Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the three and nine-month periods ended May 31, 2021

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July 7, 2021

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding the business environment, trends and significant changes in the results of operations and financial condition of Goodfood Market Corp. and its subsidiaries (the "Company" or "Goodfood") for the three and nine-month periods ended May 31, 2021. This document should be read in conjunction with our audited consolidated financial statements and accompanying notes for the years ended August 31, 2020 and 2019 and our interim condensed consolidated financial statements and notes thereto for the three and nine-month periods ended May 31, 2021 and 2020. Please also refer to Goodfood's press release announcing its results for the three and nine-month periods ended May 31, 2021 issued on July 7, 2021. Quarterly reports, the Annual Report, and the Annual Information Form can be found on SEDAR at www.sedar.com and under the "Investor Relations – Financial Information" section of our website: https://www.makegoodfood.ca/en/investors. Press releases are available on SEDAR and under the "Investor Relations – Press Releases" section of our corporate website.

The Company's unaudited interim condensed 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.

All amounts herein are expressed in Canadian dollars unless otherwise indicated and all references to the third quarter of Fiscal 2021 are to the three and nine-month periods ended May 31, 2021, to Fiscal 2021 are to the fiscal year ending August 31, 2021, to Fiscal 2020 are to the fiscal year ended August 31, 2020 and to Fiscal 2019 are to the fiscal year ended August 31, 2019.

In this MD&A, references to "we", "our", "Goodfood" or the "Company" refer to Goodfood Market Corp. and its subsidiaries (including Yumm Meal Solutions Corp., Goodfood Québec Inc., Goodfood Ontario Inc., Goodfood AB Inc., and Goodfood BC Inc.).

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 on 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, 2020 available on SEDAR: limited operating history, negative operating cash flow, food industry, COVID-19 pandemic as well as the impact of the vaccine rollout, 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, 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. 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 as well as the impact of the vaccine rollout 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.

METRICS AND NON-IFRS FINANCIAL MEASURES

The table below defines metrics and non-IFRS financial measures used by the Company throughout this MD&A. Non-IFRS financial measures do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. They 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. 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 – Reconciliation" section of this MD&A.

Metrics	Definitions
Active subscribers	An account that is scheduled to receive a delivery, has elected to skip delivery in the subsequent weekly delivery cycle or that is registered to Goodfood WOW. 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 the Company's 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.
EBITDA, **Adjusted EBITDA** **&** **Adjusted EBITDA margin**	EBITDA is defined as net income (loss) before net finance costs, depreciation and amortization and income taxes. Adjusted EBITDA is defined as EBITDA excluding share-based payments and restructuring costs. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to revenues. 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 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.

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 across Canada to enjoy delicious meals at home every day. Goodfood's vision is to be in every kitchen every day by enabling members to complete their grocery shopping and meal planning in minutes. Goodfood members have access to a unique selection of online products as well as exclusive pricing made possible by its direct-to-consumer infrastructures and technology that eliminate food waste and costly retail overhead. The Company's main production facility and administrative offices are based in Montreal, Québec, with five additional production and fulfillment facilities located in the province of Québec, Ontario, Alberta, and British Columbia. A seventh production facility located in the province of Ontario is currently under construction. As at May 31, 2021, Goodfood had 317,000 active subscribers.

FINANCIAL OUTLOOK

The online grocery industry is among the fastest growing industries in the world. As a result, Goodfood believes there are significant opportunities to rapidly grow its subscriber base and basket sizes by investing 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 in part involves delaying short-term profitability through the investment of capital in people, processes and technology with the goal of generating long-term shareholder value creation through ultimately leveraging its cost structure to achieve long-term margin and profitability goals. Growing Goodfood's market share, scale and product offering will allow the Company to deliver greater value to its customers while attaining attractive returns on invested capital. As the Company continues to grow, it is confident that it will achieve economies of scale and additional efficiencies which will lead to improvements in profitability while maintaining an unrivalled customer experience.

The COVID-19 pandemic has had an impact on Goodfood's overall business and operations and has resulted in different levels of restrictions by government authorities. As an essential service in Canada, Goodfood has been operating throughout the pandemic and implemented increased safety protocols at its facilities to ensure the safety of its employees. The Company experienced an acceleration of growth in demand. 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. The magnitude, duration, and severity of the COVID-19 pandemic as well as the impact of the vaccine rollout are difficult to predict and could affect the significant estimates and judgements used in the preparation of the Company's interim condensed consolidated financial statements.

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.

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

THIRD QUARTER FISCAL 2021 HIGHLIGHTS

This section provides a summary of our financial performance for the three and nine-month periods ended May 31, 2021 compared to the same periods in 2020. We present metrics and measures to help investors better understand our performance, including certain metrics and measures which are not recognized by IFRS. Definitions of these non-IFRS financial measures are provided in the "Metrics and Non-IFRS Financial Measures" section at the beginning of this MD&A and are important metrics to be considered when analyzing our performance. 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 – Reconciliation" section of this MD&A.

HIGHLIGHTS FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2021 COMPARED TO THE THREE-MONTH PERIOD ENDED MAY 31, 2020

- Revenues surpassed the $100 million mark for the second consecutive quarter, reaching $107.8 million, an increase of $21.2 million, or 24% year-over-year.
- Gross margin was 35.0%, an improvement of 6.2 percentage points and gross profit increased to $37.7 million, an improvement of $12.8 million or 51%.
- Net loss was $2.0 million, compared to net income of $2.8 million in the same period last year.
- Adjusted EBITDA margin [1] was 1.6% for the three-month period ended May 31, 2021, a decrease of 5.3 percentage points year-over-year.
- Cash flows provided by operating activities totaled $1.0 million, a decrease of $7.6 million compared to the same period last year.
- The Company had a cash balance [2] of $157.1 million as at May 31, 2021, an increase of $76.6 million compared to May 31, 2020.
- Active subscribers [1] totaled 317,000 as at May 31, 2021, an increase of 45,000, or 17%, compared to May 31, 2020.

