Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the 13-weeks and 26-weeks ended March 5, 2022

TABLE OF CONTENTS

BASIS OF PRESENTATION 3
FORWARD-LOOKING INFORMATION 3
METRICS AND NON-IFRS FINANCIAL MEASURES 5
COMPANY OVERVIEW 6
FINANCIAL OUTLOOK 7
SECOND QUARTER FISCAL 2022 HIGHLIGHTS 8
METRICS AND NON-IFRS FINANCIAL MEASURES – RECONCILIATION 11
RESULTS OF OPERATIONS – SECOND QUARTER OF FISCAL 2022 AND 2021 13
RESULTS OF OPERATIONS – YEAR-TO-DATE FISCAL 2022 AND 2021 14
FINANCIAL POSITION 15
LIQUIDITY AND CAPITAL RESOURCES 16
SELECTED QUARTERLY FINANCIAL INFORMATION 20
TRENDS AND SEASONALITY 21
FINANCIAL RISK MANAGEMENT 21
BUSINESS RISK 22
ADDITIONAL FINANCING REQUIREMENTS 22
OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS 22
FINANCIAL INSTRUMENTS 22
SHARE-BASED PAYMENTS 22
OUTSTANDING SHARE DATA 23
USE OF PROCEEDS FROM PUBLIC OFFERINGS 23
SEGMENT REPORTING 24
DIVIDEND POLICY 24
SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS 24
CHANGES IN ACCOUNTING POLICIES 25
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING 25

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 13 and 26-weeks ended March 5, 2022 and should be read in conjunction with our audited annual consolidated financial statements and the accompanying notes for the year ended August 31, 2021. Please also refer to Goodfood's press release announcing its results for the 13 and 26-weeks ended March 5, 2022 issued on April 14, 2022. 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 Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and the financial information herein was derived from those statements.

In September 2021, the Company changed its fiscal year-end from a fixed year-end ending August 31 of each year to a floating year-end ending on the first Saturday of September of each year in order to align with comparative companies who are using floating year-ends. As a result, the Company will follow a 52-week reporting cycle but will include a 53rd week every five to six years. For Fiscal 2022, the second quarter ended on March 5, 2022 is comprised of 1 additional day compared to the second quarter in Fiscal 2021 and the year ending September 3, 2022 will be comprised of 3 additional days compared to Fiscal 2021. For simplicity, in this transition year, we refer to 13-weeks ended February 28, 2021 even though it is 12-weeks and five days, we refer to 26-weeks ended February 28, 2021 even though it is 25-weeks and five days and we refer to 26-weeks ended March 5, 2022 even though it is 26-weeks and four days.

All amounts herein are expressed in Canadian dollars unless otherwise indicated and all references to 2022 refer to Fiscal 2022 and 2021 refer to Fiscal 2021 unless otherwise indicated.

In this MD&A, references to "we", "our", "Goodfood" or the "Company" refer to Goodfood Market Corp. and its wholly owned 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.

The information in this MD&A is current to April 14, 2022, unless otherwise noted.

FORWARD-LOOKING INFORMATION

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, assumptions, estimates and intentions, including, without limitation, statements in the "Financial Outlook" section of the MD&A related to the build-out and launch of on demand fulfillment centres or infrastructure and the impact of on-demand grocery and meal solution offerings supported by an optimized digital platform and the realization and impact of the foregoing. 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 trends, current condition 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, 2021 available on SEDAR at www.sedar.com: limited operating history, negative operating cash flow and net losses, food industry including current industry inflation levels, COVID-19 pandemic as well as the impact of the vaccine rollout and easing of restrictions, 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, failure to attract or retain key employees which may impact the Company's ability to effectively operate and meet its financial goals, factors which may prevent realization of growth targets, inability to effectively react to changing consumer trends, competition, availability and quality of raw materials, environmental and employee health and safety regulations, the inability of the Company's IT infrastructure to support the requirements of the Company's business, online security breaches, disruptions and denial of service attacks, 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. This is not an exhaustive list of risks that may affect the Company's forward-looking statements. Other risks not presently known to the Company or that the Company believes are not significant could also cause actual results to differ materially from those expressed in its forward-looking statements. 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 easing of the restrictions 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 consolidated financial statements for the periods indicated.

Metrics	Definitions
Active subscribers (1)	An active subscriber is 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 the active subscribers metric 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 the active subscribers metric is a useful metric for investors because it is indicative of potential future net sales. The Company reports the number of active subscribers at the beginning and end of the period, rounded to the nearest thousand.
Active customers (1)	An active customer is a customer that has placed an order within the last three months. Active customers include customers who have placed an order *(1)* received as part of our weekly meal subscription plan, a subscription active customer; and *(2)* received on a next-day, same-day or less basis, an on-demand active customer. For greater certainty, an active customer is only accounted for once, although different products and multiple orders might have been purchased within a quarter. While the active customers metric 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 the active customers metric is a useful metric for investors because it is indicative of potential future net sales. The Company reports the number of active customers 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 or loss before net finance costs, depreciation and amortization and income taxes. Adjusted EBITDA is defined as EBITDA excluding share-based payments expense and reorganization costs. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to net sales. 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. Please refer to the "Metrics and non-IFRS financial measures – reconciliation" section of the MD&A for a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measures.
Total cash, net of debt **Total cash, net of debt to total capitalization**	Total cash, net of debt is a non-IFRS measure that measures how much total cash the Company has after taking into account its total debt. Total cash include cash and cash equivalent. Total debt includes the current and long-term portions of the debt as well as the liability component of the convertible debentures. We believe that total cash, net of debt measure is a useful measure to assess the Company's overall financial position.

	Total cash, net of debt to total capitalization is a non-IFRS measure that is calculated as total cash, net of debt over total capitalization. Total capitalization is measured as total debt plus shareholder's equity. We believe this non-IFRS financial ratio to be a useful measure to assess the Company's financial leverage. Please refer to the "Liquidity and capital resources" section of the MD&A for a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measure.

(1) The active subscriber and active customer metrics should be evaluated independently, as they are related metrics where a user of the Company's platform can be counted as both an active subscriber and active customer. For example, this could occur if the user has made an order in the three months prior to the relevant measurement date and holds an account which has not been cancelled on or before the relevant measurement date. The Company has been transitioning towards the active customer metric as it provides greater clarity and transparency on the number of customers who placed an order during a quarter (active customers) as opposed to only customers who have a subscription (active subscribers).

