

Interim Condensed Consolidated Financial Statements of

**GOODFOOD MARKET CORP.**

For the 26 weeks ended March 4, 2023 and March 5, 2022

(Unaudited)

# GOODFOOD MARKET CORP.

## Table of Contents

---

	<b>Page</b>
<b>Interim Condensed Consolidated Financial Statements</b>	
Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	1
Interim Condensed Consolidated Statements of Financial Position	2
Interim Condensed Consolidated Statements of Changes in Equity	3
Interim Condensed Consolidated Statements of Cash Flows	4
Notes to the Interim Condensed Consolidated Financial Statements	5 - 14

# GOODFOOD MARKET CORP.

## Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (In thousands of Canadian dollars, except share and per share information - Unaudited)

	Note	13 weeks ended		26 weeks ended	
		March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
Net sales		\$ 42,043	\$ 73,377	\$ 89,191	\$ 151,198
Cost of goods sold		24,929	55,782	55,318	114,955
Gross profit		17,114	17,595	33,873	36,243
Selling, general and administrative expenses		15,531	33,163	37,529	67,738
Reorganization and other related (gains) costs	5	(2,769)	1,293	(1,650)	3,105
Depreciation and amortization		2,856	4,282	6,625	7,222
Operating income (loss)		1,496	(21,143)	(8,631)	(41,822)
Net finance costs	6	1,470	1,056	3,040	1,960
Income (loss) before income taxes		26	(22,199)	(11,671)	(43,782)
Deferred income tax recovery		(72)	(1,559)	(61)	(1,532)
<b>Net income (loss), being comprehensive income (loss)</b>		<b>\$ 98</b>	<b>\$ (20,640)</b>	<b>\$ (11,610)</b>	<b>\$ (42,250)</b>
Basic and diluted income (loss) per share		\$ -	\$ (0.28)	\$ (0.15)	\$ (0.56)
Basic weighted average number of common shares outstanding	11	76,247,164	74,990,082	75,753,539	74,907,916
Diluted weighted average number of common shares outstanding	11	76,830,214	74,990,082	75,753,539	74,907,916

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# GOODFOOD MARKET CORP.

## Interim Condensed Consolidated Statements of Financial Position

(In thousands of Canadian dollars - Unaudited)

As at	Note	March 4, 2023	September 3, 2022
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents		\$ 28,116	\$ 36,885
Accounts and other receivables		3,394	3,596
Inventories		3,938	6,884
Assets held for sale		115	3,654
Other current assets		969	1,178
		<b>36,532</b>	<b>52,197</b>
<b>Non-current assets:</b>			
Fixed assets		13,108	18,408
Right-of-use assets	7	23,756	55,419
Intangible assets		3,077	3,174
Other non-current assets		536	650
<b>Total assets</b>		<b>\$ 77,009</b>	<b>\$ 129,848</b>
<b>Liabilities and Shareholders' Deficiency</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		\$ 17,519	\$ 27,104
Deferred revenues		5,874	5,501
Current portion of debt	8	5,208	11,743
Current portion of lease obligations	10	4,284	8,468
		<b>32,885</b>	<b>52,816</b>
<b>Non-current liabilities:</b>			
Convertible debentures	9	40,068	27,469
Lease obligations	10	23,424	60,741
<b>Total liabilities</b>		<b>96,377</b>	<b>141,026</b>
<b>Shareholders' deficiency:</b>			
Common shares	11	179,325	173,788
Contributed surplus		8,274	10,584
Convertible debentures	9	5,367	5,174
Deficit		(212,334)	(200,724)
<b>Total shareholders' deficiency</b>		<b>(19,368)</b>	<b>(11,178)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 77,009</b>	<b>\$ 129,848</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Approved on behalf of Goodfood Market Corp. by:

(s) Jonathan Ferrari  
Jonathan Ferrari, Director and  
Chair of the Board

(s) Donald Olds  
Donald Olds, Director and  
Chair of the Audit Committee

# GOODFOOD MARKET CORP.

## Interim Condensed Consolidated Statements of Changes in Equity

(In thousands of Canadian dollars - Unaudited)

