Management's Discussion and Analysis of

GOODFOOD MARKET CORP.

For the 14 weeks and 53 weeks ended September 7, 2024

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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 subsidiary (the "Company" or "Goodfood") for the 14 weeks and 53 weeks ended September 7, 2024 and should be read in conjunction with its audited annual consolidated financial statements and the accompanying notes for the 53 weeks ended September 7, 2024. Please also refer to Goodfood's press release announcing its results for the 14 and 53 weeks ended September 7, 2024, issued on November 27, 2024. Quarterly reports, the Annual Report, and the Annual Information Form can be found on SEDAR+ at www.sedarplus.ca 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 annual audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the financial information herein was derived from those statements.

The Company follows a floating year-end ending on the first Saturday of September each year. As a result, the fiscal year is usually 52 weeks with a 53rd week every five to six years. The year ended September 7, 2024 had 53 weeks and the year ended September 2, 2023 had 52 weeks. The additional week occurred in the fourth quarter of Fiscal 2024.

During Fiscal 2023, the Company completed its cost reduction initiatives. The cost-saving initiatives consisted of a review of its operations and overall business to drive efficiencies, return the Company to positive adjusted EBITDA[1] and to form the basis for the path to consistent positive cash flow and long-term profitable growth.

All amounts herein are expressed in Canadian dollars unless otherwise indicated. Certain totals, subtotals and percentages may not agree due to rounding.

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

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 November 27, 2024, unless otherwise noted.

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

KEY FINANCIAL HIGHLIGHTS

This section provides a summary of our financial performance for the Fiscal 2024 and fourth quarter compared to the same period in 2023. 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 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 FISCAL 2024 COMPARED TO FISCAL 2023

- Net sales were $152.8 million, a 9% decrease from $168.6 million compared to the same period last year.
- Gross margin[1] grew to 41.2%, an increase of 2.4 percentage points and gross profit of $63.0 million decreased by $2.4 million or 4% compared to the same period last year.
- Net loss was $3.4 million, an improvement of $13.0 million, compared to a net loss of $16.5 million in the same period last year.
- Adjusted EBITDA margin[2] was 5.9%, an improvement of 3.1 percentage points compared to the same period last year.
- Net cash flows provided by operating activities were $7.5 million, compared to net cash flows used in operating activities of $9.4 million, an improvement of $16.8 million compared to the same period last year.
- Adjusted free cash flow[2] is $7.6 million compared to a negative $4.5 million, an improvement of $12.1 million compared to the same period last year.

HIGHLIGHTS OF THE FOURTH QUARTER OF 2024 COMPARED TO THE FOURTH QUARTER OF 2023

- Net sales were $34.1 million, an 8% decrease from $37.2 million compared to the same quarter last year.
- Gross margin[1] of 38.1%, an increase of 0.1 percentage points and gross profit totalled $13.0 million, a decrease of $1.2 million or 8.6% compared to the same quarter last year.
- Net loss was $3.2 million, an improvement of $0.5 million from $3.7 million compared to the same quarter last year.
- Adjusted EBITDA margin[2] was 1%, a decrease of 0.4 percentage points compared to the same quarter last year.
- Net cash flows used from operating activities were $0.9 million, an improvement of $1.0 million compared to the same quarter last year.
- Adjusted free cash flow[2] was negative $1.1 million, flat compared to the same quarter last year.
- Active customers[2] of 101,000, a 13% decrease, compared to 116,000 for the same quarter last year.

[1] Gross margin is defined as gross profit divided by net sales.

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

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. Forward-looking statements made by the Company in this MD&A include, without limitation, statements about runway for additional penetration of meal kits into Canadian households, enhancing order frequency, the upcoming launch of customization within the Company's meal-kit recipes, the Company's sustainability initiatives, future growth avenues including acquisitions and future food costs. 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 53 weeks ended September 7, 2024 available on SEDAR+ at www.sedarplus.ca and under the "Events and Presentations" section of our website at www.makegoodfood.ca/en/investors: history of negative operating cash flow, food industry including current industry inflation levels, indebtedness and impact upon financial condition, future capital requirements, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood's reputation, social media, 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, fulfillment centres and logistics channels, factors which may prevent realization of growth targets, general economic conditions and disposable income levels, competition, availability and quality of raw materials, environmental and employee health and safety regulations online security breaches and disruptions, reliance on data centers, open source license compliance, operating risk and insurance coverage, management of growth, limited number and scope of products, conflicts of interest, litigation, food costs and availabilities, catastrophic events, risks associated with payments from customers and third parties, being accused of infringing intellectual property rights of others, climate change and environmental risks, failing to obtain or lose our certified B Corp status, as well as an inability to maintain high social responsibility standards could lead to reputational damage and adversely affect our business and Environment, Social and Governance ("ESG") matters. 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, as well as customer demand.

Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

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.

In the first quarter of Fiscal 2024, the Company ceased the review of its total net (debt) cash and the total net (debt) cash to total capitalization non-IFRS measures. The Company believes the measures no longer represent the best measures used by the Company to assess cash flow profitability and financial leverage considering that its debt balance was significantly reduced in the last year with its amended credit facilities. In the fourth quarter of Fiscal 2024, the Company added the total net debt to adjusted EBITDA non-IFRS measure to provide further information on its financial leverage in relation to its profit performance. Furthermore, in Fiscal 2023, the Company added the free cash flow and adjusted free cash flow non-IFRS measures to assess its financial strength and liquidity as well as to assess how much cash is generated and available to invest in growth opportunities, to finance its ongoing operations and to service its debt. These new measures are more closely related to the Company's profitability.