COMPANY OVERVIEW

WHO WE ARE AND OUR VISION

Goodfood (TSX: FOOD) is a leading online grocery company in Canada, delivering fresh meal solutions and grocery items that make it easy for customers from across Canada to enjoy delicious meals at home every day. Goodfood's vision is to be in every kitchen every day by enabling customers to complete their grocery shopping and meal planning in minutes and to receive their order in as little as 30 minutes. Goodfood customers 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.

OUR OPERATIONS

The Company's main production facility and administrative offices are based in Montreal, Québec, with additional locations in the provinces of Québec, Ontario, Alberta, and British Columbia. Additional facilities located in the provinces of Ontario and Québec are currently under construction.

The following table provides a summary of our locations, including facilities not yet in operation but for which a lease was signed, as at the end of the second quarter of Fiscal 2022:

	Total number of locations	Administrative offices	Distribution and manufacturing centres	Fulfillment facilities
Greater Montreal Area (Quebec)	5	X	X	X
Ottawa (Ontario)	1			X
Greater Toronto Area (Ontario)	5	X	X	X
Calgary (Alberta)	1		X	X
Vancouver (British Columbia)	1		X	X

FINANCIAL OUTLOOK

Online grocery is a fast-growing segment of the overall $140-billion-plus Canadian grocery industry, with digital grocery delivery penetration currently estimated to be in the single digits. We expect on-demand quick commerce delivery to act as a further catalyst of growth, potentially resulting in online grocery penetration reaching similar levels to other consumer goods product categories, which at 20% penetration, would result in a directly addressable market for online, on-demand grocery shopping of approximately $30 billion.

Over the past two and a half years, the Company has increased its offering from approximately 50 products to over 1,000 products today, which have built a cult-like following among customers. In addition, the Company has increased its delivery speed moving from a four-day delivery cycle to a same-day/next-day offering, and now to extremely fast on-demand delivery in as little as 30 minutes in Toronto, Montreal and now Ottawa. The results of this strategy have led to a more engaged Goodfood customer, with improved retention and more frequent order rates. Building on this, Goodfood intends to continue to create significant long-term shareholder value by:

- Continuing to grow its weekly orders and active customer (1) base supported by rapid on-demand delivery and an expanding grocery and meal solutions product portfolio
- Expanding the geographic coverage and increasing the density of its on-demand grocery and meal solutions fulfillment network
- Improving progressively its net loss and adjusted EBITDA (1) as a percentage of net sales, as well as reducing its overall cash outflows through optimized capital spend, benefiting from the operating leverage net sales growth provides as well as through improved efficiencies and processes

Each quarter, Goodfood's active customer (1) base places nearly a million weekly-subscription and on-demand orders, serviced through a hub and spoke national network of distribution centres and manufacturing facilities feeding micro-fulfillment centres ("MFC") that are strategically located close to our customers' homes. The Company intends to grow its active customer (1) base and weekly orders by increasing the coverage of its on-demand 30-minute delivery to go along with an expanding product portfolio that now includes national brands, hyper-local brands, alcohol and health and beauty products, and a digital store with continuously improving user-interface and capabilities.

Since Goodfood launched its ground-breaking 30-minute on-demand grocery and meal solution service in Toronto and Montreal, the Company sustained rapidly growing new on-demand customers and reached an annualized $34 million sales run-rate before incentives and credits within 4 months of launch, a ~129% increase since the end of the first quarter of 2022. Supported by an attractive Net Promoter Score, an indication of customer satisfaction that is approximately 2x higher than traditional brick and mortar grocery, industry leading average order values and monthly order frequency, strong monthly cohort on-demand order retention rates, and the attractive at scale unit-economics these MFCs can provide, the Company plans on opening additional facilities to expand both the coverage and density within Toronto and Montreal, as well as Canada's other leading cities. As we look towards 2023, we expect the approximately 20 MFCs we plan on adding to our network during calendar 2022 to be the driver of the return of year-over-year growth. With adequate organizational capabilities and capital, we intend to launch approximately an additional 15-plus facilities per year beginning in Fiscal 2023. With these expected launches, our asset-light growth strategy will aim to have over $1 billion of on-demand grocery and meal solution capacity added by the end of Fiscal 2025 or sooner for as little as $40 million of capex for the local MFCs. Estimated required capex is based on capex investments for MFCs previously launched.

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

Goodfood's growth strategy involves delaying short-term profitability through the investment of capital in operating expenses related to building out its on-demand fulfillment capability, its grocery and meal-solutions offering as well as the technology and marketing required to support these growth initiatives. While Goodfood expects these investments to continue, we expect, through the on-going implementation of cost saving initiatives, a continued progressive improvement in our cost structure on a sequential quarter-over-quarter basis, as we generate efficiencies through the implementation of technology systems and improved processes, improved purchasing power, fulfillment and delivery costs, and realized operating leverage across our network.

Looking further out, as the Company grows its market share and scale, it is confident that it will achieve economies of scale and additional efficiencies which will lead to attractive profitability levels and returns on invested capital.

Our overall strategy as well as the metrics discussed in this section can be found in our latest investor presentation. The investor presentation can be found under the "Investor Presentation" section of our investor relations website here: https://www.makegoodfood.ca/en/investisseurs/evenements.

Lastly, the COVID-19 pandemic has had an impact on Goodfood's overall business and operations. The Company experienced an acceleration of growth in demand as well as on-going pressure on its cost structure. During the summer of 2021 and in the Winter and Spring of 2022, we observed significant relaxation of COVID-19 restrictions versus the prior year and a change in consumer behavior as it relates to the pandemic, which negatively impacted weekly subscriber order volume. As we navigate the return to normalcy, we expect to see inconsistent demand patterns, and supply chain and operational conditions. Combined with recent inflationary pressures, these challenges are expected to impact Goodfood until stable consumer and behavioral patterns are established.