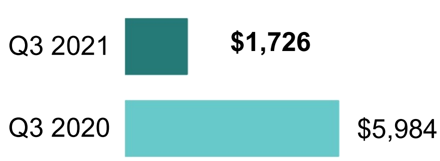
For the three-month periods ended	May 31, 2021	May 31, 2020	(%)
Key Performance Indicator			
Active subscribers [1]	**317,000**	272,000	17%
Results of Operations (in thousands of Canadian dollars, except percentage information)			
Revenues	**$ 107,795**	$ 86,600	24%
Gross profit	**$ 37,732**	$ 24,910	51%
Gross margin	**35.0%**	28.8%	6.2 *p.p.*
Net (loss) income	**$ (2,014)**	$ 2,786	*N/A*
Adjusted EBITDA [1]	**$ 1,726**	$ 5,984	(71%)
Adjusted EBITDA margin [1]	**1.6%**	6.9%	(5.3 *p.p.)*
Financial Position and Cash Flows (in thousands of Canadian dollars, except percentage information)			
Cash, cash equivalents and restricted cash [2]	**$ 157,112**	$ 80,487	95%
Cash flows provided by operating activities	**1,002**	8,552	(88%)

The graphs below are in thousands of Canadian dollars.

Revenues

Net (Loss) Income

Adjusted EBITDA [1]



Cash flows provided by operating activities

(1) Please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A for corresponding definitions.
(2) Cash balance as at May 31, 2021 includes cash and cash equivalents. Cash balance as at May 31, 2020 includes cash, cash equivalents and restricted cash.

KEY HIGHLIGHTS FOR THE NINE-MONTH PERIOD ENDED MAY 31, 2021

Recognized on the 2020 TSX30

In September 2020, the Company announced that it was included in the Toronto Stock Exchange's TSX30, a flagship program recognizing the 30 top-performing TSX stocks based on share price appreciation over a three-year period. It is an acknowledgement of the value Goodfood has created for shareholders through the strong growth and financial performance of the Company.

Launch of Goodfood WOW

In October 2020, the Company announced the launch of its new unlimited same-day grocery delivery service, Goodfood WOW, in the Greater Montréal Area and in February 2021, the Company launched it in the Greater Toronto Area. This new service is scheduled to expand to other major Canadian cities over the next year. Goodfood WOW offers an even more flexible and convenient online grocery experience, allowing members to order any combination of meal kits, groceries, prepared meals and other products as frequently as needed during the week, with same-day delivery included for all orders over $35, for a monthly subscription fee.

Active Subscribers (1)

As at May 31, 2021, Goodfood reached 317,000 active subscribers. This represents an increase of 17% compared to the same period last year. A strong rise in demand, accelerated by the COVID-19 pandemic, has driven subscriber additions, and prompted higher order rates and average order values.

Refinancing of Credit Facility

On November 30, 2020, the Company entered into a new syndicated bank financing totaling $46 million, including a revolving credit facility of $27.5 million, a term loan facility of $12.5 million and other short-term financing of $6 million. On February 16, 2021, the Company increased the revolving credit by $15 million for a total of $42.5 million, and the other short-term financing by an amount not to exceed $15 million, and an additional lender was added to the syndicate. The facilities feature flexible and improved financial conditions, including variable rates of Bankers' Acceptance ("BA") plus 250 basis points, and come to maturity in November 2023. The Company will use the proceeds to fund the continued growth of the Company through capital expenditures focusing on automation as well as the expansion of the business, refinancing of existing credit facilities and general corporate purposes.

Equity Issuance

In February 2021, the Company completed a bought deal public offering with a syndicate of underwriters and issued 4.8 million common shares for gross proceeds of $60 million.

CIBC and Goodfood team up to support frontline healthcare heroes with 100,000 meals

In May 2021, Goodfood and CIBC announced an initiative in appreciation of Canada's frontline healthcare to deliver 100,000 meals to hospitals in cities and communities across Canada for healthcare workers to take home, which commenced on International Nurses Day over a four-week period.

Departure and Appointment of its Chief Financial Officer

In January 2021, the Company announced the departure of Philippe Adam, its Chief Financial Officer, effective on April 2, 2021. In May 2021, the Company announced the appointment of Jonathan Roiter as its Chief Financial Officer, effective June 7, 2021. Jonathan has over 25 years of experience in defining and executing financial roadmaps while building and leading high-performing teams.

(1) Please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A for corresponding definitions.

Departure of its Chief Technology Officer

In May 2021, the Company announced the departure of Raghu Mocharla, its Chief Technology Officer, effective July 1, 2021. Goodfood has initiated an executive search to identify his replacement.

COVID-19 Impact and Measures

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020, and the outbreak has had an impact on Goodfood's overall business and operations. As the Company is deemed an essential service in Canada, Goodfood has continued to operate without interruption.

Starting in the second half of Fiscal 2020, Goodfood experienced several positive impacts on its financial results related to the COVID-19 pandemic such as increased subscriber growth, number of orders and average order values, which positively impacted revenue and continued in the first three quarters of Fiscal 2021, with the second and third waves of the COVID-19 pandemic across Canada. The Company incurred direct COVID-19 incremental costs of approximately $0.2 million and $1.8 million for the three and nine-month periods ended May 31, 2021, respectively, consisting of additional production costs and temporary agency premiums.