Metrics	Definitions
Active customers	An active customer is a customer that has placed an order within the last three months. 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.
Adjusted gross profit **&** **Adjusted gross margin**	Adjusted gross profit is defined as gross profit excluding the impact of the discontinuance of products related to Goodfood On-Demand offering pursuant to the Company's costs saving initiatives. Adjusted gross margin is defined as the percentage of adjusted gross profit to net sales. The Company uses adjusted gross profit and adjusted gross margin to measure its performance from one period to the next excluding the variation caused by the items described above. Adjusted gross profit and adjusted gross margin are non-IFRS financial measures. We believe that these metrics are useful measures of financial performance to assess how efficiently the Company uses its resources to service its customers as well as to assess underlying trends in our ongoing operations without the variations caused by the impacts of strategic initiatives such as the items described above and facilitates the comparison across reporting periods. 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.
EBITDA, **Adjusted EBITDA** **&**	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, the impact of the inventories write-downs due to the discontinuance of products related to Goodfood On-Demand offering, impairment and reversal of impairment of non-financial assets and reorganization and other related (gains) costs pursuant to the Company's costs saving initiatives as well as other costs incurred in pursuit of acquisitions. 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

Adjusted EBITDA margin	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 debt. They also allow comparisons between companies with different capital structures. We also believe that these metrics are useful measures of financial performance to assess underlying trends in our ongoing operations without the variations caused by the impacts of the items described above and facilitates the comparison across reporting periods. 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.
Free cash flow & Adjusted free cash flow	Free cash flow is defined as net cash provided by or used in operating activities less additions to fixed assets and additions to intangible assets. This measure allows the Company to assess its financial strength and liquidity as well as to assess how much cash is generated and available to invest in growth opportunities, to finance its ongoing operations and to service its debt. It also allows comparisons between companies with different capital structures. Adjusted free cash flow is defined as free cash flow excluding cash payments made to costs related to reorganization activities as well as other costs incurred in pursuit of acquisitions. We believe that adjusted free cash flow is a useful measure when comparing between companies with different capital structures by removing variations caused by the impacts of the items described above. We also believe that this metric is a useful measure of financial and liquidity performance to assess underlying trends in our ongoing operations without the variations caused by the impacts of the items described above and facilitates the comparison across reporting periods. 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 net debt to adjusted EBITDA (also named net leverage)	Total net debt to adjusted EBITDA is calculated as total net debt divided by the last four quarters adjusted EBITDA. Total net debt consists of debt and the liability component of the convertible debentures less cash and cash equivalents. We believe that total net debt to adjusted EBITDA is a useful metric to assess its ability to manage debt and liquidity. Please refer to the "Liquidity and Capital Resources" section of the MD&A for a reconciliation of this non-IFRS financial measure to the most comparable IFRS financial measures.

COMPANY OVERVIEW

WHO WE ARE AND OUR VISION

Goodfood (TSX: FOOD) is a leading digitally native 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. The Goodfood team is building Canada's most loved millennial food brand, with the mission to create experiences that spark joy and help our community live longer on a healthier planet. Goodfood customers have access to uniquely fresh and delicious products, as well as exclusive pricing, made possible by its world-class culinary team and direct-to-consumer infrastructures and technology. Goodfood is passionate about connecting its partner farms and suppliers to its customers' kitchens while eliminating 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 Ontario and Alberta.

Together, our Montreal and Calgary facilities serve the whole of Canada, aligned with our go-forward strategy centered around building the Goodfood brand through our weekly meal plans and add-ons nationally, providing Goodfood branded grocery and ready-to-eat products, as well as increasing flexibility and access to our products over time.

The following table provides a summary of our operating locations as at November 26, 2024:

	Total number of locations	Administrative offices	Manufacturing centres	Fulfillment facilities
Greater Montreal Area (Québec)	1	X	X	X
Greater Toronto Area (Ontario)	2	X		X
Calgary (Alberta)	1		X	X

FINANCIAL OUTLOOK

Goodfood's core purpose is to create experiences that spark joy and help our community live longer on a healthier planet. As a food brand with a strong following from Canadians coast to coast, we are focused on growing the Goodfood brand through our meal solutions including meal kits and prepared meals, with a range of exciting Goodfood branded add-ons to complete a unique food experience for customers.

We believe there is runway for additional penetration of meal kits into Canadian households, as evidenced by 2024 industry research estimating Canadian meal kit household penetration to reach 4.2% by 2029 (up from current 3.5%), implying a compound annual gross rate (CAGR) in the high single digit percentage points through 2029 (See Goodfood's 2024 Annual Information Form for additional information and details).

Before scaling our efforts to endeavour to capture an outsized share of the Canadian meal solutions market, our focus has been and continues to be on further improving and growing cash flows. We are pleased to have now reported seven consecutive quarters of positive adjusted EBITDA[1], which on a last four quarters basis amounts to $9.1 million. The substantial rise in adjusted EBITDA[1] has led to significant adjusted free cash flow[1] improvement which has now been positive in four of our last six quarters. These results help position Goodfood to fund its growth with internally generated cash flows.

To grow our customer base, we first aimed to build customer acquisition cost efficiencies. We have also made and continue to make investments in our digital product to elevate the customer experience by reducing friction and enhancing ease of use. Combined with reactivations of previous Goodfood members, these initiatives have driven a double-digit percentage reduction of our customer acquisition costs year-over-year and improved the profitability and unit economics of customers.

To capture more of Canadian's food wallet, we have increasingly enhanced product variety as a driver of order frequency. In addition to launching our VIP program, which rewards high-frequency customers, we have increased the diversity of our recipe and ingredient offering to provide additional choices to enhance order rate. With a focus on *Better-for-You* products like organic chicken breasts, organic lean ground beef, bison, sustainably raised steelhead trout, ground turkey and paleo and keto meals, combined with exciting partnerships with first-rate restaurants and chefs, we plan on offering a growing and mouth-watering

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

selection to customers to drive consistently increasing order frequency. Also, to capture customers increasingly looking for value, we have launched a new set of Value Meals starting at $9.99 a portion and we are testing various plan adjustments to attract a broader set of customers to our delicious meals.

Still, the dollar-value of the baskets our customers are building is also increasing and we are building a differentiated set of meal kits, ready-to-eat meals and grocery add-ons to provide Canadians with an exciting online meal solutions option and increasingly capture a larger share of their food wallet. In addition, we have provided and continue to provide more choice of proteins to our customers, with the launch of upsells and customization within our meal-kit recipes allowing customers to swap or double the proteins included in their chosen recipes. With these initiatives, we aim to provide customers with an array of options to easily make their meals better and their baskets bigger.

