Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the three-month period ended November 30, 2019

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BASIS OF PRESENTATION

The following has been prepared for the purposes of providing Management's Discussion and Analysis ("MD&A") of the financial condition of Goodfood Market Corp. and its subsidiary (also referred to in this MD&A as "we", "our", "Goodfood" or "the Company") as at November 30, 2019, and the operating results of the Company for the three-month period then ended. This MD&A is dated January 8, 2020 and reflects information available as at this date. All references in this MD&A to Fiscal 2020 are to the fiscal year ending August 31, 2020 and to Fiscal 2019 are to the fiscal year ended August 31, 2019. This document should be read in conjunction with the Company's Annual Audited Consolidated Financial Statements and notes thereto for the year ended August 31, 2019 and the Company's Unaudited Condensed Interim Consolidated Financial Statements and notes thereto (the "condensed interim financial statements") for the three-month period ended November 30, 2019. All amounts herein are expressed in Canadian dollars unless otherwise indicated.

The Company's condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the financial information herein was derived from those statements.

Management determines whether information is material based on whether they believe a reasonable investor's decision to buy, sell or hold securities of the Company would likely be influenced or changed should the information be omitted or misstated, and discloses material information accordingly.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", and "continue", as well as the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in, or implied by, such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors which are discussed in greater detail under "Risk Factors" in the Company's Annual Information Form for the year ended August 31, 2019 available on SEDAR at www.sedar.com: limited operating history, negative operating cash flow, food industry, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood's reputation, transportation disruptions, product liability, ownership and protection of intellectual property, evolving industry, unionization activities, reliance on management, factors which may prevent realization of growth targets, competition, availability and quality of raw materials, 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, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning the availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

NON-IFRS MEASURES

Certain financial measures used in this MD&A do not have any standardized meaning under IFRS, including “Gross merchandise sales”, “Adjusted gross profit”, “Adjusted gross margin”, “EBITDA”, “Adjusted EBITDA” and “Adjusted EBITDA margin”. For a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measures, as applicable, see the “Metrics and Non-IFRS Financial Measures” section of this MD&A.

COMPANY OVERVIEW

Goodfood (TSX:FOOD) 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 week. 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 less than 1 minute. Goodfood members have access to a unique selection of products online as well as exclusive pricing made possible by its world class direct to consumer fulfilment eco-system that cuts out food waste and expensive retail overhead. The Company has its main production facility and administrative offices based in Montreal, Quebec, a second production facility in Calgary, Alberta, a breakfast facility in Montreal, Quebec and is currently building out its new production facility in Vancouver, British Columbia. Goodfood had 230,000 active subscribers as at November 30, 2019.

FINANCIAL OUTLOOK

The online grocery industry is one of the fastest growing industries in the world. As a result, Goodfood believes that there are significant opportunities and advantages to rapidly grow its subscriber base by continuing to invest in highly targeted marketing campaigns, capacity expansion through additional facilities and investments in automation, increasing its product offering and in continuing to expand its national platform.

Goodfood's strategy is in part to delay short-term profitability in order to invest in long-term shareholder value creation, and also continue to improve its cost structure to achieve its long-term margin goals. Growing Goodfood's subscriber base, market share, scale and product offering will allow the Company to deliver greater value to its customers while attaining high returns on invested capital. As the Company grows its subscriber base, we are confident that Goodfood will achieve economies of scale and additional efficiencies which will lead to improvements in profitability while maintaining an unrivalled experience for subscribers.

These objectives are based upon assumptions and are subject to risks and uncertainties, many of which are beyond our control. These risks and uncertainties could cause actual results to differ materially from these objectives. See the ‘‘Forward-Looking Statements’’ and ‘‘Business Risk” sections of this MD&A.

FIRST QUARTER FISCAL 2020 HIGHLIGHTS

HIGHLIGHTS OF THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2019 COMPARED TO THE THREE- MONTH PERIOD ENDED NOVEMBER 30, 2018

- Revenue reached $56.3 million, an increase of $26.7 million, or 90%.
- Gross margin reached 28.8%, an improvement of 6.9 percentage points and gross profit reached $16.2 million, an increase of $9.7 million, or 150%.
- Net loss reached $5.2 million, an increase of $0.3 million, resulting in net loss per share of $0.09.
- Cash provided by operating activities reached $1.5 million, a decrease of $0.3 million and ended the quarter with a solid cash, cash equivalents and restricted cash position of $47.0 million.
- Gross merchandise sales reached $68.0 million, an increase of $30.9 million, or 83%.
- Adjusted gross margin reached 41.1%, an increase of 3.4 percentage points, and adjusted gross profit reached $28.0 million, an increase of $14.0 million, or 100%.
- Adjusted EBITDA margin reached -6.5%, an improvement of 6.7 percentage points.
- Active subscribers reached 230,000 as at November 30, 2019, an increase of 104,000 or 83% compared to November 30, 2018, and an increase of 30,000 or 15% compared to August 31, 2019.