### For the 26 weeks ended

		March 4, 2023				
	Note	Common Shares	Contributed Surplus	Convertible Debentures	Deficit	Total
Balance as at						
September 3, 2022		\$ 173,788	\$ 10,584	\$ 5,174	\$ (200,724)	\$ (11,178)
Net loss for the period		–	–	–	(11,610)	(11,610)
Share-based payments expense	12	–	3,089	–	–	3,089
Net convertible debenture issuance <sup>(2)</sup>	9	–	–	202	–	202
Net convertible debenture conversions	9, 11	196	–	(9)	–	187
Restricted share units vested	11	5,397	(5,397)	–	–	–
Employee share purchase plan	11	(56)	(2)	–	–	(58)
<b>Balance as at</b>						
<b>March 4, 2023</b>		<b>\$ 179,325</b>	<b>\$ 8,274</b>	<b>\$ 5,367</b>	<b>\$ (212,334)</b>	<b>\$ (19,368)</b>
						March 5, 2022
Balance as at						
August 31, 2021		\$ 170,094	\$ 5,901	\$ 843	\$ (78,963)	\$ 97,875
Net loss for the period		–	–	–	(42,250)	(42,250)
Share-based payments expense <sup>(1)</sup>	12	–	4,351	–	–	4,351
Net convertible debenture issuance <sup>(2)</sup>	9	–	–	4,463	–	4,463
Net convertible debenture conversions	9, 11	618	–	(76)	–	542
Stock options exercised	11	726	(216)	–	–	510
Restricted share units vested	11	1,295	(1,295)	–	–	–
Employee share purchase plan	11	(240)	(9)	–	–	(249)
<b>Balance as at</b>						
<b>March 5, 2022</b>		<b>\$ 172,493</b>	<b>\$ 8,732</b>	<b>\$ 5,230</b>	<b>\$ (121,213)</b>	<b>\$ 65,242</b>

(1) Share-based payments expense includes \$1.1 million related to grants awarded to settle short-term incentive compensation for certain employees.

(2) The equity component of the convertible debentures presented above is net of income taxes of \$0.1 million (2022 - \$1.5 million).

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# GOODFOOD MARKET CORP.

## Interim Condensed Consolidated Statements of Cash Flows

(In thousands of Canadian dollars - Unaudited)

For the periods ended	Note	13 weeks		26 weeks	
		March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
<b>Operating:</b>					
Net income (loss)		\$ 98	\$ (20,640)	\$ (11,610)	\$ (42,250)
Adjustments for:					
Depreciation and amortization		2,856	4,282	6,625	7,222
Net loss on disposal of non-financial assets	5	323	–	2,383	–
Gain on termination of leases	5	(7,318)	–	(10,557)	–
Write-offs of non-financial assets	5	1,701	–	1,701	–
Share-based payments expense		797	1,974	3,089	3,283
Net finance costs	6	1,470	1,056	3,040	1,960
Deferred income tax recovery		(72)	(1,559)	(61)	(1,532)
Change in non-cash operating working capital	13	(4,504)	1,110	(5,562)	(1,354)
Other		232	85	460	57
<b>Net cash used in operating activities</b>		<b>(4,417)</b>	<b>(13,692)</b>	<b>(10,492)</b>	<b>(32,614)</b>
<b>Investing:</b>					
Additions to fixed assets		(3)	(13,924)	(689)	(24,734)
Additions to intangible assets		(494)	(1,015)	(620)	(2,019)
Proceeds from disposal of non-financial assets		222	–	2,629	–
Interest received		231	73	493	275
<b>Net cash (used in) provided by investing activities</b>		<b>(44)</b>	<b>(14,866)</b>	<b>1,813</b>	<b>(26,478)</b>
<b>Financing:</b>					
Net proceeds from issuance of convertible debentures	9	12,344	28,496	12,344	28,496
Net repayment of debt	8	(6,875)	(156)	(7,188)	(312)
Net proceeds from revolving facility	8	600	3,937	600	15,937
Interest paid		(788)	(980)	(2,945)	(2,407)
Payments of lease obligations	10	(1,252)	(1,718)	(2,895)	(2,752)
Shares purchased under employee share purchase plan	12	(31)	(110)	(58)	(249)
Proceeds from exercises of stock options		–	13	–	510
Other		26	31	52	57
<b>Net cash provided by (used in) financing activities</b>		<b>4,024</b>	<b>29,513</b>	<b>(90)</b>	<b>39,280</b>
(Decrease) increase in cash and cash equivalents		(437)	955	(8,769)	(19,812)
Cash and cash equivalents, beginning of period		28,553	104,768	36,885	125,535
<b>Cash and cash equivalents, end of period</b>		<b>\$ 28,116</b>	<b>\$ 105,723</b>	<b>\$ 28,116</b>	<b>\$ 105,723</b>
Supplemental cash flow information	13				

