who are identified herein as the executive officers of the Company.

“**Mira VII**” means Mira VII Acquisition Corp. and its predecessors.

“Qualifying Transaction” means the arm’s length qualifying transaction completed in accordance with the policies of the TSX.

“R&D” means research and development.

“Resulting Issuer” means Goodfood Market Corp., as it existed prior to its amalgamation with Amalco.

“RTO” means the reverse take-over transaction which occurred on June 1, 2017 by which the Resulting Issuer began trading on the TSX under the symbol “FOOD” on June 7, 2017.

“Selling Shareholders” means, collectively, Jonathan Ferrari, Neil Cuggy, and Raffi Krikorian.

“Selling Shareholders FY2020” means, collectively, Jonathan Ferrari, Neil Cuggy, Raffi Krikorian and Hamnett Hill.

“Subco” means Mira VII Subco Inc. and its predecessors.

“TSX” means the Toronto Stock Exchange.

ANNEX A

AUDIT COMMITTEE CHARTER

See attached



AUDIT COMMITTEE CHARTER

DATED AUGUST 23, 2017

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I. PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors (the “**Board**”) of Goodfood Market Corp. (the “**Corporation**”) in its oversight of:

- A. the integrity of the financial statements and related information;
- B. compliance with applicable legal and regulatory requirements;
- C. the independence, qualifications, appointment and performance of the external auditor;
- D. disclosure, internal controls and internal audit procedures;
- E. enterprise risk management processes, credit worthiness, treasury and financial policies; and
- F. whistle blower, complaint procedures and ethics policies.

II. DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board. In particular, the Audit Committee shall have the following duties and responsibilities:

A. FINANCIAL REPORTING AND CONTROL

- 1. On a periodic basis, review and discuss with management and the external auditor the following:
 - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation’s selection or application of accounting principles, and issues as to the adequacy of the Corporation’s internal controls and any special audit steps adopted in light of material control deficiencies;
 - b. analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the impact of selecting one of several generally accepted accounting principles (GAAP) on the financial statements when such a selection has been made in the current reporting period;
 - c. the effect of regulatory and accounting developments, as well as off-balance sheet arrangements, on the financial statements of the Corporation;
 - d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-GAAP information);

- e. any corporate governance issues which could significantly affect the financial statements;
 - f. all matters required to be communicated to the Audit Committee under generally accepted auditing standards.
- 2. Meet to review and discuss with management and the external auditor, report and, where appropriate, provide recommendations to the Board on the following prior to its public disclosure:
 - a. the annual and interim consolidated financial statements and the related “Management’s Discussion and Analysis”, Annual Information Forms, earnings press releases, the whole in accordance with the Disclosure Policy, and the integrity of the financial reporting of the Corporation;
 - b. any audit issues raised by the external auditor and management’s response thereto, including any restrictions on the scope of the activities of the external auditor or access to requested information and any significant disagreements with management;
 - c. to the extent not previously reviewed by the Audit Committee, all financial statements included in any prospectus or offering memoranda and all other financial reports required by regulatory authorities and/or requiring approval by the Board.
- 3. Review and discuss reports from the external auditor on:
 - a. all critical accounting policies and practices used by the Corporation;
 - b. all material selections of accounting policies when there is a choice of policies available under GAAP that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the external auditor;
 - c. other material written communications between the external auditor and management, and discuss such communication with the external auditor; and
 - d. ensure that adequate procedures are in place for the review of public disclosure of financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

B. OVERSIGHT OF THE EXTERNAL AUDITOR

- 1. Recommend to the Board the external auditor to be nominated of the purpose of preparing the external auditor’s report as well as the external auditor’s compensation for doing so.

2. Oversee the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required, and review, report and, provide recommendations to the Board on the appointment, terms and review of engagement, removal, independence and proposed fees of the external auditor.
3. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the external auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.
4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Corporation and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the external auditor to provide to the Corporation and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the external auditor to the Corporation and any consolidated subsidiary.
5. Establish policies for the hiring of partners, employees and former partners and employees of the external auditor in order to protect the independence of the auditors.
6. At least annually, consider, assess, and report to the Board on:
 - a. the independence of the external auditor, including that the external auditor's performance of permitted non-audit services does not impair the external auditor's independence;
 - b. obtaining from the external auditor a written statement (i) delineating all relationships between the external auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the external auditor; and
 - c. the evaluation of the lead audit partner, taking into account the opinions of management.
7. At least annually, obtain and review a report by the external auditor describing:
 - a. the external auditor's internal quality-control procedures;
 - b. any material issues raised by the most recent internal quality-control review, or peer review of the external auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried

out by the external auditor firm, and any steps taken to deal with any such issues.

8. Resolve any disagreement between management and the external auditor regarding financial reporting.
9. Review the annual audit plan with the external auditor.
10. At least quarterly and when required, meet with the external auditor in the absence of management.