KEY HIGHLIGHTS OF THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2019

Launch of Reusable Delivery Box

In October 2019, the Company announced the official launch of its new reusable delivery box, positioning Goodfood as a leader in the industry with respect to environmental sustainability initiatives. The new reusable box is made of a plastic compound, was custom-built specifically for Goodfood, and is part of green initiatives to eliminate 12 million pieces of single serve packaging.

Chief Technology Officer Appointment

In November 2019, the Company announced the addition of Raghu Mocharla to its management team as Chief Technology Officer. Mr. Mocharla was most recently Vice President, E-Commerce at Indigo and cumulates over 20 years of experience in technology which will strengthen the Company's competitive advantage in building a world-class user experience and automation ecosystem.

Meal Solutions

Throughout the first quarter of Fiscal 2020, the Company further expanded its ready-to-eat and breakfast meal solutions across Canada. The Company's product mix aims to expand the Company's offering to existing and prospective customers in order to provide full home meal solutions across the different meals of the day.

Private Label Grocery Products

Throughout the first quarter of Fiscal 2020, the Company further expanded its private label grocery products across Canada. The Company offers everyday grocery essentials with exclusive prices, including extra virgin olive oil, sea salt, a variety of premium proteins, peanut butter, tea, appetizers and more.

Active Subscribers

As at November 30, 2019, we reached the 230,000 active subscribers mark. This new milestone resulted from the rapid addition of 30,000 new subscribers in the first quarter of Fiscal 2020 primarily driven by the seasonal ramp-up of our targeted marketing campaigns.

METRICS AND NON-IFRS FINANCIAL MEASURES

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

Metrics	Definitions
Active subscribers	An account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle. Active subscribers exclude cancelled accounts. For greater certainty, an Active subscriber is only accounted for once, although different products might have been ordered in a given weekly delivery cycle. While active subscribers is not an IFRS or Non-IFRS Financial Measure, and therefore, does not appear in, and cannot be reconciled to a specific line item in our consolidated financial statements, we believe that active subscribers is a useful metric for investors because it is indicative of potential future revenues. The Company reports the number of active subscribers at the beginning and end of the period, rounded to the nearest thousand.

Non-IFRS financial measures	Definitions
Gross merchandise sales ("GMS")	Gross merchandise sales measures the total retail value of goods sold by the Company and is calculated before taking into account all incentives and credits included in revenue. Incentives and credits, presented at retail value, are principally comprised of sign-up inducements, which typically provide new active subscribers with a discount on their first delivery. GMS is a non-IFRS financial measure. We believe that GMS is a useful revenue measure because the exclusion of incentives and credits provides a picture that is more indicative of future revenue.
Adjusted gross profit & Adjusted gross margin	Adjusted gross profit and adjusted gross margin measure gross profit and gross margin on a retail value basis. Adjusted gross profit is calculated by subtracting the cost of goods sold from GMS. Adjusted gross margin is expressed in percentage terms and calculated as adjusted gross profit divided by GMS. Adjusted gross profit and adjusted gross margin are non-IFRS financial measures. We believe that adjusted gross profit and adjusted gross margin are useful measures of financial performance because GMS is indicative of future revenues and therefore, of future gross profit and gross margin.

Non-IFRS financial measures	Definitions
EBITDA, Adjusted EBITDA & Adjusted EBITDA margin	EBITDA is defined as net income or loss before net finance expenses (income), depreciation and amortization expense and income tax expense. Adjusted EBITDA is defined as EBITDA excluding share-based payments as they are an equity compensation item. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue. EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-IFRS financial measures. We believe that EBITDA, adjusted EBITDA, and adjusted EBITDA margin are useful measures of financial performance because these measures are useful to assess the Company’s ability to seize growth opportunities in a cost-effective manner, to finance its ongoing operations and to service its long-term debt. They also allow comparisons between companies with different capital structures.