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

---

## 1. REPORTING ENTITY

---

Goodfood Market Corp. is a digital meal solutions brand in Canada, delivering fresh meal and add-ons that make it easy for customers from across Canada to enjoy delicious meals at home every day. References to Goodfood Market Corp. (or "Goodfood", the "Company") represent the financial position, financial performance, cash flows and disclosures of Goodfood Market Corp. and its subsidiaries on a consolidated basis.

These financial statements are prepared on a consolidated basis and include its wholly-owned subsidiaries which do not currently conduct any activities.

Goodfood Market Corp. is incorporated under the *Canada Business Corporations Act* and is listed on the Toronto Stock Exchange ("TSX") under the symbol "FOOD". The Company has its main production facility and administrative offices based in Montréal, Québec, with an additional operating facility in Calgary, Alberta.

## 2. BASIS OF PREPARATION

---

### 2.1 STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended September 3, 2022.

These interim condensed consolidated financial statements of the Company were approved by the Board of Directors ("Board") on April 11, 2023 for publication on April 12, 2023.

### 2.2 GOING CONCERN

These financial statements have been prepared on the basis that the Company will continue as a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

During the 13 and 26 weeks ended March 4, 2023 the Company recorded a net income of \$0.1 million and a net loss of \$11.6 million, respectively, and used cash from operating activities of \$4.4 million and \$10.5 million, respectively. As at March 4, 2023, current assets exceeded current liabilities by \$3.6 million and the Company has an accumulated deficit of \$212.3 million. Although current assets exceed current liabilities by \$3.6 million, debt and lease obligations due within the next 12 months total \$9.5 million.

The Company has relied upon external financing to fund its operations in the past, primarily through the issuance of debt and equity. The Company's business plan is dependent upon generating positive cash flows, the continued financial support of its shareholders and lenders and/or raising additional funds to finance operations within and beyond the next twelve months. While the Company has been successful in securing financing in the past, including raising \$12.7 million from the issuance of convertible debentures in the current quarter, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future. If the Company is unable to generate positive cash flows from operations and/or obtain sufficient additional financing, it may have to curtail operations and development activities, any of which could harm the business, financial condition and results of operations.

Due to the factors described above, management has concluded that a material uncertainty exists that may cast significant doubt about the Company's ability to continue operating as a going concern and realize its

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

---

assets and settle its liabilities and commitments in the normal course of business. The financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Company be unable to achieve its plan and continue in business. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the classification of items in the consolidated statements of financial position. Such adjustments could be material.

## 2.3 BASIS OF MEASUREMENT

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following:

- financial instruments at fair value through profit or loss;
- equity share-based payment arrangements which are measured at fair value at grant date; and
- lease obligations, which are measured at the present value of minimum lease payments at lease inception.

## 2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The interim condensed consolidated financial statements are stated in Canadian dollars, which is the functional and presentation currency of Goodfood Market Corp.