At the onset of the pandemic, precautionary measures were implemented at all of the Company's facilities across Canada in addition to its already rigorous food safety standards. These measures include, but are not limited to:

- Enhanced hygiene procedures, including additional cleaning at all of its facilities, mandatory hand washing prior to entry (for both visitors and employees), and accessibility to hand sanitizer stations;
- Social distancing measures put in place for the health and safety of employees, mandatory non-contact temperature checks before entering the facility, installation of physical safety barriers, requirement for all frontline employees to wear personal protection equipment, such as face masks and face shields, and the hiring of a team to ensure the health screening for employees and reinforce social distancing measures inside and outside of all facilities; and
- Temporary suspension of its Box Pick-up and Reusable Box Program to eliminate the risk of cross-contamination in its facilities.

The Company continues to follow precautionary measures at its facilities in addition to its already rigorous food safety standards to safeguard the health and safety of its employees as well as ensuring the quality of its products to its customers.

METRICS AND NON-IFRS FINANCIAL MEASURES - RECONCILIATION

Please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A for corresponding definitions.

ACTIVE SUBSCRIBERS

	Three-Month		Nine-Month	
For the periods ended	**May 31, 2021**	May 31, 2020	**May 31, 2021**	May 31, 2020
Active subscribers, beginning of period	**319,000**	246,000	**280,000**	200,000
Net change in active subscribers	**(2,000)**	26,000	**37,000**	72,000
Active subscribers, end of period	**317,000**	272,000	**317,000**	272,000

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

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

(In thousands of Canadian dollars, except percentage information)

	Three-Month		Nine-Month	
For the periods ended	**May 31, 2021**	May 31, 2020	**May 31, 2021**	May 31, 2020
Net (loss) income	**$ (2,014)**	$ 2,786	**$ (8,669)**	$ (5,726)
Net finance costs	**431**	1,154	**1,646**	1,469
Depreciation and amortization	**2,379**	1,484	**6,826**	3,543
Deferred income tax expense (recovery)	**61**	–	**403**	(1,330)
EBITDA	**$ 857**	$ 5,424	**$ 206**	$ (2,044)
Share-based payments	**869**	560	**3,270**	1,456
Restructuring costs	**-**	–	**139**	–
Adjusted EBITDA	**$ 1,726**	$ 5,984	**$ 3,615**	$ (588)
Revenues	**$ 107,795**	$ 86,600	**$ 299,876**	$ 201,681
Adjusted EBITDA margin (%)	**1.6%**	6.9%	**1.2%**	(0.3%)

For the three-month period ended May 31, 2021, adjusted EBITDA margin decreased 5.3 percentage points compared to the corresponding period in 2020. The decrease in the adjusted EBITDA margin resulted primarily from higher selling, general and administrative expenses due to an increase in the marketing spend as well as in wages and salaries as the Company continues to grow and expand its operations and product offerings across Canada. In the third quarter of Fiscal 2020, at the onset of the pandemic, the marketing spend was reduced to match the production and fulfilment capacity of the Company at the time of sudden high demand.

For the nine-month period ended May 31, 2021, the improvement in adjusted EBITDA margin resulted in part from higher gross margin, driven by a larger revenue base, a decrease in incentives and credits as a percentage of revenues as well as lower unit costs for shipping. The improvement in adjusted EBITDA margin in the nine-month period ended May 31, 2021, was partially offset by higher wages and salaries as the Company continues to grow its national footprint as well as additional costs incurred due to COVID-19.

RESULTS OF OPERATIONS: THREE-MONTH PERIODS ENDED MAY 31, 2021 AND 2020

The following table sets forth the components of the Company's interim condensed consolidated statement of (loss) income and comprehensive (loss) income:

(In thousands of Canadian dollars, except per share and percentage information)

For the three-month periods ended	**May 31, 2021**	May 31, 2020	($)	(%)
Revenues	**$ 107,795**	$ 86,600	$ 21,195	24%
Cost of goods sold	**70,063**	61,690	8,373	14%
Gross profit	**$ 37,732**	$ 24,910	$ 12,822	51%
Gross margin	***35.0%***	*28.8%*	*N/A*	6.2 *pp*
Selling, general and administrative expenses	**$ 36,875**	$ 19,486	$ 17,389	89%
Depreciation and amortization	**2,379**	1,484	895	60%
Net finance costs	**431**	1,154	(723)	(63%)
Net (loss) income before income taxes	**(1,953)**	2,786	(4,739)	*N/A*
Deferred income tax expense (recovery)	**61**	–	61	*N/A*
Net (loss) income, being comprehensive (loss) income	**$ (2,014)**	$ 2,786	$ (4,800)	*N/A*
Basic and diluted net (loss) earnings per share	**$ (0.03)**	$ 0.05	$ (0.08)	*N/A*

VARIANCE ANALYSIS FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2021 COMPARED TO THE THREE-MONTH PERIOD ENDED MAY 31, 2020