We are also continuously looking to enhance our sustainability initiatives by prioritizing planet-friendly options. Not only do we offer perfectly portioned ingredients to reduce food waste, we also constantly look to simplify our supply chain by removing middlemen from farm to kitchen table. This year, we are also aiming to offset carbon emissions on deliveries and introducing packaging innovations that have helped us to remove the equivalent of 2.4 million plastic bags annually from our deliveries. Our goal is clear, build a business that helps our customers live healthier lives on a healthier planet. (See Goodfood's 2024 Annual Information Form for additional information and details on Goodfood's partnership with Carbonzero and its Fiscal 2023 Greenhouse Gas Emissions Inventory).

In addition to focusing on these key pillars of top-line growth, we are increasingly considering various other growth avenues, including acquisitions.

Our strategic execution to drive profitability and cash flows continues to position us for growth and profitability, underpinned by consistent improvement in adjusted EBITDA[1] and cash flows. Coupled with our unrelenting focus on nurturing our customer relationships, profitable growth remains our top priority. The Goodfood team is fully focused on building and growing Canada's most loved millennial food brand.

FISCAL 2024 AT A GLANCE

New Credit Facility

On December 1, 2023, the Company announced it reached an agreement for an extension of its credit facilities with Desjardins Capital Markets and Investissement Québec. The facilities provides bank financing totalling $4.8 million consisting of a $2.1 million term loan, a $1.3 million revolving credit facility, and $1.4 million in additional short-term financing. The facilities mature in November 2024. Please refer to the "Debt" sub-section of the "Liquidity and capital resources" section of this MD&A.

New Partnerships

Starting Fiscal 2024, to demonstrate Goodfood's commitment to delivering high-quality meals to consumers, providing them with an elevated dining experience, the Company will have limited-time only partnerships. The following describes those put in place up to now.

The Company partnered with iconic east coast restaurant, The Bicycle Thief, to bring Canadians exclusive meal-kits developed in collaboration with their chefs for a limited-time.

Just in time for the Valentine's Day period, the Company coupled up with Bumble, the women-first dating and social networking app built on the importance of equitable relationships, to help Canadians spice up their winter dating routines with its newly released 3rd Date Meal-Kit series.

In addition, the Company has partnered up with several chefs and food influencers, such as Laurent Dagenais, to create mouth-watering meal-kits offered to its customers for a limited-time.

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

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 CUSTOMERS

	For the 14 and 13 weeks ended		For the 53 and 52 weeks ended	
	September 7, 2024	**September 2, 2023**	**September 7, 2024**	**September 2, 2023**
Active customers, beginning of period	**105,000**	119,000	**116,000**	157,000
Net change in active customers	**(4,000)**	(3,000)	**(15,000)**	(41,000)
Active customers, end of period	**101,000**	116,000	**101,000**	116,000

Active customers remained relatively flat for the 14 weeks ended September 7, 2024, with a slight decrease of 4,000 active customers. The slight decrease is mainly the result of seasonality during the summer months as customers tend to spend less time cooking in their kitchen. A similar decrease was noted during the same quarter last year. For the 53 weeks ended September 7, 2024, active customers displayed increasing stability with a 15,000 reduction, a 26,000 improvement compared to a loss of active customers during Fiscal 2023.

ADJUSTED GROSS PROFIT AND ADJUSTED GROSS MARGIN

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

(In thousands of Canadian dollars, except percentage information)

	For the 14 and 13 weeks ended		For the 53 and 52 weeks ended	
	September 7, 2024	**September 2, 2023**	**September 7, 2024**	**September 2, 2023**
Gross profit	**$ 12,991**	$ 14,221	**$ 62,978**	$ 65,380
Discontinuance of products related to on-demand offering	**–**	–	**–**	1,273
Adjusted gross profit	**$ 12,991**	$ 14,221	**$ 62,978**	$ 66,653
Net sales	**$ 34,063**	$ 37,228	**$ 152,838**	$ 168,558
Gross margin	**38.1%**	38.2%	**41.2%**	38.8%
Adjusted gross margin (%)	**38.1%**	38.2%	**41.2%**	39.5%

For the 14 weeks ended September 7, 2024, adjusted gross profit decreased by $1.2 million while adjusted gross margin remained flat with a narrow decrease of 0.1 percentage points compared to the same quarter last year. The slight change in adjusted gross margin is explained by an increase in credits and incentives as a percentage of net sales mostly offset by operational efficiencies driving lower production costs resulting from lower production labour and packaging costs as well as pricing optimization.

For the 53 weeks ended September 7, 2024, the adjusted gross profit decreased by $3.7 million primarily due to a decrease in net sales partially offset by lower cost of goods sold mainly in food costs, production and fulfillment costs. The increase in adjusted gross margin of 1.7 percentage points can be explained by lower production labour costs, food costs and shipping costs driven mainly by production efficiencies, lower last-mile shipping costs as well as pricing optimization. This improvement was partially offset by an increase in credits and incentives as a percentage of net sales.

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 14 and 13 weeks ended		For the 53 and 52 weeks ended	
	September 7, 2024	**September 2, 2023**	**September 7, 2024**	**September 2, 2023**
Net loss	**$ (3,160)**	$ (3,689)	**$ (3,433)**	$ (16,463)
Net finance costs	**1,476**	1,299	**5,514**	5,668
Depreciation and amortization	**1,879**	2,006	**7,381**	10,837
Deferred income tax recovery	**–**	–	**–**	(61)
EBITDA	**$ 195**	$ (384)	**$ 9,462**	$ (19)
Share-based payments expense	**231**	278	**879**	3,909
Discontinuance of products related to on-demand offering	**–**	–	**–**	1,273
Reorganization and other related costs (gains)	**34**	812	**(1,327)**	(468)
Other costs	**49**	–	**49**	–
Adjusted EBITDA	**$ 509**	$ 706	**$ 9,063**	$ 4,695
Net sales	**$ 34,063**	$ 37,228	**$ 152,838**	$ 168,558
Adjusted EBITDA margin (%)	**1.5%**	1.9%	**5.9%**	2.8%

For the 14 weeks ended September 7, 2024, adjusted EBITDA margin decreased by 0.4 percentage points compared to the same quarter last year mainly driven by lower net sales mostly offset by lower general and administrative expenses as a percentage of net sales. Overall, Adjusted EBITDA decreased by $0.2 million this quarter compared to the same quarter last year.