## 2.5 SEASONALITY OF THE BUSINESS

The Company's net sales and expenses are impacted by seasonality. During the winter holiday season and summer season, the Company anticipates net sales to be lower as a higher proportion of customers elect to skip their delivery. 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES

---

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 September 3, 2022.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

---

The preparation of the Company's interim condensed consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses and accompanying disclosures. Uncertainty about these assumptions and estimates, including the current economic environment, could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. These assumptions and estimates are regularly reviewed. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the Company's annual audited consolidated financial statements for the year ended September 3, 2022.



# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

## 5. REORGANIZATION AND OTHER RELATED COSTS

	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
(Gains) charges related to facility closures <sup>(1)</sup>	\$ (5,588)	\$ 94	\$ (8,274)	\$ 126
Write-offs of non-financial assets	1,701	–	1,701	–
Net loss on disposal of non-financial assets	323	–	2,381	–
Employee termination and benefit costs	492	1,199	1,297	2,979
External advisor fees <sup>(2)</sup>	163	–	953	–
Other	140	–	292	–
	<b>\$ (2,769)</b>	<b>\$ 1,293</b>	<b>\$ (1,650)</b>	<b>\$ 3,105</b>

<sup>(1)</sup> For the 13 weeks ended and 26 weeks ended March 4, 2023, (gains) charges related to facility closures include gain on termination of leases amounting to \$7.3 million and \$10.5 million, respectively.

<sup>(2)</sup> External advisor fees consist of fees related to the Company's reorganization initiatives.

## 6. NET FINANCE COSTS

	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
Interest expense on debt	\$ 156	\$ 223	\$ 426	\$ 488
Interest expense on lease obligations	414	603	1,057	1,258
Interest expense on debentures, including accretion interest	967	283	1,834	446
Interest income	(231)	(73)	(493)	(212)
Foreign exchange loss (gain)	1	20	(44)	6
Fair value gain on interest rate swaps	–	–	–	(26)
Other finance costs	163	–	260	–
	<b>\$ 1,470</b>	<b>\$ 1,056</b>	<b>\$ 3,040</b>	<b>\$ 1,960</b>

## 7. RIGHT-OF-USE ASSETS

	Facilities	Automotive equipment	Other equipment	Total
As at September 3, 2022	\$ 54,527	\$ 475	\$ 417	\$ 55,419
Derecognition	(28,049)	–	–	(28,049)
Depreciation	(3,416)	(113)	(85)	(3,614)
<b>As at March 4, 2023</b>	<b>\$ 23,062</b>	<b>\$ 362</b>	<b>\$ 332</b>	<b>\$ 23,756</b>

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

## 8. DEBT

As at	March 4, 2023	September 3, 2022
<b>Interest-bearing financing:</b>		
Secured revolving facility, variable interest at BA <sup>(1)</sup> plus 4.50%, maturing in November 2023	\$ 600	\$ –
Secured term loan, variable interest at BA <sup>(1)</sup> plus 4.50%, maturing in November 2023	4,687	–
<b>Matured borrowings:</b>		
Secured term loan, variable interest at BA <sup>(1)</sup> plus 2.50%, maturing in November 2023	–	11,875
	\$ 5,287	\$ 11,875
Unamortized financing costs	(79)	(132)
	\$ 5,208	\$ 11,743
Current portion of debt	(5,208)	(11,743)
	\$ –	\$ –

<sup>(1)</sup> BA is defined as the Canadian Bankers' Acceptance Rate.

## CREDIT FACILITY 2022

During the second quarter ended March 4, 2023, the Company reached an agreement to amend the syndicated credit agreement (Credit Facility 2021) with its existing lenders providing bank financing of \$9.5 million. The facilities include a \$5.0 million term loan, a \$2.5 million revolving credit facility, and \$2.0 million in additional short-term financing. The facilities bear variable interest rates of BA plus 4.50% and mature in November 2023. The facilities feature updated financial conditions, including minimum cash balance and financing related covenants. The term loan is repayable in quarterly installments of \$313 thousand with a bullet repayment of the balance of \$4.1 million at the end of the term in November 2023. The revolving facility matures in November 2023. As at March 4, 2023, \$0.6 million of the revolving facility was drawn. The total drawn credit facility is presented as a current liability.