- During the three-month period ended May 31, 2021, revenues continued to be favourably impacted by the expansion of our product offering and the same day delivery option which is now available in the two largest metropolitan Canadian cities. In addition, the average basket size and order frequency combined with a larger subscriber base also contributed to increased revenues. The decrease in incentives and credits as a percentage of revenues from 15.3% to 9.6%, due to an efficient marketing strategy and improved operational effectiveness.
- Gross profit and gross margin increased compared to the same period last year due primarily to an increase in average order value driving fixed cost leverage in a quarter marked by lower packaging costs, a decrease in current incentives and credits levels as a percentage of revenues, as well as lower unit costs for shipping and other production costs driven by the ramp up of our internal last-mile delivery capabilities and grocery operations.
- The increase in selling, general and administrative expenses is primarily due to higher marketing spend and higher wages, salaries and technology spend as the Company continues to grow and expand its operations and product offerings across Canada. In the third quarter of Fiscal 2020, at the onset of the pandemic, the marketing spend was temporarily reduced in order to alleviate operational pressures from increased demand.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new or amended facility lease agreements and related additions of leasehold improvements.
- The decrease in net finance costs is mainly due to a lower balance of convertible debentures as a result of conversion of convertible debentures since they were issued in the second quarter of Fiscal 2020, as well as an increase in the interest income due to a higher balance of cash and cash equivalents.
- The net loss for the three-months ended May 31, 2021 compared to net income for the three-months ended May 31, 2020 is explained primarily by the increase in the marketing spend and the wages and salaries, partly offset by the increase in revenues and gross margin.

RESULTS OF OPERATIONS: NINE-MONTH PERIODS ENDED MAY 31, 2021 AND MAY 31, 2020

The following table sets forth the components of the Company's interim condensed consolidated statement of loss and comprehensive loss:

(In thousands of Canadian dollars, except per share and percentage information)

For the nine-month periods ended	**May 31, 2021**	May 31, 2020	($)	(%)
Revenues	**$ 299,876**	$ 201,681	$ 98,195	49%
Cost of goods sold	**201,935**	142,736	59,199	41%
Gross profit	**$ 97,941**	$ 58,945	$ 38,996	66%
Gross margin	***32.7%***	*29.2%*	*N/A*	3.5 *pp*
Selling, general and administrative expenses	**$ 97,735**	$ 60,989	$ 36,746	60%
Depreciation and amortization	**6,826**	3,543	3,283	93%
Net finance costs	**1,646**	1,469	177	12%
Net loss before income taxes	**(8,266)**	(7,056)	(1,210)	17%
Deferred income tax expense (recovery)	**403**	(1,330)	1,733	*N/A*
Net loss, being comprehensive loss	**$ (8,669)**	$ (5,726)	$ (2,943)	51%
Basic and diluted loss per share	**$ (0.12)**	$ (0.10)	$ (0.02)	20%

VARIANCE ANALYSIS FOR THE NINE-MONTH PERIOD ENDED MAY 31, 2021 COMPARED TO THE NINE-MONTH PERIOD ENDED MAY 31, 2020

- The Company's continued focus on its strategy to become Canada's leading online grocer by increasing its product offering and flexibility for members through same day delivery impacted positively the average basket size and order frequency which, combined with a larger subscriber base, resulted in increased revenues. The decrease in incentives and credits as a percentage of revenues from 17.4%

to 11.4%, due to an efficient marketing strategy and improved operational effectiveness also contributed to the increase in revenues.

- The increase in gross profit and gross margin primarily resulted from a decrease in incentives and credits as a percentage of revenues as well as larger basket sizes and lower production and fulfillment unit costs. The decrease in the unit shipping costs is the result of an increased density among the delivery zones as well as the expansion of our internal last-mile delivery capabilities.
- The increase in selling, general and administrative expenses is primarily due to higher wages and salaries resulting from the expansion of the management team and related administrative functions needed to support the Company's growth and the increase of its product offering.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new facility lease agreements and lease modification agreements as well as related additions of leasehold improvements.
- The increase in net finance costs primarily related to interest expense resulting from higher lease obligations from the recognition of new and amended facility lease agreements, as well as a higher balance of the credit facility in Fiscal 2021 compared to the corresponding period in Fiscal 2020.
- The deferred income tax expense relates to the reversal of recognized deferred tax assets relating to tax losses recorded in the second quarter of Fiscal 2020 resulting from the conversion of convertible debentures into common shares in the third quarter of Fiscal 2021. At the issuance of the convertible debentures, an income tax recovery of $1.3 million was recorded. During the nine-month period ended May 31, 2021, $0.4 million was reversed upon conversion of certain convertible debentures.
- The increase in net loss is explained principally by higher wages and salaries to support the growth of the business and partly offset by higher revenues and gross profit.

SELECTED QUARTERLY FINANCIAL INFORMATION

The table below presents selected quarterly financial information for the last eight fiscal quarters:

(In thousands of Canadian dollars, except active subscribers and per share and percentage information)

	Fiscal 2021			Fiscal 2020				Fiscal 2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Active subscribers [1]	**317,000**	319,000	306,000	280,000	272,000	246,000	230,000	200,000
Revenues	**$ 107,795**	$ 100,654	$ 91,427	$ 83,691	$ 86,600	$ 58,790	$ 56,291	$ 45,259
Gross margin	**35.0%**	30.4%	32.3%	32.8%	28.8%	30.3%	28.8%	26.7%
Net (loss) income	**$ (2,014)**	$ (4,030)	$ (2,625)	$ 1,590	$ 2,786	$ (3,360)	$ (5,152)	$ (5,887)
Net finance costs	**431**	540	675	911	1,154	218	97	81
Depreciation and amortization	**2,379**	2,353	2,094	1,818	1,484	1,066	993	874
Deferred income tax expense (recovery)	**61**	129	213	526	–	(1,330)	–	–
Share-based payments	**869**	1,404	997	418	560	485	411	541
Restructuring costs	**–**	139	–	–	–	–	–	–
Adjusted EBITDA [1]	**$ 1,726**	$ 535	$ 1,354	$ 5,263	$ 5,984	$ (2,921)	$ (3,651)	$ (4,391)
Adjusted EBITDA margin [1]	**1.6%**	0.5%	1.5%	6.3%	6.9%	(5.0)%	(6.5)%	(9.7)%
Basic and diluted (loss) earnings per share [2]	**$ (0.03)**	$ (0.06)	$ (0.04)	$ 0.03	$ 0.05	$ (0.06)	$ (0.09)	$ (0.10)

(1) Please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A for corresponding definitions.
(2) The sum of basic and diluted (loss) earnings per share on a quarterly basis may not equal basic and diluted loss per share on a year-to-date basis due to rounding.