For the 53 weeks ended September 7, 2024, adjusted EBITDA margin improved by 3.1 percentage points compared to the corresponding period in 2023 mainly driven by stronger adjusted gross margin as well as lower selling, general and administrative expenses as a percentage of net sales as a result of the Company's cost savings measures which reduced wages and salaries, utilities, maintenance and software expenses. This improvement was partially offset by lower net sales. Overall, Adjusted EBITDA increased by $4.4 million for the 53 weeks ended September 7, 2024, compared to the same period last year.

FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

The reconciliation of net cash flows from operating activities to free cash flow and adjusted free cash flow is as follows:

(In thousands of Canadian dollars)

	For the 14 and 13 weeks ended		For the 53 and 52 weeks ended	
	September 7, 2024	September 2, 2023	**September 7, 2024**	September 2, 2023
Net cash (used in) provided by operating activities	**$ (932)**	$ (1,958)	**$ 7,494**	$ (9,350)
Additions to fixed assets	**(5)**	(18)	**(49)**	(716)
Additions to intangible assets	**(165)**	(197)	**(578)**	(1,019)
Free cash flow	**$ (1,102)**	$ (2,173)	**$ 6,867**	$ (11,085)
Payments related to discontinuance of products related to on-demand offering	**–**	7	**–**	319
Payments made to reorganization and other related costs	**–**	1,047	**736**	6,275
Adjusted free cash flow	**$ (1,102)**	$ (1,119)	**$ 7,603**	$ (4,491)

For the 14 weeks ended September 7, 2024, adjusted free cash flow remained flat compared to the same period last year mainly driven by lower net loss after non-cash items and reorganization and other related costs.

For the 53 weeks ended September 7, 2024, adjusted free cash flow was $7.6 million compared to negative $4.5 million in the same period last year. This is an improvement of $12.1 million compared to the corresponding period in 2023 mainly driven by improved profitability through lower net loss as a result of improved adjusted gross margin and lower selling, general and administrative expenses. The improvement can also be explained by a favorable change in non-cash working capital due to a positive change in accounts and other receivables due to timing of government refunds as well as in accounts payable and accrued liabilities resulting from timing of supplier payments.

RESULTS OF OPERATIONS–FISCAL 2024 AND 2023

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 53 and 52 week periods ended		September 7, 2024		September 2, 2023		($)	(%)
Net sales	**$**	**152,838**	$	168,558	$	(15,720)	(9)%
Cost of goods sold		**89,860**		103,178		(13,318)	(13)%
Gross profit	**$**	**62,978**	$	65,380	$	(2,402)	(4)%
Gross margin		**41.2%**		38.8%		N/A	2.4 p.p.
Selling, general and administrative expenses		**54,843**		65,867		(11,024)	(17)%
Depreciation and amortization		**7,381**		10,837		(3,456)	(32)%
Reorganization and other related net gains		**(1,327)**		(468)		(859)	184%
Net finance costs		**5,514**		5,668		(154)	(3)%
Loss before income taxes	**$**	**(3,433)**	$	(16,524)	$	13,091	(79)%
Deferred income tax recovery		**–**		(61)		61	(100)%
Net loss, being comprehensive loss	**$**	**(3,433)**	$	(16,463)	$	13,030	(79)%
Basic and diluted loss per share	**$**	**(0.05)**	$	(0.22)	$	0.17	(77)%

VARIANCE ANALYSIS FOR FISCAL 2024 COMPARED TO FISCAL 2023

- The decrease in net sales is primarily driven by a decrease in the number of active customers, as we continue to focus on attracting and retaining customers that provide higher gross margins and by changing customer behaviours. This decrease is partially offset by an increase in average basket size as a result of more portions being added per order and pricing optimizations, increased variety in the meal-kit offering as well as the additional week of operations. This net sales decrease is also explained by the Company's decision to discontinue its on-demand offering in Fiscal 2023.
- The decrease in gross profit primarily resulted from a decrease in net sales as well as higher credit and incentives as a percentage of net sales partially offset by lower food, production and fulfilment costs driven by improved inventory management reducing waste, lower production labour cost and lower packaging and shipping costs. Gross margin increased mainly due to operational efficiencies driving lower food, production and fulfilment costs, as well as pricing optimization, partially offset by an increase in credits and incentives as a percentage of net sales.
- The decrease in selling, general and administrative expenses is primarily due to lower wages and salaries, marketing spend, software expenses, audit fees, utilities, maintenance and insurance expenses driven primarily by the Company's costs saving initiatives. The decrease was partially offset by the additional week of operations. Selling, general and administrative expenses as a percentage of net sales decreased from 39.1% to 35.9% even with lower net sales.
- The decrease in depreciation and amortization expense is mainly due to the reduction in right-of-use assets following exiting facilities as part of the Company's costs reduction initiatives as well as the derecognition of a right-of-use asset and fixed assets pursuant to a sublease agreement and depreciation.
- The increase in reorganization and other related net gains is primarily explained by the net gain on reversal of impairment resulting from a sublease agreement concluded in Fiscal 2024.
- The decrease in net finance costs is mainly due to lower interest expense on lease obligations in relation to the Company's costs saving, lower interest on debt as a result of a lower debt balance as well as lower debt renewal fees in Fiscal 2024 partially offset by higher interest expense on debentures in relation to the Company's $30 million convertible debentures issued in February 2023.

- The decrease in net loss is mainly due to lower wages and salaries in cost of goods sold and in selling, general and administrative expenses as well as lower depreciation and amortization, lower food costs, marketing spend and audit fees, utilities, maintenance and insurance expenses partially offset by a lower sales base.