## 9. CONVERTIBLE DEBENTURES

### 2023 Debentures

On February 6, 2023, the Company issued 12,675 convertible unsecured subordinated debentures (the "2023 Debentures") at a price of \$1,000 per Debenture for gross proceeds of \$12.7 million. The 2023 Debentures mature on February 6, 2028 (the "Maturity Date") and bear a fixed interest rate of 12.5% per annum. The interest portion for the period commencing on the issuance date and ending in February 2025 will be capitalized semi-annually and convertible at a price equal to the volume weighted average trading price of the Common Shares on the TSX for the five (5) consecutive trading days ending on the date on which such interest portion becomes due, plus a premium of 50%. As of February 6, 2025 and until the Maturity Date, the interest portion will be payable semi-annually in cash.

The 2023 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 price of \$0.75 (the "Conversion Price") per common share.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

As of February 6, 2026, Goodfood may repurchase the non-converted portion of a 2023 Debenture at an amount of the principal and accrued interest plus an amount providing the holder with an internal rate of return (IRR) equal to 18% for the period during which such Debenture will have been outstanding. The holders may require a repurchase on the same terms upon a change of control of the Company.

The 2023 Debentures are direct, subordinated unsecured obligations of the Company, subordinated to any senior indebtedness of the Company, including the Company's credit facility, and ranking equally with one another and with all other existing and future subordinated unsecured indebtedness of the Company to the extent subordinated on the same terms.

The conversion option, net of related issuance costs and deferred income taxes, has been recorded in shareholders' equity for an amount of \$0.2 million. Factoring in the 2023 Debentures issuance costs, the effective interest rate on the Debentures is 13.6%.

In connection with the issuance of the 2023 Debentures, 2,675 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.

The following table summarizes the continuity of the Company's total Debentures for the 26 weeks ended:

	March 4, 2023	September 3, 2022
Convertible debentures, liability component balance, beginning of period	\$ 27,469	\$ 5,623
Net proceeds from issuance of the Debentures <sup>(1) (2)</sup>	11,917	22,048
Accretion interest	858	901
Conversion of the Debentures	(176)	(1,103)
<b>Convertible debentures, liability component balance, end of period</b>	<b>\$ 40,068</b>	<b>\$ 27,469</b>

<sup>(1)</sup> For Fiscal 2023 issued convertible debentures, issuance costs attributable to the liability component amounts to \$0.5 million. Net proceeds of \$0.2 million, including \$0.1 million of deferred income taxes, were recorded as the equity component.

<sup>(2)</sup> For Fiscal 2022 issued convertible debentures, issuance costs attributable to the liability component amounts to \$1.5 million. Net proceeds of \$4.5 million, including \$0.4 million of issuance costs and \$1.6 million of deferred income taxes, were recorded as the equity component.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

The following summarizes convertible debentures for the 13 and 26 weeks ended March 4, 2023 and March 5, 2022:

	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
Reclassification from Convertible debentures liability component to common shares	\$ –	\$ –	\$ 176	\$ 514
Reclassification from Convertible debentures equity component to common shares	–	–	20	132
Deferred income tax expense recognized upon Debentures conversion	–	–	11	27
Deferred income tax recovery recognized upon Debentures issuance	72	1,559	72	1,559
<i>In number of debentures or common shares</i>				
Number of debentures converted	–	–	210	620
Number of common shares issued from converted debentures	–	–	45,652	131,910
Total number of outstanding Debentures, end of period <sup>(1)</sup>	47,953	36,232	47,953	36,232

## 10. LEASE OBLIGATIONS

The following table summarizes the continuity of the Company's lease obligations as at:

	March 4, 2023	September 3, 2022
Balance, beginning of period	\$ 69,209	\$ 73,111
Additions and lease modifications	–	24,615
Derecognition	(38,606)	(22,302)
Payment of lease obligations	(3,952)	(9,259)
Interest expense on lease obligations	1,057	3,044
<b>Balance, end of period</b>	<b>\$ 27,708</b>	<b>\$ 69,209</b>

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

The following table summarizes the contractual undiscounted cash flows from lease obligations:

As at	March 4, 2023	September 3, 2022
Less than one year	\$ 5,319	\$ 11,024
One to five years	18,696	40,807
More than 5 years	6,941	27,942
Total undiscounted lease obligations	\$ 30,956	\$ 79,773
<b>Lease obligations balance, end of period</b>	<b>\$ 27,708</b>	<b>\$ 69,209</b>
Current portion	\$ 4,284	\$ 8,468
Non-current portion	\$ 23,424	\$ 60,741

## 11. SHAREHOLDERS' EQUITY

### COMMON SHARES

The Company is authorized to issue an unlimited number of no-par value common shares.

The movements in common shares were as follows for the 26 weeks periods ended:

	March 4, 2023		March 5, 2022	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Balance, beginning of period	75,233,023	\$ 173,788	74,647,547	\$ 170,094
Debenture conversions (Note 9)	45,652	196	131,910	618
Exercise of stock options	–	–	161,707	726
Purchased and held in trust through employee share purchase plan	(98,647)	(58)	(46,237)	(249)
Restricted share units vested	1,216,843	5,397	112,465	1,295
Employee share purchase vested	5,371	2	3,499	9
<b>Balance, end of period</b>	<b>76,402,242</b>	<b>\$ 179,325</b>	<b>75,010,891</b>	<b>\$ 172,493</b>

### INCOME (LOSS) PER SHARE

For the periods ended	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
Basic weighted average number of common shares outstanding	76,247,164	74,990,082	75,753,539	74,907,916
Dilutive effect of restricted share units	583,050	–	–	–
Diluted weighted average number of common shares outstanding	76,830,214	74,990,082	75,753,539	74,907,916

Issued shares from the exercise of stock options, Debenture conversions and share issuance are weighted from the transaction date. The purchase of common shares to fund the employee share purchase plan is weighted from the transaction date.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

For the 13 weeks ended March 4, 2023, the diluted income per share calculation did not take into consideration the potential dilutive effect of the stock options, unvested shares in connection with the employee share purchase plan and the Debentures conversion option as they are not dilutive.

For the 26 weeks ended March 4, 2023, the diluted loss per share calculation did not take into consideration the potential dilutive effect of the stock options, restricted share units, unvested shares in connection with the employee share purchase plan and the Debentures conversion option as they are not dilutive.

For the 13 and 26 weeks ended March 5, 2022, the diluted loss per share calculation did not take into consideration the potential dilutive effect of the stock options, restricted share units, unvested shares in connection with the employee share purchase plan and the Debentures conversion option as they are not dilutive.

## 12. SHARE-BASED PAYMENTS

The Company's share-based payment plans consist of a stock option plan, a restricted share unit plan and an employee share purchase plan.

### STOCK OPTION PLAN

A stock option plan (the "Stock Option Plan") was established by the Company to attract and retain employees, consultants, officers and directors of the Company. The Stock Option Plan provides for the granting of 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 Stock Option Plan, stock options generally vest over a period of three or four years and expire eight years from the grant date.

1,044,055 stock options were granted during the 26 weeks ended March 4, 2023 (March 5, 2022 – 979,912) and had a weighted average fair value of \$0.27 per option, using the Black-Scholes option pricing model with the following weighted-average assumptions for the 26 weeks ended:

	March 4, 2023	March 5, 2022 <sup>(1)</sup>
Volatility	64%	58%
Risk-free interest rate	3.00%	1.54%
Expected life of options	4.8 years	4.8 years
Common share value at grant date	\$ 0.50	\$ 4.72
Weighted average exercise price	\$ 0.50	\$ 4.72

<sup>(1)</sup> Included in the stock options granted during the 26 weeks ended March 5, 2022 were 173,595 options granted to settle short-term incentive compensation for certain employees.