The foregoing discussion is based on assumptions that we are able to launch on-demand facilities in accordance with our strategic plan, that such facilities would be open and operational in accordance with planned timing and that they would have the impact on our operations, net sales and financial results expected by management based on current circumstances. Actual results could differ materially, and risks related to the launch of such facilities and their impact include availability of locations, our ability to source locations for the facilities, the cost of leasing space and costs of materials and labour to build out the facilities as well as availability and ability to source capital to fund the build-out and launch of planned facilities. The impact of new facilities and their contribution to our operational and financial results is also subject to the risk factors related to our business in general identified or referred to in the ‘‘Forward-Looking Information’’ and ‘‘Business Risk" sections of the MD&A.

SECOND QUARTER FISCAL 2022 HIGHLIGHTS

This section provides a summary of our financial performance for the second quarter of Fiscal 2022 compared to the same period in 2021. 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 OF THE SECOND QUARTER OF 2022 COMPARED TO THE SECOND QUARTER OF 2021

- Net sales were $73.4 million, a decrease of $27.3 million, or 27% compared to the same quarter last year.
- Gross margin totalled 24.0%, a decrease of 6.4 percentage points and gross profit of $17.6 million decreased by $13.0 million or 43% compared to the same quarter last year.
- Net loss was $20.6 million compared to $4.3 million in the same quarter in 2021.
- Adjusted EBITDA margin [(1)] was negative 18.5%, a decrease of 18.8 percentage points compared to the same quarter last year.
- Cash flows used in operating activities totalled $13.7 million compared to cash flows provided by operating activities of $5.1 million in the same quarter last year.

For the 13-weeks ended		**March 5, 2022**		February 28, 2021	(Δ %)
Key Performance Indicator					
Active subscribers [(1)]		**295,000**		319,000	(8)%
Active customers [(1)]		**246,000**		306,000	(20)%
(in thousands of Canadian dollars, except percentage information)					
Results of Operations					
Net sales	**$**	**73,377**	$	100,654	(27)%
Gross profit	**$**	**17,595**	$	30,636	(43)%
Gross margin		**24.0%**		30.4%	(6.4) p.p.
Net loss	**$**	**(20,640)**	$	(4,252)	N/A
Adjusted EBITDA [(1)]	**$**	**(13,584)**	$	252	N/A
Adjusted EBITDA margin [(1)]		**(18.5)%**		0.3%	(18.8) p.p.
Financial Position and Cash Flows					
Cash and cash equivalents	**$**	**105,723**	$	163,018	(35)%
Cash flows (used in) provided by operating activities		**(13,692)**		5,123	N/A

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

HIGHLIGHTS OF 2022 YEAR-TO-DATE COMPARED TO THE SAME PERIOD OF 2021

- Net sales were $151.2 million, a decrease of $40.9 million, or 21% compared to the same period last year.
- Gross margin totalled 24.0%, a decrease of 7.4 percentage points and gross profit of $36.2 million decreased by $24.0 million or 40% compared to the same period last year.
- Net loss was $42.3 million compared to $7.3 million in the same period in 2021.
- Adjusted EBITDA margin [(1)] was negative 18.6%, a decrease of 19.2 percentage points compared to the same period last year.
- Cash flows used in operating activities totalled $32.6 million compared to cash flows provided by operating activities of $6.7 million in the same period last year.

For the 26-weeks ended		March 5, 2022		February 28, 2021	(Δ %)
Key Performance Indicator					
Active subscribers (1)		**295,000**		319,000	(8)%
Active customers (1)		**246,000**		306,000	(20)%
(in thousands of Canadian dollars, except percentage information)					
Results of Operations					
Net sales	**$**	**151,198**	$	192,081	(21)%
Gross profit	**$**	**36,243**	$	60,209	(40)%
Gross margin		**24.0%**		31.4%	(7.4) p.p.
Net loss	**$**	**(42,250)**	$	(7,335)	N/A
Adjusted EBITDA (1)	**$**	**(28,158)**	$	1,087	N/A
Adjusted EBITDA margin (1)		**(18.6)%**		0.6%	(19.2) p.p.
Financial Position and Cash Flows					
Cash and cash equivalents	**$**	**105,723**	$	163,018	(35)%
Cash flows (used in) provided by operating activities		**(32,614)**		6,746	N/A

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

KEY HIGHLIGHTS FOR THE 26-WEEKS OF FISCAL 2022 AND SUBSEQUENT EVENTS

Appointment of John Khabbaz to our Board of Directors replacing Hamnett Hill

In April 2022, the Company announced the appointment of its newest Board of Directors member John Khabbaz. John Khabbaz is the Founder and Chief Investment Officer of Phoenician Capital, an investment management firm headquartered in New York City. Phoenician's mission is to invest in high-quality businesses built on foundations of strong unit economics and often led by pioneering founders. Mr. Khabbaz earned his undergraduate degree from McGill University and then attended Columbia University, where he received his MBA. Prior to founding Phoenician Capital in 2007, Khabbaz held leadership roles at a multi-asset class financial firm. Before that, he was the founder and CEO of a manufacturing business based in New York, with global operations spanning three continents.

$30 million bought deal offering of convertible unsecured debentures

In February 2022, the Company completed a $30 million bought deal offering of convertible unsecured debentures. The Company intends to use the net proceeds from the Offering to accelerate the scaling of Goodfood's on-demand grocery and meal solutions network, through the signing of multiple incremental new micro-fulfillment centers leases, fund their required capital expenditures as well as their initial start-up and expenses, and for general corporate purposes, as further detailed in the Final short-form prospectus dated February 4, 2022.

Delivery in as little as 30 minutes

In the first quarter of Fiscal 2022, the Company launched an even faster delivery option in certain areas of Toronto, Montreal and now Ottawa, with delivery in as little as 30 minutes for grocery, ready-to-cook and ready-to-eat meal products. Our deep infrastructure of centralized manufacturing and distribution along with continued investment in technology, staffing and fulfillment facilities are key success factors to this initiative.

Change in fiscal year-end

In September 2021, the Company changed its fiscal year-end from a fixed year-end ending August 31 of each year to a floating year-end ending on the first Saturday of September of each year in order to align with comparative companies who are using floating year-ends. As a result, the Company will follow a 52-week reporting cycle but will include a 53rd week every five to six years. For Fiscal 2022, the second quarter ended on March 5, 2022 is comprised of 1 additional day compared to the second quarter in Fiscal 2021 and the year ending September 3, 2022 will be comprised of 3 additional days compared to Fiscal 2021.