Quarterly revenues have increased since the first quarter of Fiscal 2020 principally due to the Company's continued focus on its strategy to become Canada's leading online grocer by increasing its product offering and flexibility to members which positively impacted the average basket size and order frequency.

Adjusted EBITDA and adjusted EBITDA margin improved quarterly in Fiscal 2020 due to higher revenues and gross profit primarily from a larger subscriber base. For the third and fourth quarters of Fiscal 2020, adjusted EBITDA and adjusted EBITDA margin were further positively impacted by lower selling, general and administrative expenses as a percentage of revenues. For the first three quarters of Fiscal 2021, adjusted EBITDA and adjusted EBITDA margin decreased comparatively to the third and fourth quarters of Fiscal 2020 due to higher wages and salaries and higher marketing spend as the Company continues to grow and expand its operations and product offerings across Canada.

Net (loss) income improved quarter over quarter, starting in the first quarter of Fiscal 2020 due to higher revenues and gross profit. For the third and fourth quarters of Fiscal 2020, lower selling, general and administrative expenses as a percentage of revenues also contributed to the improvement to a net income position. Net loss for the first two quarters of Fiscal 2021 was negatively impacted by higher depreciation and amortization expense associated with the recognition of right-of-use assets from new and amended facility lease agreements and related additions of leasehold improvements as well as increased share-based payments expense. Net loss for the third quarter of Fiscal 2021 was negatively impacted by higher selling, general and administrative expenses as a percentage of revenues.

TRENDS AND SEASONALITY

Revenues and expenses are impacted by seasonality. During the holiday and summer seasons, the Company anticipates revenues to be lower as a higher proportion of active subscribers elect to skip their delivery. The Company anticipates the growth rate of active subscribers to be lower during these periods. While this is typically the case, the COVID-19 pandemic as well as the impact of the vaccine rollout and changing government restrictions have had, and may continue to have, an impact on this trend. While seasonality in the fourth quarter of Fiscal 2020 was smaller than usual due to the pandemic and in light of the COVID-19 vaccine rollout, normalized seasonality trends are expected to return. 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 costs to be positively affected due to improved availability during periods with warmer weather.

FINANCIAL POSITION

The following table provides the main variances in the Company's interim condensed consolidated statements of financial position:

(In thousands of Canadian dollars)

As at	May 31, 2021	August 31, 2020	Variance	Main components
Cash, cash equivalents and restricted cash	**$ 157,112**	$ 106,902	$ 50,210	Public offering completed in Q2 of Fiscal 2021
Inventories	**14,187**	6,962	7,225	Due to the Company's continuous expansion of its product offering of grocery products and the ramp-up of new facilities across Canada
Right-of-use assets	**33,046**	21,130	11,916	Recognition and amendment for facility lease agreements
Fixed assets	**21,894**	19,191	2,703	Investments in technology and automation and redesign of facilities layouts to support order growth
Intangible assets	**4,415**	2,203	2,212	Investment in software development
Accounts payable and accrued liabilities	**51,947**	40,878	11,069	The Company's growth resulted in higher purchases and payroll related accruals related to increased headcount, and more favourable payment terms as a result of increased purchasing power
Deferred revenues	**7,990**	5,390	2,600	Due to the increase in revenues as well as the timing of cash receipts with respect to the Company's weekly delivery cycle and the CIBC partnership
Convertible debentures, including equity portion	**8,451**	16,425	(7,974)	Conversion of convertible debentures
Long-term debt, including line of credit and current portion	**21,358**	21,678	(320)	Capitalization of debt issuance costs related to the debt refinancing
Lease obligations, including current portion	**35,924**	23,348	12,576	Recognition and amendment for facility lease agreements
Common shares	**165,989**	97,801	68,188	Due to the public offering, the conversion of convertible debentures and exercise of stock options

LIQUIDITY AND CAPITAL RESOURCES

This section examines the Company's capital structure, sources of liquidity and various financial instruments, including its debt instruments.

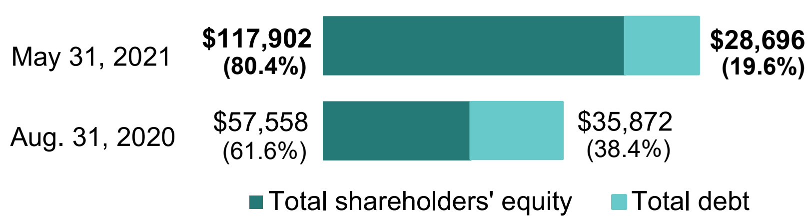
CAPITAL STRUCTURE

(In thousands of Canadian dollars, except percentage information)

As at	May 31, 2021	August 31, 2020
Cash, cash equivalents and restricted cash [1]	**$ 157,112**	$ 106,902
Long-term debt, including line of credit and current portion	**21,358**	21,678
Convertible debentures, liability component	**7,338**	14,194
Total debt	**$ 28,696**	$ 35,872
Total shareholders' equity	**117,902**	57,558
Total capitalization	**$ 146,598**	$ 93,430
Total cash [1], net of debt	**$ 128,416**	$ 71,030
Total cash [1], net of debt to total capitalization	**87.6%**	76.0%

[1] Cash balance as at May 31, 2021 includes cash and cash equivalents. Cash balance as at August 31, 2020 includes cash, cash equivalents and restricted cash.