ACTIVE SUBSCRIBERS

	Three-month periods ended November 30,	
	2019	2018
Active subscribers, beginning of period	200,000	89,000
Net change in active subscribers	30,000	37,000
Active subscribers, end of period	230,000	126,000

GROSS MERCHANDISE SALES

The reconciliation of revenue to GMS is as follows:

	Three-month periods ended November 30,	
(In thousands of Canadian dollars)	2019	2018
Revenue	$ 56,291	$ 29,617
Incentives and credits	11,745	7,488
Gross merchandise sales	$ 68,036	$ 37,105

For the three-month period ended November 30, 2019, GMS increased by $30.9 million. The increase in GMS was primarily driven by continued growth in the number of active subscribers, an increase in average order value and product offering expansion, as well as planned strategic marketing activities.

ADJUSTED GROSS PROFIT AND ADJUSTED GROSS MARGIN

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

(In thousands of Canadian dollars)	Three-month periods ended November 30, 2019	2018
Gross merchandise sales	$ 68,036	$ 37,105
Cost of goods sold	40,072	23,123
Adjusted gross profit	$ 27,964	$ 13,982
Adjusted gross margin	41.1%	37.7%

For the three-month period ended November 30, 2019, the adjusted gross margin improved by 3.4 percentage points. The increase in the adjusted gross margin resulted primarily from lower production labour costs as a percentage of GMS driven by continued investments in automation, lower food, packaging and shipping unit costs due to additional operational efficiencies, increased density among the delivery zones, and purchasing power with key suppliers, slightly offset by the launch of new product offering, such as private label grocery products, breakfast and ready-to-eat meal solutions.

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

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

(In thousands of Canadian dollars)	Three-month periods ended November 30, 2019	2018
Net loss	$ (5,152)	$ (4,851)
Net finance expenses	97	87
Depreciation and amortization expense	993	487
EBITDA	$ (4,062)	$ (4,277)
Share-based payments	411	375
Adjusted EBITDA	$ (3,651)	$ (3,902)
Revenue	$ 56,291	$ 29,617
Adjusted EBITDA margin (%)	(6.5%)	(13.2%)

For the three-month period ended November 30, 2019, adjusted EBITDA margin improved by 6.7 percentage points. The increase in adjusted EBITDA margin resulted primarily from higher revenues and operating leverage, lower production labour costs as a percentage of revenue, and lower unit costs with regards to food, packaging and shipping which generated a higher gross profit, offset by an increase in selling, general and administrative expenses driven in large part by new salaried hires and the launch of new product offering.

RESULTS OF OPERATIONS – THREE-MONTH PERIODS ENDED NOVEMBER 30, 2019 AND 2018

The following table sets forth the components of the Company's statement of loss and comprehensive loss for the three-month periods ended November 30, 2019 and 2018:

(In thousands of Canadian dollars, except share information)	Three-month periods ended November 30, 2019	2018	Variance ($) [1]	(%) [2]
Revenue	$ 56,291	$ 29,617	$ 26,674	90%
Cost of goods sold	40,072	23,123	(16,949)	73%
Gross profit	$ 16,219	$ 6,494	$ 9,725	150%
Gross margin [3]	*28.8%*	*21.9%*	*N/A*	*N/A*
Selling, general and administrative expenses	$ 20,281	$ 10,771	$ (9,510)	88%
Depreciation and amortization expenses	993	487	(506)	104%
Net finance expenses	97	87	(10)	11%
Net loss, being comprehensive loss	$ (5,152)	$ (4,851)	$ (301)	6%
Basic and diluted net loss per share	$ (0.09)	$ (0.09)	$ (0.00)	0%

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

EXPLANATION OF VARIANCES FOR THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2019 COMPARED TO 2018

- The increase in revenue was primarily driven by the continued growth in the number of active subscribers, an increase of average order value and the expansion of our product offering to include private label grocery products, new meal solutions and expanded ready-to-cook plans.
- The increase in gross profit was primarily driven by the increase in revenue and a higher gross margin.
- The increase in gross margin primarily resulted from lower production costs as a percentage of revenue and lower unit costs for food, packaging and shipping due to increased operational efficiencies, additional automation investments, increased density among the delivery zones and purchasing power with key suppliers, but also to lower incentive and credits as a percentage of revenue. This was partially offset by the increase in our product offering. The Company expects that fixed costs as a percentage of revenues will continue to decrease with Goodfood's continued growth which should further increase gross margin in the future.
- The increase in selling, general and administrative expenses is mostly due to higher wage costs resulting from the addition of administrative personnel to support the Company's growth and increase in product offering and to planned strategic increases in marketing costs based on successful client acquisition strategies.
- The increase in depreciation and amortization expenses resulted from the acquisition of fixed assets across all asset classes, mainly for the expansion of production facilities and investments in automation.
- The increase in net loss was a result of the factors described above.