Appointment of its Chief Technology Officer

In September 2021, the Company announced the appointment of Bipasha Chiu as its new Chief Technology Officer. Bipasha is an experienced technology transformation and delivery executive focused in retail and digital commerce that will help continue building our technology platform.

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 net sales and continued throughout Fiscal 2021, with subsequent waves of the COVID-19 pandemic across Canada. With relaxation of lock-down restrictions and the increased vaccine coverage during the fourth quarter of 2021 which continued during the first half of 2022, Goodfood experienced a decrease in the number of active subscribers. COVID-19 variants could have a material impact on the Company's operations including its impact on short term demand, industry regulatory framework, labour shortages, possible supply chain disruptions, as well as higher operating costs.

The Company continues to follow precautionary measures at its locations 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

We present certain metrics to assist investors in better understanding our performance, including metrics which are not measures 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.

ACTIVE SUBSCRIBERS

	For the 13-weeks ended		For the 26-weeks ended	
	March 5, 2022	February 28, 2021	**March 5, 2022**	February 28, 2021
Active subscribers, beginning of period	**296,000**	306,000	**298,000**	280,000
Net change in active subscribers	**(1,000)**	13,000	**(3,000)**	39,000
Active subscribers, end of period	**295,000**	319,000	**295,000**	319,000

ACTIVE CUSTOMERS

	For the 13-weeks ended		For the 26-weeks ended	
	March 5, 2022	February 28, 2021	**March 5, 2022**	February 28, 2021
Active customers, beginning of period	**254,000**	290,000	**249,000**	278,000
Net change in active customers	**(8,000)**	16,000	**(3,000)**	28,000
Active customers, end of period (1)	**246,000**	306,000	**246,000**	306,000

(1) Includes 27,000 on-demand active customers in the second quarter of 2022, a 14,000 increase since the beginning of the quarter.

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)

	For the 13-weeks ended		For the 26-weeks ended	
	March 5, 2022	February 28, 2021	**March 5, 2022**	February 28, 2021
Net loss	**$ (20,640)**	$ (4,252)	**$ (42,250)**	$ (7,335)
Net finance costs	**1,056**	540	**1,960**	1,215
Depreciation and amortization	**4,282**	2,292	**7,222**	4,325
Deferred income tax (recovery) expense	**(1,559)**	129	**(1,532)**	342
EBITDA	**$ (16,861)**	$ (1,291)	**$ (34,600)**	$ (1,453)
Share-based payments expense	**1,984**	1,404	**3,337**	2,401
Reorganization costs	**1,293**	139	**3,105**	139
Adjusted EBITDA	**$ (13,584)**	$ 252	**$ (28,158)**	$ 1,087
Net sales	**$ 73,377**	$ 100,654	**$ 151,198**	$ 192,081
Adjusted EBITDA margin (%)	**(18.5)%**	0.3%	**(18.6)%**	0.6%

For the second quarter of 2022, adjusted EBITDA margin decreased by 18.8 percentage points compared to the corresponding period in 2021 mainly due to a lower sales base resulting from the continued relaxation of lock-down restrictions and the increased vaccine coverage in the second quarter of 2022. In addition, lower adjusted EBITDA margin can be explained mainly by higher wages and salaries as well as marketing spend as a percentage of net sales resulting from the expansion of the management team, including mainly our technology, operations management and marketing groups, and related administrative functions needed to build out the physical and digital on-demand fulfillment infrastructure, including the growing product offering required to support the Company's growth plan.

For the 26-weeks ended March 5, 2022, adjusted EBITDA margin decreased by 19.2 percentage points compared to the corresponding period in 2021 mainly due to a lower sales base resulting from the continued relaxation of lock-down restrictions and the increased vaccine coverage in the first half of 2022. In addition, lower adjusted EBITDA margin can be explained mainly by higher wages and salaries as well as marketing spend as a percentage of net sales resulting from the expansion of the management team, including mainly our technology, operations management and marketing groups, and related administrative functions needed to build out the physical and digital on-demand fulfillment infrastructure, including the growing product offering required to support the Company's growth plan.

RESULTS OF OPERATIONS – SECOND QUARTER OF FISCAL 2022 AND 2021

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

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

For the 13-weeks periods ended		March 5, 2022		February 28, 2021		($)	(%)
Net sales	**$**	**73,377**	$	100,654	$	(27,277)	(27)%
Cost of goods sold		**55,782**		70,018		(14,236)	(20)%
Gross profit	**$**	**17,595**	$	30,636	$	(13,041)	(43)%
Gross margin		**24.0%**		30.4%		N/A	(6.4)p.p.
Selling, general and administrative expenses		**33,163**		31,788		1,375	4%
Reorganization costs		**1,293**		139		1,154	830%
Depreciation and amortization		**4,282**		2,292		1,990	87%
Net finance costs		**1,056**		540		516	96%
Net loss before income taxes	**$**	**(22,199)**	$	(4,123)	$	(18,076)	N/A
Deferred income tax (recovery) expense		**(1,559)**		129		(1,688)	N/A
Net loss, being comprehensive loss	**$**	**(20,640)**	$	(4,252)	$	(16,388)	N/A
Basic and diluted loss per share	**$**	**(0.28)**	$	(0.06)	$	(0.22)	N/A

VARIANCE ANALYSIS FOR THE SECOND QUARTER OF 2022 COMPARED TO SECOND QUARTER OF 2021

- Net sales decreased compared to the same period last year mainly due to the reduced consumer demand following the removal of lock-down restrictions and the increased vaccine coverage partially offset by the growth of our on-demand active customer base. In addition, due to the non-recurrence of the prior year's COVID-19 restrictions coupled with a lower sales base, there was an increase in incentives and credits used as a percentage of sales.
- The decrease in gross profit and gross margin primarily resulted from a decrease in net sales leading to operating de-leverage, including food, production costs and shipping costs. The increase in food costs was primarily driven by the expansion of our private label grocery offering. Higher production costs primarily resulted from an increase in production and fulfillment labour due to inflationary increases in wages and increases in supervisory and other non-direct labour. Lastly, higher shipping costs resulted mainly from reduced density due to operating de-leverage.
- The increase in selling, general and administrative expenses is primarily due to higher wages and salaries resulting from the expansion of the management team, including mainly our technology, operations management and marketing groups, and related administrative functions needed to build out the physical and digital on-demand fulfillment infrastructure, including the growing product offering required to support the Company's growth plan. Selling, general and administrative expenses as a percentage of net sales increased from 31.6% to 45.2%.
- Reorganization costs were incurred in the second quarter of Fiscal 2022 mainly consisting of severance costs related to organizational realignments being progressively implemented in light of the completion and implementation of systems and improved processes coupled with aligning our workforce towards our future catalyst for growth on-demand groceries and meal solutions.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new facility lease agreements and related additions of leasehold improvements as the Company continues to grow and expand its product offering of grocery products and the ramp-up of new facilities across Canada.
- The increase in net finance costs is mainly due to the Company's on-demand strategy leading to a ramp-up of new facilities across Canada from continuous expansion of its footprint and its network of centralized manufacturing with localized micro fulfillment resulting in an increase interest expense on lease obligations.