Capital structure



CAPITAL MANAGEMENT

The Company's objective in managing its capital structure is to ensure sufficient liquidity to finance its operations and growth and to deliver competitive returns on invested capital. To fund its activities, the Company has relied on public and private placements of equity securities, convertible debentures, cash flows provided by operating activities and short-term or long-term debt, which are included in the Company's definition of capital. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital structure.

CASH FLOWS

A summary of net cash flows by activity for the three-month periods ended May 31, 2021 and May 31, 2020 is presented below:

(In thousands of Canadian dollars)

For the three-month periods ended		May 31, 2021		May 31, 2020		Variance
Cash flows from operations, excluding change in non-cash operating working capital	**$**	**1,230**	$	5,319	$	(4,089)
Change in non-cash operating working capital		**(228)**		3,233		(3,461)
Net cash flows provided by operating activities		**1,002**		8,552		(7,550)
Net cash flows (used in) provided by financing activities		**(2,146)**		4,718		(6,864)
Net cash flows used in investing activities		**(4,762)**		(2,323)		(2,439)
Net change in cash and cash equivalents	**$**	**(5,906)**	$	10,947	$	(16,853)
Cash and cash equivalents, beginning of period		**163,018**		67,040		95,978
Cash and cash equivalents, end of period	**$**	**157,112**	$	77,987	$	79,125

Net cash flows provided by operating activities decreased by $7.6 million to $1 million for the third quarter ended May 31, 2021 compared to the same period last year, primarily due to the net loss that was recorded during the period compared to a net income for the three-month period ended May 31, 2020.

Net cash flows used in financing activities for the quarter ended May 31, 2021 amounted to $2.1 million and is primarily comprised of payments of lease obligations. Net cash flows provided by financing activities for the three-month period ended May 31, 2020 amounted to $4.7 million and is mainly due to the increased borrowing on the line of credit.

Net cash flows used in investing activities of $4.8 million for the third quarter ended May 31, 2021 is primarily comprised of $5.1 million in fixed assets additions and deposits mainly attributable to the redesign of facilities layouts as well as technology and automation implementation. Net cash flows used in investing activities for the three-month period ended May 31, 2020 of $2.3 million is mainly due to fixed assets additions driven by investments in automation equipment.

A summary of net cash flows by activity for the nine-month periods ended May 31, 2021 and May 31, 2020 is presented below:

(In thousands of Canadian dollars)

For the nine-month periods ended		May 31, 2021		May 31, 2020		Variance
Cash flows from operations, excluding change in non-cash operating working capital	**$**	**2,452**	$	(1,151)	$	3,603
Change in non-cash operating working capital		**6,098**		7,283		(1,185)
Net cash flows provided by operating activities		**8,550**		6,132		2,418
Net cash flows provided by financing activities		**52,554**		33,329		19,225
Net cash flows used in investing activities		**(8,394)**		(6,623)		(1,771)
Net change in cash and cash equivalents	**$**	**52,710**	$	32,838	$	19,872
Cash and cash equivalents, beginning of period		**104,402**		45,149		59,253
Cash and cash equivalents, end of period	**$**	**157,112**	$	77,987	$	79,125

Net cash flows provided by operating activities increased by $2.4 million to $8.6 million for the nine-month period ended May 31, 2021 compared to the same period last year, primarily explained by a reduction in net loss before depreciation and amortization and share based payments expenses.

Net cash flows provided by financing activities for the nine-month period ended May 31, 2021 amounted to $52.6 million and is primarily comprised of net proceeds resulting from the public issuance of common shares, partly offset by the payment of lease obligations and the interest paid. Net cash flows provided by financing activities for the nine-month period ended May 31, 2020 amounted to $33.3 million and is mainly due to proceeds from issuance of convertible debentures.

Net cash flows used in investing activities of $8.4 million for the nine-month period ended May 31, 2021 is primarily comprised of $9.7 million in fixed assets additions and deposits mainly attributable to the redesign of facilities layouts as well as technology and automation implementation. Net cash flows used in investing activities for the nine-month period ended May 31, 2020 of $6.6 million is mainly due to fixed assets additions driven by investments in automation equipment.

DEBT

Credit Facility 2019

During the year ended August 31, 2019, the Company obtained from a Canadian financial institution two secured three-year term loans totalling $12.5 million, a $10 million revolving line of credit and $5 million in other short-term financing ("Credit Facility 2019"). The Credit Facility 2019 was secured by a first-ranking hypothec on all of the Company's movable and immovable assets. The proceeds were used to fund expansion, capital expenditures, invest in automation, and to refinance the Company's long-term debt.

As at August 31, 2020, $12.5 million of the term loans were disbursed, bearing variable interest at the Canadian Dollar Offered Rate ("CDOR") plus 2.50%. The term loans were repayable in quarterly installments of $31 thousand and $125 thousand, beginning on August 31, 2020 and November 30, 2020, respectively, with a bullet repayment of the balance at the end of the term in November 2021.

As at August 31, 2020, $9.1 million of the revolving line of credit was drawn. The revolving line of credit was repayable on demand and was presented as a current liability.

The Credit Facility 2019 included a collateral requirement of $2.5 million placed in a restricted cash account. As at August 31, 2020 the Company was in compliance with all covenants under the Credit Facility 2019.

The Credit Facility 2019 was repaid in full as at November 30, 2020.