RESULTS OF OPERATIONS–FOURTH QUARTER OF FISCAL 2024 AND 2023

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 14 and 13 weeks periods ended	September 7, 2024	September 2, 2023	($)	(%)
Net sales	**$ 34,063**	$ 37,228	$ (3,165)	(9)%
Cost of goods sold	**21,072**	23,007	(1,935)	(8)%
Gross profit	**$ 12,991**	$ 14,221	$ (1,230)	(9)%
Gross margin	**38.1%**	38.2%	N/A	(0.1) p.p.
Selling, general and administrative expenses	**12,762**	13,793	(1,031)	(7)%
Depreciation and amortization	**1,879**	2,006	(127)	(6)%
Reorganization and other related costs	**34**	812	(778)	(96)%
Net finance costs	**1,476**	1,299	177	14%
Net loss, being comprehensive loss	**$ (3,160)**	$ (3,689)	$ 529	(14)%
Basic and diluted loss per share	**$ (0.05)**	$ (0.05)	$ –	N/A

VARIANCE ANALYSIS FOR THE FOURTH QUARTER OF 2024 COMPARED TO FOURTH QUARTER OF 2023

- The decrease in net sales is primarily driven by the decrease in the number of active customers, as we continue to focus on customers providing stronger unit economics, as well as an increase in credits and incentives. This decrease was partially offset by an increase in average basket size as a result of more portions being added per order, pricing optimizations and increased variety in the meal-kit offering as well as the additional week of operations.
- The decrease in gross profit is driven mainly by a decrease in net sales as well as higher credit and incentives as a percentage of net sales mostly offset by lower production costs as a result of lower labour and food costs. Gross margin remained flat compared to the same quarter last year.
- The decrease in selling, general and administrative expenses is primarily due to lower wages and salaries, software expenses and marketing spend driven primarily by the Company's costs saving initiatives. In addition, this decrease was partially offset by an additional week of operations. Selling, general and administrative expenses as a percentage of net sales increased from 37.1% to 37.5%.
- The decrease in reorganization and other related costs is explained by the finalization of the Company's cost saving initiatives during Fiscal 2023.
- The slight improvement in net loss is mainly the result of lower wages and salaries in cost of goods sold and selling, general and administrative expenses as well as operational efficiencies reducing production and fulfilment costs. This improvement can also be explained by lower reorganization and other related costs mostly offset by a lower net sales base.

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	September 7, 2024	September 2, 2023	Variance	Main Components
Cash and cash equivalents	**$ 24,010**	$ 24,925	$ (915)	Mainly due to partial repayment of the debt upon debt facility amendment and quarterly repayments partially offset by improved cash flows from operations mainly through improved net loss and working capital
Accounts and other receivables	**2,178**	4,136	(1,958)	Mainly due to timing of governmental refunds
Fixed assets	**7,655**	11,026	(3,371)	Mainly due to depreciation and the derecognition of fixed assets pursuant to a sublease agreement
Right-of-use assets	**9,573**	10,986	(1,413)	Mainly due to the derecognition of a right-of-use asset pursuant to a sublease agreement and depreciation partially offset by new and modified leases
Lease receivable	**3,042**	–	3,042	Due to a sublease agreement
Accounts payable and accrued liabilities	**14,903**	17,993	(3,090)	Mainly due to lower expenses and timing of supplier payments
Current portion of long-term debt (1)	**1,138**	4,036	(2,898)	Due to repayment of debt upon reaching an agreement to amend the credit agreement and quarterly repayments
Convertible debentures, liability component, including current portion (2)	**45,405**	41,752	3,653	Due to accretion interest

(1) Please refer to "Capital Management" sub-section of the "Liquidity and Capital Resources" section of this MD&A for repayment details.

(2) Please refer to "Convertible Debentures" sub-section of the "Liquidity and Capital Resources" section of this MD&A for repayment details.

LIQUIDITY AND CAPITAL RESOURCES

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

CAPITAL STRUCTURE

(In thousands of Canadian dollars, except ratio information)

		September 7, 2024		September 2, 2023
Debt	**$**	**1,138**	$	4,036
Convertible debentures, liability component, including current portion		**45,405**		41,752
Total debt	**$**	**46,543**	$	45,788
Cash and cash equivalents		**24,010**		24,925
Total net debt	**$**	**22,533**	$	20,863
Adjusted EBITDA (last four quarters) (1)	**$**	**9,063**	$	4,695
Total net debt to adjusted EBITDA (1)		**2.49**		4.44

(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 net debt increased by $1.7 million and its total net debt to adjusted EBITDA ratio was 2.49, compared to 4.44 last year. This improvement is mainly explained by the Company's stronger 12 months results.

CAPITAL MANAGEMENT

The Company's objective in managing its capital structure is to ensure a sufficient liquidity position to finance its operations and growth and to deliver competitive returns on invested capital. The Company has generated positive cash flows from operations and free cash flow in Fiscal 2024, providing a base for capital structure flexibility to fund its operations and capital expenditures. In addition, the Company has relied on short-term or long-term debt, public and private placements of equity securities as well as convertible debentures.

In the first quarter of Fiscal 2024, the Company reached an agreement to amend and extend the syndicated credit agreement with certain of 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 and come to maturity at the end of November 2024. The facilities feature similar financial conditions to the existing credit agreement, with which the Company is in compliance.

CASH FLOWS

A summary of net cash flows by activity for the 53 and 52 weeks ended September 7, 2024, and September 2, 2023 is presented below:

(In thousands of Canadian dollars)

For the 53 and 52 weeks ended		September 7, 2024		September 2, 2023		Variance
Cash flows provided by (used in) operations, excluding change in non-cash operating working capital	**$**	**8,678**	$	(3,212)	$	11,890
Change in non-cash operating working capital		**(1,184)**		(6,138)		4,954
Net cash flows provided by (used in) operating activities	**$**	**7,494**	$	(9,350)	$	16,844
Net cash flows provided by investing activities		**773**		1,960		(1,187)
Net cash flows used in financing activities		**(9,182)**		(4,570)		(4,612)
Net change in cash and cash equivalents	**$**	**(915)**	$	(11,960)	$	11,045
Cash and cash equivalents, beginning of period		**24,925**		36,885		(11,960)
Cash and cash equivalents, end of period	**$**	**24,010**	$	24,925	$	(915)

Net cash flows provided by operating activities were $7.5 million compared to net cash flows used in operating activities of $9.4 million. This is an improvement of $16.8 million compared to the same period last year primarily due to lower net loss before adjustments for non-cash items compared to Fiscal 2023. This improvement can also be explained by a favorable change in non-cash operating working capital due to a positive change in accounts payable and accrued liabilities resulting from lower supplier payments during Fiscal 2024.