- In the second quarter of Fiscal 2022, a deferred income tax recovery was recognized due to the issuance of $30 million convertible debentures in February 2022.
- The increase in net loss in the second quarter of 2022 compared to the same quarter last year is mainly due to lower net sales and gross profit as well as higher wages and salaries.

RESULTS OF OPERATIONS – YEAR-TO-DATE FISCAL 2022 AND 2021

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

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

For the 26-weeks periods ended		March 5, 2022		February 28, 2021		($)	(%)
Net sales	**$**	**151,198**	$	192,081	$	(40,883)	(21)%
Cost of goods sold		**114,955**		131,872		(16,917)	(13)%
Gross profit	**$**	**36,243**	$	60,209	$	(23,996)	(40)%
Gross margin		**24.0%**		31.4%		N/A	(7.4) p.p.
Selling, general and administrative expenses		**67,738**		61,523		6,215	10%
Reorganization costs		**3,105**		139		2,996	2,134%
Depreciation and amortization		**7,222**		4,325		2,897	67%
Net finance costs		**1,960**		1,215		745	61%
Net loss before income taxes	**$**	**(43,782)**	$	(6,993)	$	(36,789)	N/A
Deferred income tax (recovery) expense		**(1,532)**		342		(1,874)	N/A
Net loss, being comprehensive loss	**$**	**(42,250)**	$	(7,335)	$	(34,915)	N/A
Basic and diluted loss per share	**$**	**(0.56)**	$	(0.11)	$	(0.45)	N/A

VARIANCE ANALYSIS FOR THE YEAR-TO-DATE 2022 COMPARED TO SAME PERIOD OF 2021

- Net sales decreased compared to the same period last year mainly due to the reduced consumer demand following the removal of lock-down restrictions and the increased vaccine coverage partially offset by the growth of our on-demand active customer base. In addition, due to the non-recurrence of the prior year's COVID-19 restrictions coupled with a lower sales base, there was an increase in incentives and credits used as a percentage of sales.
- The decrease in gross profit and gross margin primarily resulted from a decrease in net sales leading to operating de-leverage, including food, production costs and shipping costs. The increase in food costs was primarily driven by the expansion of our private label grocery offering. Higher production costs primarily resulted from an increase in production and fulfillment labour due to inflationary increases in wages and increases in supervisory and other non-direct labour. Lastly, higher shipping costs resulted mainly from reduced density due to operating de-leverage.
- The increase in selling, general and administrative expenses is primarily due to higher wages and salaries resulting from the expansion of the management team, including mainly our technology, operations management and marketing groups, and related administrative functions needed to build out the physical and digital on-demand fulfillment infrastructure, including the growing product offering required to support the Company's growth plan. The increase was partially offset by lower professional fees mainly due to ERP implementation in Fiscal 2021. Selling, general and administrative expenses as a percentage of net sales increased from 32.0% to 44.8%.
- Reorganization costs were incurred in the half of Fiscal 2022 mainly consisting of severance costs related to organizational realignments being progressively implemented in light of the completion and implementation of systems and improved processes coupled with aligning our workforce towards our future catalyst for growth on-demand groceries and meal solutions.
- The increase in depreciation and amortization expense is mainly due to the recognition of right-of-use assets from new facility lease agreements and related additions of leasehold improvements as the

Company continues to grow and expand its product offering of grocery products and the ramp-up of new facilities across Canada.

- The increase in net finance costs is mainly due to the Company's on-demand strategy leading to a ramp-up of new facilities across Canada from continuous expansion of its footprint and its network of centralized manufacturing with localized micro fulfillment resulting in an increase interest expense on lease obligations.
- A deferred income tax recovery was recognized due to the issuance of $30 million convertible debentures in February 2022.
- The increase in net loss compared to the same period last year is mainly due to lower net sales and gross profit as well as higher wages and salaries.

FINANCIAL POSITION

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

(In thousands of Canadian dollars)

As at	March 5, 2022	August 31, 2021	Variance	Main components
Cash and cash equivalents	**$ 105,723**	$ 125,535	$ (19,812)	Due to the year-to-date net loss and continued capital investments in facilities as part of its continuous expansion strategy
Fixed assets	**56,172**	33,367	22,805	Mainly due to redesign and fit outs of facilities to support our growth
Right-of-use assets	**69,231**	69,157	74	New locations were added to the Company's facility portfolio as part of its continuous expansion of its on-demand strategy offset by a termination of a lease
Long-term debt, including current portion	**37,003**	21,351	15,652	Mainly due to drawdown of revolver facility
Lease obligations, including current portion	**74,600**	73,111	1,489	New locations were added to the Company's facility portfolio as part of its continuous expansion of its on-demand strategy partially offset by a termination of a lease
Convertible debentures, liability component	**27,371**	5,623	21,748	Liability component of the $30 million convertible debentures issued in February 2022

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		March 5, 2022		August 31, 2021
Long-term debt, including current portion		**37,003**		21,351
Convertible debentures, liability component		**27,371**		5,623
Total debt	**$**	**64,374**	$	26,974
Shareholders' equity		**65,242**		97,875
Total capitalization	**$**	**129,616**	$	124,849
Cash and cash equivalents	**$**	**105,723**	$	125,535
Total cash, net of debt (1)	**$**	**41,349**	$	98,561
Total cash, net of debt to total capitalization (1)		**31.9%**		78.9%

(1) For the definition of these Non-IFRS financial measures, please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A.