FINANCIAL POSITION

The following table provides an analysis of the Company's statement of financial position as at November 30, 2019 compared to August 31, 2019:

(In thousands of Canadian dollars)	November 30, 2019	August 31, 2019	Variance
Total Assets	**$ 95,309**	**$ 80,783**	**$ 14,526**
Variance mainly due to:			
Cash and cash equivalents	44,549	45,149	(600)
Amounts receivable	3,591	2,605	986
Inventories	5,255	4,735	520
Fixed assets	14,653	13,545	1,108
Right-of-use-assets	22,345	11,089	11,256
Intangible assets	1,358	512	846
Total Liabilities	**$ 82,658**	**$ 63,382**	**$ 19,276**
Variance mainly due to:			
Line of credit	2,040	1,540	500
Accounts payable and accrued liabilities	35,965	30,704	5,261
Deferred revenue	8,128	5,923	2,205
Lease obligations, including current portion	24,041	12,724	11,317
Total Shareholders' Equity	**$ 12,651**	**$ 17,401**	**$ (4,750)**
Variance mainly due to:			
Deficit	(46,698)	(41,546)	(5,152)

EXPLANATION OF VARIANCES FROM AUGUST 31, 2019 TO NOVEMBER 30, 2019

- The decrease in cash and cash equivalents is primarily due to planned fixed assets additions.
- The increase in amounts receivable is due to the growth in our volume purchase agreements and from the recognition of a government grant related to the purchase of fixed assets.
- The increase in inventories is due to the Company's growth, where the increase in food inventory and packaging inventory generally follows weekly and monthly revenue trends respectively, and also due to the product offering expansion.
- The increase in fixed assets is primarily due to investments in the capacity expansions and automation of the Company's production facilities in order to increase production capacity.
- The increase in right-of-use assets and lease obligations resulted from the recognition of new lease agreements, mainly the British Columbia facility lease.
- The increase in intangible assets resulted from investments in the development of an enterprise resource planning system to optimize the Company's operations as it continues to scale.
- The increase in line of credit resulted from an additional drawing during the quarter to fund planned fixed asset additions.
- The increase in accounts payable and accrued liabilities is primarily due to higher purchases resulting from the Company's growth and more favourable payment terms as a result of increased purchasing power with key suppliers as the Company continues to increase its scale.

- The increase in deferred revenue is due to Company's growth and to the timing of period-end within the Company's weekly delivery cycle.
- The increase in deficit is due to the net loss incurred for the three-month period ended November 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

CAPITAL MANAGEMENT

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

CASH FLOWS

A summary of net cash flows by activity for the three-month periods ended November 30, 2019 and 2018 is presented below:

(In thousands of Canadian dollars)	Three-month periods ended November 30, 2019	2018	Variance
Net cash provided by operating activities	$ 1,461	$ 1,750	$ (289)
Net cash used by financing activities	(404)	(398)	(6)
Net cash used in investing activities	(1,657)	(481)	(1,176)
Net change in cash and cash equivalents	$ (600)	$ 871	$ (1,471)
Cash and cash equivalents, beginning of period	45,149	24,453	20,696
Cash and cash equivalents, end of period	$ 44,549	$ 25,324	$ 19,225

The negative variance in net cash provided by operating activities is primarily due to an unfavorable variance in non-cash operating working capital. The negative variance in net cash used in financing activities is primarily due to higher lease payments from the addition of new lease obligations, offset by an additional drawing on the Company's line of credit. The negative variance in net cash used in investing activities is primarily due to planned fixed assets additions.