Net cash flows provided by investing activities decreased by $1.2 million compared to the same period last year primarily due to proceeds on disposal of non-financial assets received in Fiscal 2023 partially offset by lower investments made in fixed assets and intangible assets projects during Fiscal 2024 as well as higher interest receivable mainly from a new sublease agreement and other interest received during Fiscal 2024.

Net cash flows used in financing activities increased by $4.6 million compared to the same period last year primarily due to proceeds from issuance of convertible debentures in Fiscal 2023. The increase was partially offset by lower debt repayment and lower interest paid on debt attributed a lower debt balance in Fiscal 2024 and lower lease payments in Fiscal 2024, including interest paid, following exiting facilities as part of the Company's costs reduction initiatives in Fiscal 2023.

A summary of net cash flows by activity for the 14 and 13 weeks ended September 7, 2024 and September 2, 2023 is presented below:

(In thousands of Canadian dollars)

For the 14 and 13 weeks ended	September 7, 2024	September 2, 2023	Variance
Cash flows provided by operations, excluding change in non-cash operating working capital	**$ 408**	$ 121	$ 287
Change in non-cash operating working capital	**(1,340)**	(2,079)	739
Net cash flows used in operating activities	**$ (932)**	$ (1,958)	$ 1,026
Net cash flows provided by investing activities	**391**	53	338
Net cash flows used in financing activities	**(1,650)**	(1,538)	(112)
Net change in cash and cash equivalents	**$ (2,191)**	$ (3,443)	$ 1,252
Cash and cash equivalents, beginning of period	**26,201**	28,368	(2,167)
Cash and cash equivalents, end of period	**$ 24,010**	$ 24,925	$ (915)

Net cash flows used in operating activities improved by $1.0 million for the fourth quarter of 2024 compared to the same quarter last year primarily due to a favorable change in non-cash working capital as a result of a favorable change in deferred revenue and lower net loss before non-cash expenses.

Net cash flows provided by investing activities increased by $0.4 million compared to the same quarter last year mainly due to a higher interest received as a result of a new sublease agreement as well as other interest received in the fourth quarter of Fiscal 2024.

Net cash flows used in financing activities decreased by $0.1 million compared to the same quarter last year primarily due to higher lease payments due timing of payments, as a result of an additional week of operations in Fiscal 2024.

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 September 7, 2024, no amount was drawn from the revolving facility. The total drawn credit facility is presented as a current liability.

CONVERTIBLE DEBENTURES

2028 Debentures

On February 6, 2023, the Company issued 12,675 convertible unsecured subordinated debentures (the "2028 Debentures") at a price of $1,000 per Debenture for gross proceeds of $12.7 million. The 2028 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%. Commencing on February 6, 2025 and until the Maturity Date, the interest portion will be payable semi-annually in cash in arrears on February 6 and August 6 of each year. Factoring in the 2028 Debentures issuance costs, the effective interest rate on the Debentures is 13.5%.

The 2028 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.

As of February 6, 2026, Goodfood may repurchase the non-converted portion of a 2028 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 2028 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 Company used the net proceeds from the Offering to complete its costs saving initiatives and for general corporate purposes.

In connection with the issuance of the 2028 Debentures, 2,425 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.

As at September 7, 2024, 12,675 of 2028 Debentures (September 2, 2023 – 12,675) were outstanding at a price of $1,000 per Debenture.

2027 Debentures

On February 11, 2022, the Company issued 30,000 convertible unsecured subordinated debentures (the "2027 Debentures") at a price of $1,000 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 September 30, 2022. Factoring in the 2027 Debentures issuance costs, the effective interest rate on the 2027 Debentures is 12.6%.

The 2027 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 (the "Conversion Price") 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 2027 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 2027 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 the event of a change in control, the Company will be required to make a payment to the holders of the 2027 Debentures in accordance with the make-whole premium provisions set forth by the indenture of the 2027 Debentures.

As at September 7, 2024, 29,046 of 2027 Debentures (September 2, 2023 – 29,046) were outstanding at a price of $1,000 per Debenture.

2025 Debentures

On February 26, 2020, the Company issued 30,000 convertible unsecured subordinated debentures (the "Debentures") at a price of $1,000 per Debenture for gross proceeds of $30 million. The Debentures mature on March 31, 2025 (the "Maturity Date") 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, which commenced on September 30, 2020. Factoring in the Debentures issuance costs, the effective interest rate on the Debentures is 11.76%.

The Debentures are convertible into common shares of the Company at 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 $4.70 (the "Conversion Price") per common share.

On or after March 31, 2023, and prior to March 31, 2024, 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 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, 2024, and prior to the Maturity Date, the 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 the event of a change in control, the Company will be required to make a payment to the holders of the Debentures in accordance with the make-whole premium provisions set forth by the indenture of the Debentures.

As at September 7, 2024, 6,232 of 2025 Debentures (September 2, 2023 – 6,232) were outstanding at a price of $1,000 per Debenture.

COMMON SHARES

Transactions that took place during the 14 and 53 weeks ended September 7, 2024, were as follows:

- No stock options were exercised;
- 219,410 and 994,992 restricted share units vested and the same number of common shares were issued;
- 14,123 and 34,889 employee share purchases vested and the same number of common shares were issued; and
- Nil Debentures were converted into common shares.