Goodfood's total cash, net of debt to total capitalization decreased in the 26-weeks of Fiscal 2022 mainly due to its net loss as well as its continued investment in capital to support its growth strategy partially offset by the issuance of convertible debentures in February 2022.

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 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.

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 and convertible debentures, as well as short-term or long-term debt. As of the end of its second quarter of Fiscal 2022, the Company had $105.7 million in cash on its balance sheet and access to $16.4 million under the Credit Facility. The Company has sufficient capital resources to fund its working capital requirements, maintain its capacity and to fund its planned growth for the foreseeable future, and until its existing and planned micro-fulfillment centres begin to contribute to growth and to the business in general as anticipated. To the extent that the existing and planned micro-fulfillment centres do not contribute to growth and to the business as anticipated, the Company may be required to seek additional sources of capital in the future.

CASH FLOWS

A summary of net cash flows by activity for the 13-weeks ended March 5, 2022 and February 28, 2021 is presented below:

(In thousands of Canadian dollars)

For the 13-weeks ended		March 5, 2022		February 28, 2021		Variance
Cash flows used in by operations, excluding change in non-cash operating working capital	**$**	**(14,802)**	$	(289)	$	(14,513)
Change in non-cash operating working capital		**1,110**		5,412	$	(4,302)
Net cash flows (used in) provided by operating activities	**$**	**(13,692)**	$	5,123	$	(18,815)
Net cash flows used in investing activities		**(14,866)**		(3,196)		(11,670)
Net cash flows provided by financing activities		**29,513**		57,014		(27,501)
Net change in cash and cash equivalents	**$**	**955**	$	58,941	$	(57,986)
Cash and cash equivalents, beginning of period		**104,768**		104,077		691
Cash and cash equivalents, end of period	**$**	**105,723**	$	163,018	$	(57,295)

Net cash flows used in operating activities were $13.7 million for the second quarter 2022 compared to net cash flows provided by operating activities of $5.1 million in the comparable period of 2021. This is a quarter-over-quarter negative variance of $18.8 million primarily due to the increase in net loss and a higher non-cash operating working capital mainly attributable to timing of automatic 1st of the month payments in Fiscal 2022 with quarter ending March 5, 2022.

Net cash flows used in investing activities increased by $11.7 million for the second quarter 2022 compared to the same period last year primarily due to higher fixed assets additions and deposits mainly attributable to the redesign and fit outs of facilities.

Net cash flows provided by financing activities decreased by $27.5 million for the second quarter 2022 compared to the same period last year primarily due to the Company's issuance of $60 million common shares in the second quarter of Fiscal 2021 compared to the issuance of $30 million convertible debentures in the second quarter of Fiscal 2022.

A summary of net cash flows by activity for the 26-weeks ended March 5, 2022 and February 28, 2021 is presented below:

(In thousands of Canadian dollars)

For the 26-weeks ended		March 5, 2022		February 28, 2021		Variance
Cash flows (used in) provided by operations, excluding change in non-cash operating working capital	**$**	**(31,260)**	$	420	$	(31,680)
Change in non-cash operating working capital		**(1,354)**		6,326	$	(7,680)
Net cash flows (used in) provided by operating activities	**$**	**(32,614)**	$	6,746	$	(39,360)
Net cash flows used in investing activities		**(26,478)**		(5,330)		(21,148)
Net cash flows provided by financing activities		**39,280**		57,200		(17,920)
Net change in cash and cash equivalents	**$**	**(19,812)**	$	58,616	$	(78,428)
Cash and cash equivalents, beginning of period		**125,535**		104,402		21,133
Cash and cash equivalents, end of period	**$**	**105,723**	$	163,018	$	(57,295)

Net cash flows used in operating activities were $32.6 million for the 26-weeks of 2022 compared to net cash flows provided by operating activities of $6.8 million in the comparable period of 2021. This is a quarter-over-quarter negative variance of $39.4 million primarily due to the increase in net loss and a higher non-cash operating working capital mainly attributable to timing of automatic 1st of the month payments in Fiscal 2022 with quarter ending March 5, 2022.

Net cash flows used in investing activities increased by $21.1 million for the 26-weeks of 2022 compared to the same period last year primarily due to higher fixed assets additions and deposits mainly attributable to the redesign and fit outs of facilities.

Net cash flows provided by financing activities decreased by $17.9 million for the 26-weeks of 2022 compared to the same period last year primarily due to the Company's issuance of $60 million common shares in the second quarter of Fiscal 2021 compared to the issuance of $30 million convertible debentures in the second quarter of Fiscal 2022.

DEBT

During the first quarter of Fiscal 2021, 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 of Fiscal 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. This increase brought the total available financing to $70 million. 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.

In the first half of Fiscal 2022, the Company withdrew an additional $15.9 million of its revolving facility for a total of $25.0 million draw down as at March 5, 2022. It matures in November 2023 and is presented as a non-current liability. A balance of $17.5 million was undrawn and $16.4 million was available as at March 5, 2022.

As at March 5, 2021, the Company was in compliance with all covenants under the credit agreement governing the Credit Facility 2021.

INTEREST RATE SWAP

Goodfood had one swap agreement in place whereby the Company fixed the interest rate on a notional amount of $10.9 million which matured in November 2021. Goodfood has not entered into a new swap as at the end of the second quarter of Fiscal 2022.

CONVERTIBLE DEBENTURES

On February 11, 2022, the Company issued 30,000 convertible unsecured subordinated debentures (the "2022 Debentures") at a price of $1 thousand per Debenture for gross proceeds of $30 million. The Debentures mature on March 31, 2027 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, 2022. Factoring in the 2022 Debentures issuance costs, the effective interest rate on the 2022 Debentures is 12.6%. The Debentures are convertible into common shares of the Company at the option of the holder at any time prior to the close of business on the earlier of the last business day immediately preceding the Maturity Date and the last business day immediately preceding the date specified for redemption by the Company at a conversion price of $4.60 per common share.

On or after March 31, 2025, and prior to March 31, 2026, provided that the volume weighted average trading price of the Company's common shares on the TSX for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price, the 2022 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. On or after March 31, 2026, and prior to the Maturity Date, the 2022 Debentures may be redeemed in whole or in part at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest.

In connection with the issuance of the 2022 Debentures, 415 Debentures were purchased by the Board members and key management personnel at a price of $1,000 per Debenture. These transactions were recorded at the amount of consideration paid as established and agreed to by the related parties.