The following are amounts of cash, cash equivalents and restricted cash:

(In thousands of Canadian dollars)	November 30, 2019	August 31, 2019
Cash and cash equivalents	$ 44,549	$ 45,149
Restricted cash [1]	2,500	2,500
	$ 47,049	$ 47,649

[1] Restricted cash consists of cash held as collateral, which is subject to the terms of the financing agreement (Refer to the "Credit Facility" section of this MD&A).

CREDIT FACILITY

Significant financing transactions that took place in three-month period ended November 30, 2019 were as follows:

- As at November 30, 2019, the Company has four signed swap agreements with a Canadian financial institution whereby the Company fixed the annual interest rates on notional amounts totalling $7 million until November 2021.
- As at November 30, 2019, $10 million and $2.5 million of the Company's term loans with the same Canadian financial institution were disbursed, as well as $2 million of the available $10 million revolving line of credit, bearing variable interest at CDOR plus 2.50% (4.46% as at November 30, 2019). The proceeds are being used to fund the expansion of capital expenditures, invest in automation, and were used to refinance the Company's long-term debt. The term loans are repayable in quarterly installments of $125 thousand and $31 thousand, beginning on November 30, 2020 and August 31, 2020, respectively, with a bullet repayment of the balance at the end of the term in November 2021.
- The credit facility includes a collateral requirement of $2.5 million placed in a restricted cash account and financial covenants with which the Company was in compliance as at November 30, 2019.

CONTRACTUAL OBLIGATIONS

The following are amounts due on contractual maturities of financial liabilities, including estimated interest payments, as well as commitments with respect to leases as at November 30, 2019:

(In thousands of Canadian dollars)	Total	Less than 1 year	1 to 5 years	More than 5 years
Line of credit	$ 2,040	$ 2,040	$ -	$ -
Accounts payable and accrued liabilities	35,965	35,965	-	-
Long-term debt, including current portion	13,613	753	12,860	-
Leases, including current portion (1) (2)	29,912	3,286	12,330	14,296
	$ 81,530	$ 42,044	$ 25,190	$ 14,296

(1) As at November 30, 2019, future lease payments of $5.6 million for which the Company is reasonably certain to exercise the renewal options have been recognized in lease obligations included in the Condensed Interim Consolidated Statement of Financial Position as at November 30, 2019, representing an amount of $6.4 million of undiscounted cash flows.

(2) There are no future cash outflows related to lease agreements to which the Company is potentially exposed that are not reflected in the measurement of lease obligations.

SELECTED QUARTERLY INFORMATION AND RECONCILIATION OF QUARTERLY NON-IFRS MEASURES

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

	Three-month periods ended							
	Nov. 30, 2019(1)	Aug. 31, 2019(1)	May 31, 2019(1)	Feb. 28, 2019(1)	Nov. 30, 2018(1)	Aug. 31, 2018	May 31, 2018	Feb. 28, 2018
Active subscribers	230,000	200,000	189,000	159,000	126,000	89,000	76,000	61,000
(in thousands of Canadian dollars)								
Gross merchandise sales	$ 68,036	$ 55,977	$ 61,212	$ 46,535	$ 37,105	$ 25,812	$ 26,166	$ 18,840
Credits removed from cancelled accounts	-	-	-	638	-	-	-	-
Incentives and credits	(11,745)	(10,718)	(11,348)	(10,580)	(7,488)	(4,441)	(3,943)	(3,167)
Revenue	56,291	45,259	49,864	36,593	29,617	21,371	22,223	15,673
Net loss	(5,152)	(5,887)	(3,639)	(6,560)	(4,851)	(2,956)	(1,564)	(2,393)
Basic and diluted net loss per share (2)	(0.09)	(0.10)	(0.06)	(0.13)	(0.09)	(0.06)	(0.03)	(0.05)

(1) The transition to IFRS 16 on September 1, 2018, had an impact for all quarters thereafter on net loss and basic and diluted net loss per share. Refer to applicable sections of the Company's MD&A for the year ended August 31, 2019 for the impact of the transition to IFRS 16.

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

TRENDS AND SEASONALITY

The Company's revenues and expenses are affected by seasonality. During holiday and popular vacation periods, the Company anticipates revenues to be lower as a higher proportion of active subscribers elect to skip their delivery. The Company also anticipates the growth rate of active subscribers to be lower during these periods. During periods with warmer weather, the Company anticipates packaging costs to be higher due to the additional packaging required to maintain food freshness and quality. The Company also anticipates food cost to be positively affected due to improved availability during periods with warmer weather.