Credit Facility 2021

During the first quarter ended November 30, 2020, the Company entered into a syndicated credit agreement totaling $46 million, including a term loan of $12.5 million, a revolving facility of $27.5 million and $6 million in other short-term financing ("Credit Facility 2021"). During the second quarter ended February 28, 2021, the Company increased the revolving facility by $15 million for a total of $42.5 million, and the other short-term financing by an amount not to exceed $15 million, and an additional lender was added to the syndicate. The Credit Facility 2021 is secured by a first-ranking hypothec on all of the Company's movable and immovable assets. The facilities bear variable interest rates of BA plus 2.50% and mature in November 2023. The term loan is repayable in four quarterly installments of $156 thousand beginning on November 30, 2021 and increasing to four quarterly installments of $313 thousand on November 30, 2022 with a bullet repayment of the balance of $10.6 million at the end of the term in November 2023. The revolving facility matures in November 2023.

The proceeds will be used to fund the continued growth of the Company through capital expenditures focusing on automation as well as the expansion of the business and general corporate purposes. Furthermore, the proceeds were also used to repay in full the outstanding amounts owed under the Credit Facility 2019.

As at May 31, 2021, Goodfood had outstanding letters of credit totalling $0.7 million (August 31, 2020 – $0.9 million) which reduced the availability on the revolving facility.

As at May 31, 2021, $9.1 million of the revolving facility was drawn. It matures in November 2023 and is presented as a non-current liability. A balance of $33.4 million was undrawn and $32.7 million was available as at May 31, 2021.

The Credit Facility 2021 does not include a collateral requirement and as at November 30, 2020, the restricted cash required under the Credit Facility 2019 was released and reclassified to cash and cash equivalents. As at May 31, 2021, the Company was in compliance with all covenants under the credit agreement governing the Credit Facility 2021.

As at May 31, 2021, the Company allocated $14.5 million (August 31, 2020 – $7.3 million) to corporate credit cards to be used for business purposes of the other short-term financing amount for an aggregate amount of $15 million. Amounts owing with respect to credit cards are included in accounts payable and accrued liabilities.

INTEREST RATE SWAP

As at May 31, 2021, Goodfood has one swap agreement in place whereby the Company fixed the interest rate on a notional amount of $11 million until November 2021.

CONVERTIBLE DEBENTURES

On February 26, 2020, the Company issued 30,000 convertible unsecured subordinated debentures (the "Debentures") at a price of $1,000 per Debenture for gross proceeds of $30 million. The Debentures mature on March 31, 2025 and bear a fixed interest 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. Factoring in the Debentures issuance costs, the effective interest rate on the Debentures is 11.76%. The Debentures are convertible into common shares of the Company at any time at the option of the holder at a conversion price of $4.70. Starting on March 31, 2023, under certain conditions, the debentures may be redeemed in whole or in part at the option of the Company at a price equal to the principal amount thereof plus accrued and unpaid interest.

During the three and nine-month periods ended May 31, 2021, 1,360 and 9,085 Debentures were converted into common shares of the Company, resulting in the issuance of 289,356 and 1,932,954 common shares, respectively. As at May 31, 2021, 9,051 Debentures ($9.1 million principal amount) were outstanding.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Goodfood has commitments under purchase and service contract obligations for both operating and capital expenditures with various expiration dates, primarily lease agreements for facilities and financial obligations under its credit and Debentures agreements. With the exception of the debt refinancing described in the "Debt" subsection of the "Liquidity and Capital Resources" section above, as well as the new lease agreements for distribution, manufacturing and fulfilment centers described in the "Off-Balance Sheet Arrangements" section, there have been no material changes to these obligations since August 31, 2020.

COMMON SHARES

Significant equity transactions that took place during the three and nine-month periods ended May 31, 2021 were as follows:

- In connection with the public offering completed February 24, 2021, the Company issued 4,800,000 common shares. Refer to the "Use of Proceeds from Public Offerings" section of this MD&A for information on use of proceeds by the Company;
- 134,319 and 674,002 stock options were exercised, respectively, for the same number of common shares; and
- 1,360 and 9,085 Debentures were converted into 289,356 and 1,932,954 common shares, respectively. Refer to the "Use of Proceeds from Public Offerings" section of this MD&A for information on use of proceeds by the company.

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 and amounts receivable. The Company's maximum credit exposure corresponds to the carrying amount of these financial assets. Management believes the credit risk is limited given that the Company deals with major North American financial institutions and an internationally established payment processor.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company’s long-term debt and revolving facility 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 cash flow risk due to fluctuations in lenders’ base rates. The Company manages its interest rate risk by using a variable-to-fixed interest rate swap as described in the "Liquidity and Capital Resources" section of this MD&A. As interest rates on the Debentures are fixed, the Company is not exposed to interest rate risk on those instruments.

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss and does not designate derivatives (interest rate swap) as hedging instruments under a fair value hedge accounting model.

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, 2021, additional capital expenditures as the Company continues to expand its footprint across Canada, as well as growing its active subscriber base and product offering, are expected to reduce the Company’s cash balance and liquidity position compared to May 31, 2021, absent additional financing. We believe that the Company’s cash and cash equivalents 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 business risk factors, please refer to the Company’s Annual Information Form for the year ended August 31, 2020 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

During the quarter ended May 31, 2021, the Company signed a ten-year lease for a 138,000 square-foot distribution center located in Montreal, Québec, Canada with four renewal options of five years. As at May 31, 2021, the Company did not have access to the asset, and therefore, the facility was not reflected as a right-of-use-asset and no corresponding lease obligation was recorded. Fixed rent payments represent a total commitment of $22 million over the term of the lease.