In Fiscal 2020, the Company issued 30,000 convertible unsecured subordinated debentures (the "2020 Debentures") at a price of $1,000 per Debenture for gross proceeds of $30 million. The 2020 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 2020 Debentures issuance costs, the effective interest rate on the 2020 Debentures is 11.76%. The 2020 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 13-weeks ended March 5, 2022, no Debentures were converted into common shares of the Company. Consequently, during the 13 and 26-weeks ended March 5, 2022, 620 Debentures were converted into common shares of the Company (February 28, 2021 – 2,918 and 7,725), resulting in the issuance of 131,910common shares (February 28, 2021 – 620,839 and 1,643,598). During the 13 and 26-weeks ended March 5, 2022, the Company reclassified $0.5 million (refer to Note 10) from the convertible debentures liability to common shares (February 28, 2021 – $2.3 million and $6.1 million) and reclassified from the equity component of the convertible debentures to common shares $0.1 million for the 13 and 26-weeks ended March 5, 2022 (February 28, 2021 – $0.5 million and $1.3 million). A deferred income tax expense of $27 thousand was recognized upon conversion of the Debentures for the 13 and 26-weeks ended March 5, 2022 (February 28, 2021 – $0.1 million and $0.3 million). A deferred income tax recovery of $1.5 million was recognized upon issuance of the 2022 Debentures. As at March 5, 2022, 36,232 Debentures were outstanding when considering both Debentures (August 31, 2021 – 6,852).

COMMON SHARES

Significant equity transactions that took place during the 13-weeks and 26-weeks ended March 5, 2022 were as follows:

- 4,636 and 161,707 stock options were exercised, respectively, for the same number of common shares;
- 49,010 and 112,465 restricted share units vested, respectively, and the same number of common shares were issued; and
- Nil Debentures were converted during the 13-weeks ended March 5, 2022 and 620 Debentures were converted into 131,910 common shares during the 26-weeks ended March 5, 2022.

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, active customers and per share and percentage information)

		Fiscal 2022				Fiscal 2021		Fiscal 2020
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Active subscribers [1]	**295,000**	296,000	298,000	317,000	319,000	306,000	280,000	272,000
Active customers [1]	**246,000**	254,000	249,000	296,000	306,000	290,000	278,000	285,000
Net sales	**$ 73,377**	$ 77,821	$ 79,358	$ 107,795	$ 100,654	$ 91,427	$ 83,691	$ 86,600
Gross margin	**24.0%**	24.0%	22.9%	35.0%	30.4%	32.3%	32.8%	28.8%
Net (loss) income	**$ (20,640)**	$ (21,610)	$ (22,123)	$ (2,333)	$ (4,252)	$ (3,083)	$ 1,225	$ 2,894
Net finance costs	**1,056**	904	524	431	540	675	911	1,154
Depreciation and amortization	**4,282**	2,940	2,176	2,318	2,292	2,033	1,759	1,421
Deferred income tax (recovery) expense	**(1,559)**	27	97	61	129	213	526	–
EBITDA [1]	**$ (16,861)**	$ (17,739)	$ (19,326)	$ 477	$ (1,291)	$ (162)	$ 4,421	$ 5,469
Share-based payments	**1,984**	1,353	1,587	869	1,404	997	418	560
Reorganization costs	**1,293**	1,812	–	–	139	–	–	–
Adjusted EBITDA [1]	**$ (13,584)**	$ (14,574)	$ (17,739)	$ 1,346	$ 252	$ 835	$ 4,839	$ 6,029
Adjusted EBITDA margin [1]	**(18.5)%**	(18.7)%	(22.4)%	1.2%	0.3%	0.9%	5.8%	7.0%
Basic and diluted (loss) earnings per share [2]	**(0.28)**	(0.29)	(0.31)	(0.03)	(0.06)	(0.05)	0.02	0.05

(1) For the definition of these Non-IFRS financial measures, please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A.

(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 net sales increased in 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 customers which positively impacted the average basket size and order frequency. With accelerated removal of lock-down restrictions and the increased vaccine coverage, Goodfood's net sales decreased in the last quarter of Fiscal 2021. Transitioning into the first quarter of Fiscal 2022, weekly orders and active customers increased throughout the quarter compared to the seasonal lows experienced in the latter part of the fourth quarter of Fiscal 2021, while net sales of the first quarter of Fiscal 2022 came in slightly lower than the fourth quarter of Fiscal 2021 as the quarterly order frequency was slightly lower.Net sales decreased in the second quarter of Fiscal 2022 due to four less days in the quarter compared to the first quarter of Fiscal 2021 and the normal seasonal impact of Christmas and New Year holidays.

For the third and fourth quarters of Fiscal 2020, higher net sales and gross profit as well as lower selling, general and administrative expenses as a percentage of net sales contributed to the 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 and fourth quarter of Fiscal 2021 was negatively impacted by higher wages and salaries and higher marketing spend as the Company continued to grow and expand its operations and product offerings across Canada. In addition, for the fourth quarter of Fiscal 2021, net loss was impacted by the decrease in net sales. Net loss improved in the first and second quarter of Fiscal 2022 compared to the last quarter of Fiscal 2021 beginning with a progressively stronger gross margin throughout the quarter and cost efficiencies with selling, general and administration expenses partially offset by lower net sales.

For the third and fourth quarters of Fiscal 2020, adjusted EBITDA and adjusted EBITDA margin were positively impacted by higher net sales and gross profit primarily from a larger subscriber base as well as lower selling, general and administrative expenses as a percentage of net sales. For 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 continued to grow and expand its operations and product offerings across Canada. In addition, for the fourth quarter of Fiscal 2021, adjusted EBITDA and adjusted margin was impacted by the decrease in net sales. Adjusted EBITDA and adjusted EBITDA margin improved in the first and second quarter of Fiscal 2022 compared to the last quarter of Fiscal 2021, beginning with a progressively stronger gross margin throughout the quarter and cost efficiencies with selling, general and administration expenses partially offset by lower net sales.