FINANCIAL RISK MANAGEMENT

CREDIT RISK

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligation. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses. The Company's exposure to credit risk is primarily attributable to its cash and cash equivalents, amounts receivable, restricted cash, and security deposits included in other assets. The Company's maximum credit exposure corresponds to the carrying amount of these financial assets. Management believes the credit risk is limited because the Company deals with major North American financial institutions and an internationally established payment processor.

INTEREST RATE RISK

The Company's long-term debt and revolving line of credit bear interest at variable rates which are determined by a base rate set by the lender plus a margin. As a result, the Company is exposed to interest rate risk due to fluctuations in lenders' base rates. The Company manages its interest rate risk by using variable-to-fixed interest rate swaps as described in the "Liquidity and Capital Resources" section of this MD&A.

LIQUIDITY RISK

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

For the fiscal year ending August 31, 2020, anticipated operating losses, as the Company continues to grow its active subscriber base, and additional capital expenditures are expected to reduce the Company's cash balance and liquidity position compared to November 30, 2019, absent additional financing. We believe that the Company's cash on hand and financing capacity will provide adequate sources of funds to meet short-term requirements, finance planned capital expenditures and fund any operating losses.

BUSINESS RISK

For a detailed discussion of the Company's risk factors, please refer to the Company's Annual Information Form for the year-ended August 31, 2019 available on SEDAR at www.sedar.com.

ADDITIONAL FINANCING REQUIREMENTS

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material. The Company's off-balance sheet arrangements consist only of obligations under operating leases with terms of twelve months or less or of low dollar value which are not material.

FINANCIAL INSTRUMENTS

INVESTMENT POLICY

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

DERIVATIVES

The Company entered into two interest rate swap agreements during the three-month period ended November 30, 2019, as described in the "Liquidity and Capital Resources" section of the MD&A.

FINANCIAL COVENANTS

As discussed in the "Liquidity and Capital Resources" section of the MD&A, the Company secured a credit facility that includes financial covenants which may restrict the Company's ability to pursue future transactions or opportunities. As at November 30, 2019, the Company was in compliance with these financial covenants.

OUTSTANDING SHARE DATA

As at November 30, 2019, the Company had 58,146,700 common shares issued and outstanding and 4,336,073 stock options outstanding. The basic weighted average number of common shares as at November 30, 2019 was 58,144,451.

As at January 8, 2020, the Company had 58,218,954 common shares issued and outstanding and 4,248,084 stock options outstanding.

For additional information with respect to stock options, refer to Note 11 to the Company's Condensed Interim Consolidated Financial Statements for the three-month period ended November 30, 2019.

USE OF PROCEEDS FROM PUBLIC OFFERINGS

FEBRUARY 2019 PUBLIC OFFERING

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

The following table compares the estimated use of proceeds presented in the Company's final short form prospectus dated February 18, 2019 with the actual use of proceeds as at November 30, 2019:

(In thousands of Canadian dollars)	Actual use of proceeds	Estimated use of proceeds [1]	Variance
Capital expenditures and process automation	$ 5,823	$ 10,000	$ (4,177)
Expansion of product offering and development of new meal solutions	4,240	5,000	(760)
Implementation of reusable packaging initiatives	103	500	(397)
Working capital and general corporate purposes	4,065	4,065	-
Remaining as at November 30, 2019	5,339	N/A	5,339
Total net proceeds	19,570	19,565	5
Share issuance costs	1,497	1,502	(5)
Gross proceeds	$ 21,067	$ 21,067	$ -

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

SEGMENT REPORTING

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

DIVIDEND POLICY

Since its incorporation, the Company has not paid any dividend on its common shares. The Company's current policy is to retain future earnings to finance its growth. Any future determination to pay dividends is at the discretion of the Company's Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and other such factors as the Board of Directors of the Company may deem relevant.

CRITICAL ACCOUNTING ESTIMATES

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

The Company's significant accounting estimates and assumptions for the three-month period ended November 30, 2019 are the same as those that applied to the Company's Annual Audited Consolidated Financial Statements for the year ended August 31, 2019.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Please refer to Note 26 of the Company's Annual Audited Consolidated for the year ended August 31, 2019 as there have been no change.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month period ended November 30, 2019, no changes were made to the Company's internal controls over financial reporting that have materially affected, or are reasonable likely to materially affect, the Company's internal controls over financial reporting.