During the year ended August 31, 2020, the Company signed a ten-year lease for a 200,000 square-foot fulfillment center located in the Greater Toronto Area, Ontario, Canada with two renewal options of five years. As at May 31, 2021, the Company did not have access to the asset and therefore, the facility was not reflected as a right-of-use asset and no corresponding lease liability was recorded. Fixed rent payments represent a total commitment of $34 million over the term of the lease.

Subsequent to the quarter ended May 31, 2021, the Company entered into two lease agreements for manufacturing and fulfilment centers located in Ontario and Québec. The lease terms range from ten-years to fifteen-years and the renewal options range from ten years to twenty years. Fixed rent payments represent a total commitment of $25 million over the term of the leases.

As at May 31, 2021, the Company does not have any off-balance sheet arrangements other than the transaction described above that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material.

FINANCIAL INSTRUMENTS

The Company's financial instruments primarily consist of cash and cash equivalents, amounts receivable, restricted cash, line of credit, accounts payable and accrued liabilities, long-term debt and Debentures.

INVESTMENT POLICY

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

DERIVATIVES

As at May 31, 2021, the Company had one interest rate swap agreement, as described in the "Liquidity and Capital Resources" section of the MD&A.

OUTSTANDING SHARE DATA

As at	**July 6, 2021**	**May 31, 2021**	August 31, 2020
Common shares outstanding (1)	**74,395,071**	**73,741,489**	66,311,121
Debentures outstanding (2)	**1,641,064**	**1,925,745**	3,858,723
Stock options outstanding	**3,393,949**	**3,565,625**	4,751,695
Stock options exercisable	**911,966**	**1,186,812**	896,335

(1) As at July 6, 2021 and May 31, 2021, 62,423 and 54,706 common shares, respectively, were held in trust through the employee share purchase plan. Included in the common shares outstanding balance of 66,311,121 as at August 31, 2020, 23,412 common shares were held in trust through the employee share purchase plan.

(2) As at July 6, 2021 and May 31, 2021, 7,713 and 9,051 Debentures were outstanding which are convertible into 1,641,064 and 1,925,745 common shares of the Company, respectively, at a conversion price of $4.70. As at August 31, 2020, 18,136 Debentures were outstanding which were convertible into 3,858,723 common shares of the Company. Please refer to the "Debt" subsection of the "Liquidity and Capital Resources" section of this MD&A.

USE OF PROCEEDS FROM PUBLIC OFFERINGS

FEBRUARY 2021 PUBLIC OFFERING

On February 24, 2021, the Company completed a public offering and issued 4,800,000 common shares for net proceeds of $57.2 million.

The following table compares the estimated use of proceeds presented in the Company's final short-form prospectus dated February 17, 2021 with the actual use of proceeds as at May 31, 2021:

(In thousands of Canadian dollars)

	Actual use of proceeds	Estimated use of proceeds	Variance
Capital expenditures to build out same-day delivery capabilities (including fulfilment technology and automation equipment)	$ –	$ 40,000	$ (40,000)
General corporate purposes	–	17,305	(17,305)
Remaining as at May 31, 2021	57,199	N/A	57,199
Total net proceeds	57,199	57,305	(106)
Share issuance costs	2,801	2,695	106
Gross proceeds	$ 60,000	$ 60,000	$ –

AUGUST 2020 PUBLIC OFFERING

On August 5, 2020, the Company completed a public offering and issued 4,755,250 common shares for net proceeds of $27.1 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 July 24, 2020 with the actual use of proceeds as at May 31, 2021:

(In thousands of Canadian dollars)

	Actual use of proceeds	Estimated use of proceeds (1)	Variance
Capital expenditures to build out same-day delivery capabilities (including fulfilment technology and automation equipment)	$ 4,350	$ 15,000	$ (10,650)
General corporate purposes	7,751	12,093	(4,342)
Remaining as at May 31, 2021	14,992	N/A	14,992
Total net proceeds	27,093	27,093	–
Share issuance costs	1,676	1,676	–
Gross proceeds	$ 28,769	$ 28,769	$ –

(1) Included in the estimated use of proceeds for general corporate purposes are the additional net proceeds from the exercise of the treasury over-allotment option.

FEBRUARY 2020 CONVERTIBLE DEBENTURES PUBLIC OFFERING

On February 26, 2020, the Company completed a public offering and issued $30 million of Debentures for net proceeds of $28.0 million.

The following table compares the estimated use of proceeds presented in the Company's final short-form prospectus dated February 19, 2020 with the actual use of proceeds as at May 31, 2021:

(In thousands of Canadian dollars)

	Actual use of proceeds	Estimated use of proceeds	Variance
Buildout of a new Toronto production and distribution facility	$ 2,098	$ 10,000	$ (7,902)
Capital projects (including process automation)	10,000	10,000	–
General corporate purposes	8,063	8,063	–
Remaining as at May 31, 2021	7,801	N/A	7,801
Total net proceeds	27,962	28,063	(101)
Debentures issuance costs	2,038	1,937	101
Gross proceeds	$ 30,000	$ 30,000	$ –

SEGMENT REPORTING

The Company has one reportable segment as our principal business activity is focused on developing and servicing the online Canadian grocery 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 interim condensed consolidated financial statements in conformity with IFRS requires management to make judgements, 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 and nine-month periods ended May 31, 2021 are the same as those that were applied to the Company's consolidated financial statements for the years ended August 31, 2020 and 2019.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Please refer to Note 28 of the Company's consolidated financial statements for the years ended August 31, 2020 and 2019. The Company is currently assessing the impact of adopting these amended standards and interpretations on the Company's interim condensed consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 C*ertification 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, among other things, report on the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month period ended May 31, 2021, no changes were made to the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.