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 customers and per share and percentage information)

	Fiscal 2024				Fiscal 2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Active customers [1]	**101,000**	105,000	117,000	124,000	116,000	119,000	124,000	148,000
Net sales	**$ 34,063**	$ 38,561	$ 39,755	$ 40,459	$ 37,228	$ 42,139	$ 42,043	$ 47,148
Gross profit	**12,991**	16,949	17,109	15,929	14,221	17,286	17,114	16,759
Gross margin	**38.1%**	44.0%	43.0%	39.4%	38.2%	41.0%	40.7%	35.5%
Discontinuance of products related to on-demand offering	**–**	–	–	–	–	(1)	631	643
Adjusted gross profit [1]	**12,991**	16,949	17,109	15,929	14,221	17,285	17,745	17,402
Adjusted gross margin [1]	**38.1%**	44.0%	43.0%	39.4%	38.2%	41.0%	42.2%	36.9%
Net (loss) income	**$ (3,160)**	$ 307	$ 1,393	$ (1,973)	$ (3,689)	$ (1,164)	$ 98	$ (11,708)
Net finance costs	**1,476**	1,213	1,369	1,456	1,299	1,329	1,470	1,570
Depreciation and amortization	**1,879**	1,729	1,818	1,955	2,006	2,206	2,856	3,769
Deferred income tax (recovery) expense	**–**	–	–	–	–	–	(72)	11
EBITDA [1]	**195**	$ 3,249	$ 4,580	$ 1,438	$ (384)	$ 2,371	$ 4,352	$ (6,358)
Share-based payments	**231**	310	325	13	278	544	794	2,293
Discontinuance of products related to on-demand offering	**–**	–	–	–	–	(1)	631	643
Reorganization and other related costs (gains)	**34**	–	(1,364)	3	812	370	(2,769)	1,119
Other costs	**49**	–	–	–	–	–	–	–
Adjusted EBITDA [1]	**$ 509**	$ 3,559	$ 3,541	$ 1,454	$ 706	$ 3,284	$ 3,008	$ (2,303)
Adjusted EBITDA margin [1]	**1.5%**	9.2%	8.9%	3.6%	1.9%	7.8%	7.2%	(4.9)%
Basic and diluted (loss) income per share	**(0.05)**	$ –	$ 0.02	$ (0.03)	$ (0.05)	$ (0.02)	$ –	$ (0.16)

Quarter-over-quarter variations in net sales were caused by the various factors including the following:

- the shutdown of the on-demand grocery offering in early Fiscal 2023;
- the effect of seasonality is the strongest in the second quarter due to the winter holidays and the fourth quarter due to summer months, when the number of active customers and order rate trend lower;
- impacts of post-COVID-19 and economic conditions which led to a shift in customer ordering behaviors;
- marketing campaigns and customer incentives;
- fluctuations in inflation.

Quarter-over-quarter variations in net (loss) income were caused by the various factors including the following:

- the shutdown of the on-demand grocery offering in early Fiscal 2023;
- the effect seasonality which is the strongest in the fourth quarter due to summer months and the second quarter due to the winter holidays, when the number of active customers and order rate trend lower and can result in lower operating margins;
- impacts of COVID-19 and post-pandemic economic conditions which led to inflationary pressures partially offset by increase in basket prices;
- marketing campaigns and customer incentives;
- cost-saving measures adopted led to a reduction in headcount and operating efficiencies in its gross profit and selling, general and administrative expenditures as well as additional reorganization and impairment charges completed in Fiscal 2023.

TRENDS AND SEASONALITY

The Company's net sales and expenses are impacted by seasonality. During the winter 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 number of active customers to be lower during these periods. During periods with significantly colder or warmer weather, the Company anticipates packaging costs to be higher due to the additional packaging required to maintain food freshness and quality.

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, accounts and other receivables and lease receivable. The majority of the Company's net sales are paid prior to delivery and therefore the main credit exposure to net sales is with respect to the payment processor. 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 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. As interest rates on Debentures are fixed, the Company is not exposed to interest rate risk on those instruments.

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, supported by available cash and cash flows from operations, in order to repay its credit facilities when it becomes due in November 2024 should they not be renewed as well as to repay its 2025 Debentures when they come due on March 31, 2025.

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.

BUSINESS RISK

For a detailed discussion of business risk factors, please refer to the Company's Annual Information Form for the 53 weeks ended September 7, 2024, available on SEDAR+ at www.sedarplus.ca and under the "Events and Presentations" section of our website at www.makegoodfood.ca/en/investors

OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The following are amounts due on contractual maturities of financial liabilities, including estimated interest payments as at September 7, 2024:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 14,903	$ 14,903	$ 14,903	$ –	$ –
Debt	1,138	1,165	1,165	–	–
Debentures, liability component, including current portion	45,405	62,927	9,256	53,671	–
Lease obligations, including current portion	13,331	15,750	3,798	10,538	1,414
Purchase and service contract obligations	–	7,019	6,573	446	–
	$ 74,777	**$ 101,764**	**$ 35,695**	**$ 64,655**	**$ 1,414**

As at September 7, 2024, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in net sales or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material.

FINANCIAL INSTRUMENTS

The Company's financial instruments primarily consist of cash and cash equivalents, accounts and other receivables, accounts payable and accrued liabilities, 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, currently in a savings account earning interests.

FINANCIAL COVENANTS

As discussed in the "Liquidity and Capital Resources" section of this MD&A, the Company secured a credit facility that includes financial covenants which may restrict the Company's ability to pursue future transactions or opportunities. As at the end of Fiscal 2024, the Company was in compliance with these financial covenants.

RELATED PARTIES

KEY MANAGEMENT PERSONNEL

The Company's key management personnel have authority and responsibility for planning, directing and controlling the Company's activities and consist of the Company's executive team and the Board of Directors. The chief executive officer ("CEO") and the president and chief operating officer ("President and COO") are members of the Board of the Company. The CEO is also Chairman of the Board.

The following table presents the compensation of the key management personnel recognized in net loss:

For the 53 and 52 weeks ended	September 7, 2024	September 2, 2023
Salaries, fees and other short-term employee benefits	**$ 3,212**	$ 2,290
Share-based payments expense	**360**	2,189

RELATED PARTY TRANSACTIONS

Related parties of the Company include Directors and key management personnel, their family members, and companies over which they have significant influence or control. For the 53 weeks ended September 7, 2024, the Company has not transacted with related parties other than those detailed above.