TRENDS AND SEASONALITY

The Company’s net sales and expenses are impacted by seasonality. During the holiday season and the summer season, the Company anticipates net sales to be lower as a higher proportion of customers elect to skip their delivery. The Company generally anticipates the growth rate of the number of active customers 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. Seasonality was muted during the pandemic. In light of the COVID-19 vaccine rollout as well as relaxation of lock-down restrictions in the summer, seasonality trends returned in the fourth quarter of Fiscal 2021 and lasted well into the first quarter of 2022 due to the unseasonably warm weather throughout most of the quarter. 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 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 accounts and other receivables. 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 managed its interest rate risk by using a variable-to-fixed interest rate swap which matured in November 2021. To date, the Company did not enter into a new interest rate swap. Refer to the “Liquidity and Capital Resources” section of this MD&A. As interest rates on 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 as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not have significantly impacted the fair value of the interest rate swaps before maturity and consequently, the Company’s net loss.

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, 2022, additional capital and non-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 August 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, 2021 and the Company's final short-form prospectus dated February 4, 2022, both documents available on SEDAR at www.sedar.com.

ADDITIONAL FINANCING REQUIREMENTS

As a result of realized and anticipated growth in the number of active customers, 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, CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Goodfood has commitments under purchase and service contract obligations for both operating and capital expenditures with various expiration dates. There have been no material changes to these obligations since August 31, 2021.

FINANCIAL INSTRUMENTS

The Company's financial instruments primarily consist of cash and cash equivalents, accounts and other receivables, 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 regards to the expected timing of investments or expenditures for continuing operations.

FINANCIAL COVENANTS

As discussed in the "Liquidity and Capital Resources" section of the MD&A, the Company's secured a credit facility that includes financial covenants which may restrict the Company's ability to pursue future transactions or opportunities. As at the end of the second quarter of Fiscal 2022, the Company was in compliance with these financial covenants.

SHARE-BASED PAYMENTS

A stock option plan (the "Stock Option Plan") was established by the Company to attract and retain employees, consultants, directors and officers. The plan provides for the granting of stock options to purchase common shares where at any given time the number of stock options reserved for issuance is equal to 10% of the Company's issued and outstanding common shares, less any shares reserved for issuance under the restricted share unit plan. Under the plan, stock options generally vest over a period of three or four years and expire eight years from the grant date.

A restricted share unit plan (the "RSU Plan") was established by the Company to attract and retain employees, officers and directors. The RSU Plan provides for a maximum number of common shares available and reserved for issuance to 10% of the Company's issued and outstanding common shares, less any shares reserved for issuance under the Stock Option Plan. Under the plan, RSUs generally vest over a period of three years.

OUTSTANDING SHARE DATA

As at	April 13, 2022	March 5, 2022	August 31, 2021
Common shares outstanding (1)	**75,124,129**	**75,010,891**	74,718,045
Debentures outstanding (2)	**7,708,936**	**7,708,936**	1,457,872
Stock options outstanding	**3,349,343**	**3,431,111**	3,174,309
Stock options exercisable	**1,486,932**	**1,424,271**	1,112,432
Restricted share units outstanding	**2,223,529**	**2,361,912**	625,491

(1) As at April 13, 2022 and March 5, 2022, 125,782 and 111,152 common shares held in trust through the employee share purchase plan (August 31, 2021 – 70,498 common shares) were included in the common shares outstanding as they were.

(2) As at April 13, 2022 and March 5, 2022, 36,232 Debentures (August 31, 2021 – 6,852 Debentures) were outstanding which are convertible into 7,708,936 common shares of the Company, respectively, at a conversion price of $4.70. 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 March 5, 2022:

(In thousands of Canadian dollars)

	Actual use of proceeds (1)	Estimated use of proceeds	Variance
Capital expenditures to build out same-day delivery capabilities (including fulfillment technology and automation equipment)	$ 24,844	$ 40,000	$ (15,156)
General corporate purposes	9,468	17,305	(7,837)
Remaining as at March 5, 2022	22,887	N/A	22,887
Total net proceeds	57,199	57,305	(106)
Share issuance costs	2,801	2,695	106
Gross proceeds	$ 60,000	$ 60,000	$ –

(1) Capital projects includes leasehold improvements, furniture and fixtures, machinery and equipment as well as lease payments for new right-of-use assets and costs related to our cloud computing arrangements.

FEBRUARY 2022 CONVERTIBLE DEBENTURES PUBLIC OFFERING

On February 11, 2022, the Company completed a public offering and issued $30 million of convertible debentures for net proceeds of $28 million. As at March 5, 2022, none of the proceeds received from the public offering have been used.

The following table compares the estimated use of proceeds presented in the Company's final short-form prospectus dated February 4, 2022 with the actual use of proceeds as at March 5, 2022:

(In thousands of Canadian dollars)

	Actual use of proceeds	Estimated use of proceeds	Variance
Micro-Fulfillment Related Capital Expenditures	$ –	$ 9,500	$ (9,500)
Micro-Fulfillment Centres Start-Up Costs Including Leases	–	9,500	(9,500)
General corporate purposes	–	9,223	(9,223)
Remaining as at March 5, 2022	28,102	N/A	28,102
Total net proceeds	28,102	28,223	(121)
Debentures issuance costs	1,898	1,777	121
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.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 judgements, estimates and assumptions for the second quarter of Fiscal 2022 are the same as those that were applied to the Company's consolidated financial statements for the year ended August 31, 2021.

CHANGES IN ACCOUNTING POLICIES

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

Significant accounting policies applied in these interim condensed consolidated financial statements are the same as those applied to the Company's annual audited consolidated financial statements for the year ended August 31, 2021.

The following table summarizes the impact on the interim condensed consolidated statements of loss and comprehensive loss for the 13-weeks and 26-weeks ended February 28, 2021 as a result of the change in accounting policy relating to cloud computing arrangements adopted in Fiscal 2021:

	13-weeks ended February 28, 2021	26-weeks ended February 28, 2021
Decrease in depreciation and amortization	$ 61	$ 122
Increase in selling, general and administrative expense	(283)	(802)
Increase in net loss	(222)	(680)
Increase in basic and diluted loss per share	–	(0.01)

In addition, opening deficit for the 26-weeks ended February 28, 2021 was restated by an increase of $2.2 million with an offsetting amount to the intangible assets.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Please refer to Note 5 of the Company's consolidated financial statements for the year ended August 31, 2021.

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

No changes were made during the second quarter of Fiscal 2022 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.