

Interim Condensed Consolidated Financial Statements of

**GOODFOOD MARKET CORP.**

For the 39 weeks ended June 1, 2024 and June 3, 2023

(Unaudited)

# GOODFOOD MARKET CORP.

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# 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		39 weeks ended	
		June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Net sales		\$ 38,561	\$ 42,139	\$ 118,775	\$ 131,330
Cost of goods sold		21,612	24,853	68,788	80,171
Gross profit		16,949	17,286	49,987	51,159
Selling, general and administrative expenses		13,700	14,545	42,081	52,074
Reorganization and other related costs (gains)	5	–	370	(1,361)	(1,280)
Depreciation and amortization		1,729	2,206	5,502	8,831
Operating income (loss)		1,520	165	3,765	(8,466)
Net finance costs	6	1,213	1,329	4,038	4,369
Income (loss) before income taxes		307	(1,164)	(273)	(12,835)
Deferred income tax recovery		–	–	–	(61)
<b>Net income (loss), being comprehensive income (loss)</b>		<b>\$ 307</b>	<b>\$ (1,164)</b>	<b>\$ (273)</b>	<b>\$ (12,774)</b>
Basic and diluted income (loss) per share		\$ –	\$ (0.02)	\$ –	\$ (0.17)
Basic weighted average number of common shares outstanding	9	77,061,424	76,429,109	76,831,910	75,978,729
Diluted weighted average number of common shares outstanding	9	78,248,306	76,429,109	76,831,910	75,978,729

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	June 1, 2024	September 2, 2023
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents		\$ 26,201	\$ 24,925
Accounts and other receivables		2,608	4,136
Inventories		3,412	3,281
Other current assets		465	366
		<b>32,686</b>	<b>32,708</b>
<b>Non-current assets:</b>			
Fixed assets		8,411	11,026
Right-of-use assets		7,418	10,986
Intangible assets		2,151	2,776
Lease receivable		3,175	–
Other non-current assets		269	312
<b>Total assets</b>		<b>\$ 54,110</b>	<b>\$ 57,808</b>
<b>Liabilities and Shareholders' Deficiency</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		\$ 16,363	\$ 17,993
Deferred revenues		3,630	4,105
Debt	7	1,450	4,036
Current portion of lease obligations		2,949	2,862
		<b>24,392</b>	<b>28,996</b>
<b>Non-current liabilities:</b>			
Convertible debentures	8	44,384	41,752
Lease obligations		8,464	10,502
<b>Total liabilities</b>		<b>77,240</b>	<b>81,250</b>
<b>Shareholders' deficiency:</b>			
Common shares	9	181,440	180,369
Contributed surplus		7,523	8,009
Convertible debentures	8	5,367	5,367
Deficit		(217,460)	(217,187)
<b>Total shareholders' deficiency</b>		<b>(23,130)</b>	<b>(23,442)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 54,110</b>	<b>\$ 57,808</b>

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

Approved on behalf of Goodfood Market Corp. by:

Signed \_\_\_\_\_  
Jonathan Ferrari, Director and  
Chair of the Board

Signed \_\_\_\_\_  
Donald Olds, Director and  
Chair of the Audit Committee

# GOODFOOD MARKET CORP.

## Interim Condensed Consolidated Statements of Changes in Deficiency

(In thousands of Canadian dollars - Unaudited)

### For the 39 weeks ended

		June 1, 2024				
	Note	Common Shares	Contributed Surplus	Convertible Debentures	Deficit	Total
Balance as at						
September 2, 2023		\$ 180,369	\$ 8,009	\$ 5,367	\$ (217,187)	\$ (23,442)
Net loss for the period		–	–	–	(273)	(273)
Share-based payments expense		–	635	–	–	635
Restricted share units vested	9	1,118	(1,118)	–	–	–
Employee share purchase plan	9	(47)	(3)	–	–	(50)
<b>Balance as at</b>						
<b>June 1, 2024</b>		<b>\$ 181,440</b>	<b>\$ 7,523</b>	<b>\$ 5,367</b>	<b>\$ (217,460)</b>	<b>\$ (23,130)</b>