For the 52 weeks ended September 2, 2023, in connection with the issuance of the 2028 Debentures, 2,425 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.

SHARE-BASED PAYMENTS

A stock option plan (the "Stock Option Plan") was established by the Company to attract and retain employees, consultants, officers and directors. 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, 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 RSU Plan, RSUs generally vest over a period of three years.

An employee share purchase plan ("ESPP") was established to attract and retain employees and directors. Under this plan, employees or directors are permitted to contribute between 1% and 5% of their eligible earnings, up to $10,000 annually, to purchase the Company's equity shares. The Company, in turn, provides a matching contribution equal to 50% of the participant's personal contribution. Shares purchased with the Company's contributions become vested two years from the contribution date. All contributions are used by the plan's trustee to purchase equity shares on the open market, on behalf of employees.

OUTSTANDING SHARE DATA

As at	November 26, 2024	September 7, 2024	September 2, 2023
Common shares outstanding (1)	77,342,591	77,340,092	76,525,507
Debentures outstanding (2) (3) (4)	24,540,305	24,540,305	24,540,305
Stock options outstanding	3,049,336	3,052,563	4,029,723
Stock options exercisable	2,441,997	2,336,688	2,252,171
Restricted share units outstanding	3,416,241	3,437,733	1,878,328

(1) As at November 26, 2024 and September 7, 2024, 537,067 and 525,085 common shares held in trust through the employee share purchase plan (September 2, 2023 – 344,678 common shares) were excluded in the common shares outstanding.

(2) As at November 26, 2024 and September 7, 2024, 6,232 2025 Debentures (September 2, 2023 – 6,232 Debentures) were outstanding which are convertible into 1,325,957 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.

(3) As at November 26, 2024 and September 7, 2024, 29,046 2027 Debentures (September 2, 2023 – 29,046 Debentures) were outstanding which are convertible into 6,314,348 common shares of the Company, respectively, at a conversion price of $4.60. Please refer to the "Debt" subsection of the "Liquidity and Capital Resources" section of this MD&A.

(4) As at November 26, 2024 and September 7, 2024, 12,675 2028 Debentures (September 2, 2023 – 12,675 Debentures) were outstanding which are convertible into 16,900,000 common shares of the Company, respectively, at a conversion price of $0.75. Please refer to the "Debt" subsection of the "Liquidity and Capital Resources" section of this MD&A.

SEGMENT REPORTING

The Company has one reportable segment as its principal business activity is focused on developing and servicing the online meal-kit and grocery add-on 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.

SUBSEQUENT EVENT

On November 13, 2024, the Company entered into a share purchase agreement to acquire 81% of the shares of Genuine Tea Inc. ("Genuine Tea") for a purchase price of approximately $2.4 million, including future performance-based payment. Genuine Tea is a leading Canadian craft tea company. The founding shareholders will continue to lead the business and hold the remaining shares of the company, with Goodfood having a right to acquire their shares in the future. As at the date of issuance of the consolidated financial statements, the Company has not yet determined the fair value of net assets acquired, including any intangible assets that may exist.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the 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 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 Company's main judgements, estimates, and assumptions are presented below:

CRITICAL JUDGEMENTS

Impairment of non-current assets

At each reporting date, management determines whether fixed assets, right-of-use assets and intangible assets present indicators of impairment. For the purposes of its analysis, management uses its judgement considering factors such as the economic environment and the market in which the Company operates, budget, forecasts and physical obsolescence.

Lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and assesses whether it will exercise renewal options at the end of the lease term. The renewal options are only included in the lease term if management is reasonably certain to renew. This significant judgement could affect the Company's financial position if the lease term of the leases is reassessed differently.

KEY SOURCES OF ESTIMATES AND ASSUMPTIONS

Measurement of net sales

Net sales are presented net of refunds, sales incentives and credits, including referral credits. Credit amounts are estimated based on the Company's history and experience of the redemption percentage of those credits. The corresponding estimated liability for credits is included in deferred revenue.

CHANGES IN ACCOUNTING POLICIES

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

Amendment to IAS 1, *Presentation of Financial Statements*

In February 2021, the IASB issued narrow-scope amendments to IAS 1. The amendments require disclosure of 'material' accounting policy information rather than 'significant' accounting policies and provides clarity on how to determine if accounting policy information is material. These amendments became effective for the 53 weeks period ended September 7, 2024 for the Company.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendment to IAS 1, *Presentation of Financial Statements*

In January 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements to clarify the classification of liabilities as current or non-current (the "2020 amendments"). For the purposes of non-current classification, the amendment removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

The amendments apply for annual reporting periods beginning on or after January 1, 2024. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements to improve the reporting of financial performance and give investors a better basis for analyzing and comparing companies. Specifically, it introduces:

- three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures requiring companies to disclose explanations of those company-specific measures related to the statement of earnings; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the financial statements or is included in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the potential impact of this new standard.

Amendments to the Classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 and IFRS 7, to clarify when a financial asset or a financial liability is recognized and derecognized and, amongst other elements, to introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company is currently assessing the impact of these amendments on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

DISCLOSURE CONTROLS AND PROCEDURES

The Company has designed DC&P to provide reasonable assurance that material information relating to the Company is made known to the Certifying Officers, and that information required to be disclosed to satisfy the Company's continuous disclosure obligations is recorded, processed, summarized and reported within the time periods specified by applicable Canadian securities legislation. Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of the DC&P and based on that evaluation, the Certifying Officers have concluded that the DC&P were effective as at September 7, 2024.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Certifying Officers have designed ICFR or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In designing and evaluating internal controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements.

The control framework used to design the Company's ICFR is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control–Integrated Framework (2013 framework).

Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of ICFR and based on that evaluation, the Certifying Officers have concluded that the Company's ICFR was effective as at September 7, 2024.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

No changes were made during Fiscal 2024 to the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.