C. OVERSIGHT OF THE CORPORATION'S INTERNAL CONTROL SYSTEM

1. Review and discuss with management and the external auditor, monitor, report and, where appropriate, provide recommendations to the Board on the following:
 - a. the Corporation's systems of internal controls over financial reporting;
 - b. compliance with the policies and practices of the Corporation relating to business ethics;
 - c. compliance by Directors, Officers and other management personnel with the Disclosure Policy; and
 - d. the relationship of the Audit Committee with other committees of the Board, management and the Corporation's consolidated subsidiaries' audit committees.
2. Review and discuss with the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.
3. Review, monitor, report, and, where appropriate, provide recommendations to the Board on the Corporation's disclosure controls and procedures.
4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters.

D. OVERSIGHT OF THE CORPORATION'S RISK MANAGEMENT

1. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management including the following:
 - a. the Corporation's processes for identifying, assessing and managing risks;

- b. the Corporation's major financial risks, including derivative and tax risks, and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;
 - c. the Corporation's major security risks and security trends, including cybersecurity risks, that may impact the Corporation's operations and business;
 - d. the Corporation's business continuity plans, including work stoppage and disaster recovery plans;
 - e. the Corporation's environmental risks, and environment trends that may impact the Corporation's operations and business.
- 2. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and the Corporation's progress in remedying any material deficiencies related to:
 - a. security policies, including the physical safeguarding of corporate assets and security of networks and information systems;
 - b. environmental policy and environmental management systems.
- 3. When appropriate, ensure that the Corporation's subsidiaries establish an environmental policy and environmental management systems, and review and report thereon to the Board.
- 4. Review with management the credit worthiness, liquidity and important treasury matters including financial plans of the Corporation.
- 5. Review all related party transactions and actual or potential conflicts of interest.

E. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS

- 1. Review and discuss with management, legal counsel and the external auditor, monitor, report and, when appropriate, provide recommendations to the Board on the adequacy of the Corporation's processes for complying with laws, regulations and applicable accounting standards.
- 2. Review, on a periodic basis with legal counsel, the Corporation's legal compliance with respect to: (a) the legal and regulatory matters which may have a material effect on the Corporation and/or its financial statements, including with respect to pending or threatened material litigations; and (b) corporate compliance policies and codes of conduct.

F. WHISTLEBLOWER, ETHICS AND INTERNAL CONTROLS COMPLAINT PROCEDURES

Ensure that the Corporation has in place adequate procedures for:

1. The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.
2. The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Audit Committee, and the Audit Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls. Where the CEO or the CFO is named in a complaint, the Lead Director will speak directly with the Chair of the Audit Committee.

III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD

1. The Audit Committee shall evaluate and review with the Board, on an annual basis, the performance of the Audit Committee as a whole as well as the performance of each individual member while taking into account: (i) in the case of the Audit Committee as a whole, the present Charter, and (ii) in the case of an individual member, the applicable position description(s), as well as the competencies and skills each individual director is expected to contribute to the Audit Committee.
2. The Audit Committee shall report to the Board periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate compensation for such advisors as determined by the Audit Committee.

V. MEMBERSHIP

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board may from time to time by resolution determine. The members of the Audit Committee shall meet the independence test and other membership requirements under applicable laws, rules and regulations and listing requirements as determined by the Board.

VI. AUDIT COMMITTEE CHAIR

The Audit Committee Chair shall be appointed by the Board. The Audit Committee Chair leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Audit Committee Chair shall:

- A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Charter and as otherwise may be appropriate;
- B. In consultation with the Board Chair, the Lead Director and the CEO, ensure that there is an effective relationship between management and the members of the Audit Committee;
- C. Chair meetings of the Audit Committee;
- D. In consultation with the Board Chair, the Lead Director, the Corporate Secretary and the Executive Officers, determine the frequency, dates and locations of meetings of the Audit Committee;
- E. In consultation with the CEO and CFO review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board Chair, that all items, requiring the Audit Committee's approval, are appropriately tabled;
- G. Ensure the proper flow of information to the Audit Committee and review, with the Executive Officers and the Corporate Secretary the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. TERM

The members of the Audit Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. PROCEDURES FOR MEETINGS

Meetings of the Audit Committee may be called by any member of the Audit Committee or the Corporation's external auditor. Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee will meet at least each quarter and otherwise as necessary. The Audit Committee shall meet separately in an executive session, in the absence of management and the external auditor, at each regularly scheduled meeting. The Audit Committee will also meet with the external auditor without management being present.

IX. QUORUM AND VOTING

Unless otherwise determined from time to time by resolution of the Board, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. SECRETARY

Unless otherwise determined by resolution of the Board, the Corporate Secretary of the Corporation or his/her delegate shall be the Secretary of the Audit Committee.

XI. VACANCIES

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. RECORDS

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

XIII. REVIEW OF CHARTER

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes for consideration. The Board may amend this Charter, as required.