		June 3, 2023				
Balance as at						
September 3, 2022		\$ 173,788	\$ 10,584	\$ 5,174	\$ (200,724)	\$ (11,178)
Net loss for the period		–	–	–	(12,774)	(12,774)
Share-based payments expense		–	3,627	–	–	3,627
Net convertible debentures issuance	8, 9	–	–	202	–	202
Net convertible debentures conversions	8, 9	196	–	(9)	–	187
Restricted share units vested	9	6,083	(6,083)	–	–	–
Employee share purchase plan	9	(71)	(3)	–	–	(74)
Balance as at						
June 3, 2023		\$ 179,996	\$ 8,125	\$ 5,367	\$ (213,498)	\$ (20,010)

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		39 weeks	
		June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
<b>Operating:</b>					
Net income (loss)		\$ 307	\$ (1,164)	\$ (273)	\$ (12,774)
Adjustments for:					
Depreciation and amortization		1,729	2,206	5,502	8,831
Reversal of impairment of non-financial assets	5	–	–	(981)	–
Net (gains) loss on disposal of non-financial assets	5	–	(20)	(662)	2,363
Gain on termination of leases	5	–	(1,580)	–	(12,137)
Write-offs of non-financial assets	5	–	23	–	1,724
Share-based payments expense		305	538	634	3,627
Net finance costs	6	1,213	1,329	4,038	4,369
Deferred income tax recovery		–	–	–	(61)
Change in non-cash operating working capital	11	933	1,502	156	(4,060)
Other		12	266	12	726
<b>Net cash provided by (used in) operating activities</b>		<b>4,499</b>	<b>3,100</b>	<b>8,426</b>	<b>(7,392)</b>
<b>Investing:</b>					
Additions to fixed assets		(12)	(9)	(44)	(698)
Additions to intangible assets		(167)	(202)	(413)	(822)
Proceeds from disposal of non-financial assets		–	–	–	2,629
Interest received		275	305	839	798
<b>Net cash provided by investing activities</b>		<b>96</b>	<b>94</b>	<b>382</b>	<b>1,907</b>
<b>Financing:</b>					
Net (issue costs) proceeds from issuance of convertible debentures	8	–	(73)	–	12,271
Net repayment of debt	7	(313)	(913)	(2,614)	(8,101)
Net proceeds from revolving facility		–	–	–	600
Interest paid		(1,260)	(1,362)	(2,873)	(4,307)
Payments of lease obligations		(516)	(608)	(2,016)	(3,503)
Shares purchased under employee share purchase plan		(17)	(12)	(50)	(70)
Other		–	26	21	78
<b>Net cash used in financing activities</b>		<b>(2,106)</b>	<b>(2,942)</b>	<b>(7,532)</b>	<b>(3,032)</b>
Increase (decrease) in cash and cash equivalents		2,489	252	1,276	(8,517)
Cash and cash equivalents, beginning of period		23,712	28,116	24,925	36,885
<b>Cash and cash equivalents, end of period</b>		<b>\$ 26,201</b>	<b>\$ 28,368</b>	<b>\$ 26,201</b>	<b>\$ 28,368</b>
Supplemental cash flow information	11				

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 – June 1, 2024  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

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## 1. REPORTING ENTITY

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Goodfood Market Corp. is a digital meal solutions brand in Canada, delivering fresh meals 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 subsidiary on a consolidated basis.

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's main production facility and administrative offices are based in Montreal, Québec, with additional locations in the provinces of Ontario and Alberta.

## 2. BASIS OF PREPARATION

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### 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 the disclosures required for annual consolidated financial statements prepared in accordance with IFRS Accounting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended September 2, 2023.

These interim condensed consolidated financial statements of the Company were approved by the Board of Directors ("Board") on July 15, 2024 for publication on July 16, 2024.

### 2.2 BASIS OF MEASUREMENT

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

- 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.

### 2.3 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.

### 2.4 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 or very cold weather, the Company anticipates packaging costs to be higher due to the additional packaging required to maintain food freshness and quality.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – June 1, 2024  
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## 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 2, 2023.