During the 13 and 26 weeks ended March 4, 2023, an expense, including fringe benefits, of \$0.2 million and \$0.7 million, respectively (March 5, 2022 – \$0.5 million and \$1.0 million) was recorded in selling, general and administrative expenses in the interim condensed consolidated statements of income (loss) in relation to the Stock Option Plan.

### RESTRICTED SHARE UNIT PLAN

The Company granted to Participants a number of restricted share units ("RSUs") based on the volume weighted average trading price of the common shares for the five days immediately preceding the grant date. The expense in relation to the RSU Plan is measured at the fair value of the underlying RSU at the grant date and is expensed over the award's vesting period. 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

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

common shares, less any shares reserved for issuance under the Stock Option Plan. The RSUs are time-based awards and one third of the amount of RSUs granted will vest upon the continuous employment of the Participants on each of the anniversaries of the RSU grant, over a period of three years starting from the date of the grant or such other period not exceeding three years as determined by the Board.

Pursuant to the terms of the RSU Plan, Participants will receive, upon vesting of the RSUs, common shares of the Company issued from treasury.

1,652,395 RSUs were granted during the 26 weeks ended March 4, 2023 (March 5, 2022 – 2,391,829 RSUs granted) and had a weighted average trading price for the five days immediately preceding the grant date of \$0.44 per unit (March 5, 2022 – \$4.60).

During the 13 and 26 weeks ended March 4, 2023, an expense of \$0.6 million and \$2.4 million respectively (March 5, 2022 – \$1.5 million and \$2.3 million) was recorded in selling, general and administrative expense in the interim condensed consolidated statements of income (loss) in relation to the RSU Plan.

## 13. SUPPLEMENTAL CASH FLOW INFORMATION

The following summarizes the net changes in non-cash items related to operating working capital:

For the periods ended	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
Accounts and other receivables	\$ (256)	\$ 254	\$ 200	\$ 1,861
Inventories	831	1,723	2,946	1,818
Other current assets	47	135	177	(21)
Accounts payable and accrued liabilities	(5,122)	(1,172)	(9,258)	(6,594)
Deferred revenues	(4)	170	373	1,582
	\$ (4,504)	\$ 1,110	\$ (5,562)	\$ (1,354)

The following transactions had no cash impact for the 13 and 26 weeks ended:

For the periods ended	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
<b>Investing activities</b>				
Unpaid fixed assets additions	\$ –	\$ 3,056	\$ –	\$ 3,056
Unpaid intangible assets additions	–	436	–	436
Capitalized depreciation on right-of-use assets and interest expense on lease obligations included in assets under construction additions	–	594	–	1,921
<b>Financing activities</b>				
Unpaid debenture issue costs	\$ 153	\$ 394	\$ 153	\$ 394

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – March 4, 2023  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

The following had a cash impact in the net cash generated from operating activities for the 13 and 26 weeks ended:

For the periods ended	13 weeks		26 weeks	
	March 4, 2023	March 5, 2022	March 4, 2023	March 5, 2022
<b>Operating activities</b>				
Payments related to discontinuance of products related to on-demand offering	\$ 127	\$ –	\$ 127	\$ –
Payments made to reorganization and other related costs	2,576	–	4,694	–

## 14. FINANCIAL INSTRUMENTS

Goodfood has determined that the fair value of cash and cash equivalents, accounts and other receivables and accounts payable and accrued liabilities approximate their respective carrying amounts at the consolidated statement of financial position date, due to the short-term maturity of those instruments.

Goodfood determined that the fair value of its debt approximates its carrying amount as it is short-term and it bears a variable interest rate at BA plus 4.50% which is a similar market interest rate for financial instruments with similar terms and risks.

The Company determined the valuation of its Debentures at issuance using Level 3 inputs. As at March 4, 2023, the Company determined that the fair value of its Debentures was \$12.8 million which was determined based on market trading value.