## 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 2, 2023.

## 5. REORGANIZATION AND OTHER RELATED COSTS (GAINS)

	13 weeks		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Reversal of impairment of non-financial assets	\$ –	\$ –	\$ (981)	\$ –
Gains related to facility closures	–	(23)	–	(8,297)
(Recovery) write-offs of non-financial assets	–	(73)	–	1,628
Net loss on disposal of non-financial assets	–	77	–	2,459
Employee termination and benefit costs	–	379	–	1,676
External advisor fees	–	(8)	–	945
Other	–	18	(380)	309
	\$ –	\$ 370	\$ (1,361)	\$ (1,280)

In Fiscal 2022, as a result of the Company's reorganization plan, the Company decided to close several facilities as well as to shut down its on-demand grocery product offering. Consequently, the Company performed an impairment test of its non-financial assets and recorded an impairment charge on fixed assets, right-of-use assets and intangible assets.

In the second quarter of Fiscal 2024, the Company subleased a facility as well as leased fixed assets included in this facility that were previously impaired. As a result, the Company recalculated the recoverable amount of this cash-generating unit (CGU), which exceeded the carrying value of the CGU, and reversed a previously recorded impairment charge for an amount of \$1.0 million. As a result, a lease receivable was recorded in the amount of \$3.5 million on the consolidated balance sheet.



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Notes to the Interim Condensed Consolidated Financial Statements – June 1, 2024  
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When determining the recoverable amount using the value-in-use (VIU) of its leased facility and the fixed assets included in the facility, the Company used a discounted cash flow model including the agreed upon lease terms. In addition, the discount rate employed for each cash flow projection was determined to be 8.5% based on capitalization rates according to the market in which the facility is located.

## 6. NET FINANCE COSTS

	13 weeks		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Interest expense on debt	\$ 45	\$ 112	\$ 223	\$ 538
Interest expense on lease obligations	193	229	547	1,285
Interest expense on debentures, including accretion interest	1,416	1,311	4,155	3,144
Interest income	(384)	(305)	(948)	(798)
Foreign exchange loss (gain)	8	–	23	(45)
Other finance (gains) costs	(65)	(18)	38	245
	\$ 1,213	\$ 1,329	\$ 4,038	\$ 4,369

## 7. DEBT

During the first quarter of Fiscal 2024, the Company reached an agreement to amend and extend the syndicated credit agreement with its existing lenders providing bank financing of \$4.8 million. The facilities include a \$2.1 million term loan, a \$1.3 million revolving credit facility, and \$1.4 million in additional short-term financing. The facilities bear variable interest rates of prime rate plus 3.00% and mature in November 2024. The term loan is repayable in quarterly installments of \$0.3 million with a bullet repayment of the balance of \$0.8 million at the end of the term in November 2024. As at June 1, 2024, no amount was drawn from the revolving facility. The total drawn credit facility is presented as a current liability.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – June 1, 2024  
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## 8. CONVERTIBLE DEBENTURES

The following table summarizes the continuity of the Company's Debentures:

	June 1, 2024	September 2, 2023
Convertible debentures, liability component balance, beginning of period	\$ 41,752	\$ 27,469
Net proceeds from issuance of the Debentures	–	11,970
Accretion interest	2,632	2,489
Conversion of the Debentures	–	(176)
<b>Convertible debentures, liability component balance, end of period</b>	<b>\$ 44,384</b>	<b>\$ 41,752</b>

The following summarizes convertible debentures for the 13 and 39 weeks ended June 1, 2024 and June 3, 2023:

	13 weeks		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Reclassification from Convertible debentures liability component to common shares	\$ –	\$ –	\$ –	\$ 176
Reclassification from Convertible debentures equity component to common shares	–	–	–	20
Deferred income tax expense recognized upon Debentures conversion	–	–	–	11
Deferred income tax recovery recognized upon Debentures issuance	–	–	–	72
<i>In number of debentures or common shares</i>				
Number of debentures converted	–	–	–	210
Number of common shares issued from converted debentures (Note 9)	–	–	–	45,652
<b>Total number of outstanding Debentures, end of period</b>	<b>47,953</b>	<b>47,953</b>	<b>47,953</b>	<b>47,953</b>

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – June 1, 2024  
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## 9. 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 39 weeks ended:

	June 1, 2024		June 3, 2023	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Balance, beginning of period	76,525,507	\$ 180,369	75,233,023	\$ 173,788
Debenture conversions (Note 8)	–	–	45,652	196
Purchased and held in trust through employee share purchase plan	(159,470)	(50)	(144,392)	(73)
Restricted share units vested	775,582	1,118	1,345,337	6,083
Employee share purchase vested	20,766	3	8,476	2
<b>Balance, end of period</b>	<b>77,162,385</b>	<b>\$ 181,440</b>	<b>76,488,096</b>	<b>\$ 179,996</b>

### INCOME (LOSS) PER SHARE

For the periods ended	13 weeks		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Basic weighted average number of common shares outstanding	77,061,424	76,429,109	76,831,910	75,978,729
Dilutive effect of restricted share units and stock options <sup>(1)</sup>	1,186,882	–	–	–
Diluted weighted average number of common shares outstanding	78,248,306	76,429,109	76,831,910	75,978,729

(1) Includes 1,173,042 shares related to restricted share units.

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.

For the 13 weeks ended June 1, 2024, the diluted income per share calculation did not take into consideration the potential dilutive effect of unvested shares in connection with the employee share purchase plan and the Debentures conversion option as they are not dilutive.

For the 13 weeks ended June 3, 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 39 weeks ended June 1, 2024 and June 3, 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.

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – June 1, 2024  
(All tabular amounts are in thousands of Canadian dollars, except share information – Unaudited)

## 10. SHARE-BASED PAYMENTS

### RESTRICTED SHARE UNIT PLAN (RSU)

2,869,916 RSUs were granted during the 39 weeks ended June 1, 2024 (June 3, 2023 – 2,054,907 RSUs granted) and had a weighted average trading price for the five days immediately preceding the grant date of \$0.30 per unit (June 3, 2023 – \$0.47).

## 11. 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		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Accounts and other receivables	\$ 1,166	\$ (705)	\$ 1,941	\$ (505)
Inventories	72	387	(131)	3,333
Other current assets	282	427	(81)	604
Accounts payable and accrued liabilities	(167)	1,540	(1,098)	(7,718)
Deferred revenues	(420)	(147)	(475)	226
	\$ 933	\$ 1,502	\$ 156	\$ (4,060)

The following transactions had no cash impact for the 13 and 39 weeks ended:

For the periods ended	13 weeks		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
<b>Financing activities</b>				
Unpaid debenture issue costs	\$ –	\$ 28	\$ –	\$ 28

The following had a cash impact in the net cash generated from operating activities for the 13 and 39 weeks ended:

For the periods ended	13 weeks		39 weeks	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
<b>Operating activities</b>				
Payments related to discontinuance of products related to on-demand offering	\$ –	\$ 184	\$ –	\$ 312
Payments made to reorganization and other related costs	47	1,058	736	5,752

# GOODFOOD MARKET CORP.

Notes to the Interim Condensed Consolidated Financial Statements – June 1, 2024  
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## 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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Goodfood has determined that the fair value of cash and cash equivalents, accounts and other receivables, and accounts payable and accrued liabilities approximates their respective carrying amounts at the consolidated statements 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 bears a variable interest rate at prime rate plus 3.00% 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 June 1, 2024, the Company determined that the fair value of its Debentures approximates \$27.5 million which was determined based on market trading value for 2025 Debentures and 2027 Debentures and market conditions for 2028 Debentures.

### 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.

The Company monitors its risk of shortage of funds by monitoring forecasted and actual cash flows and maturity dates of existing financial liabilities and commitments and is actively managing its capital to ensure a sufficient liquidity position to finance its general and administrative, working capital and overall capital expenditures.

In order to manage its liquidity risk, the Company constantly reviews its operations and overall business to drive efficiencies to form the basis for positive cash flow and long-term profitable growth. The Company expects to have sufficient liquidities in order to repay its credit facilities when they become due in November 2024 should they not be renewed.

This assessment could be affected by economic, financial and future competitive factors, and other future events that are beyond the control of the Company. Management's liquidity assessment could be impacted if the actual operational performance is lower than the one used in the forecasted cash flows.