

Management's Discussion and Analysis of

**GOODFOOD MARKET CORP.**

For the 13 weeks and 26 weeks ended March 8, 2025

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**BASIS OF PRESENTATION**

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The following Management's Discussion and Analysis ("**MD&A**") is intended to assist readers in understanding the business environment, trends and significant changes in the results of operations and financial condition of Goodfood Market Corp. and its subsidiaries (the "**Company**" or "**Goodfood**") for the 13 weeks and 26 weeks ended March 8, 2025 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 and its interim condensed consolidated financial statements and notes for the 13 weeks and 26 weeks ended March 8, 2025. Please also refer to Goodfood's press release announcing its results for the 13 weeks and 26 weeks ended March 8, 2025, issued on April 22, 2025. Quarterly reports, the Annual Report, and the Annual Information Form can be found on SEDAR+ at [www.sedarplus.ca](http://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 unaudited interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard ("**IAS**") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**") and the financial information herein was derived from those statements.

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 subsidiaries on a consolidated basis.

Management determines whether information is material based on whether they believe a reasonable investor's decision to buy, sell or hold securities of the Company would likely be influenced or changed should the information be omitted or misstated, and discloses material information accordingly.

The information in this MD&A is current to April 21, 2025, unless otherwise noted.

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**KEY FINANCIAL HIGHLIGHTS**

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This section provides a summary of our financial performance for the second quarter of Fiscal 2025 compared to the same period in 2024. 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 THE SECOND QUARTER OF 2025 COMPARED TO THE SECOND QUARTER OF 2024**

- Net sales were \$30.5 million, a 23% decrease from \$39.8 million compared to the same quarter last year.
- Gross margin<sup>1</sup> was 42.6%, a slight decrease of 0.4 percentage points and gross profit was \$13.0 million, a decrease of \$4.1 million or 24% compared to the same quarter last year.
- Net loss was \$2.4 million, a decrease of \$3.8 million from net income of \$1.4 million in the same quarter last year.
- Adjusted EBITDA margin<sup>2</sup> of 4.5%, a decrease of 4.4 percentage points compared to the same quarter last year.
- Net cash flows used in operating activities were \$1.2 million, a \$1.3 million decrease from net cash provided by operating activities of \$0.1 million in the same quarter last year.
- Adjusted free cash flow<sup>2</sup> was negative \$1.5 million compared to \$0.3 million, a \$1.8 million decrease compared to the same quarter last year.
- Active customers<sup>2</sup> of 84,000 compared to 117,000 for the same quarter last year.

**HIGHLIGHTS OF YEAR-TO-DATE FISCAL 2025 COMPARED TO YEAR-TO-DATE FISCAL 2024**

- Net sales were \$65.2 million, a 19% decrease from \$80.2 million compared to the same period last year.
- Gross margin<sup>1</sup> was 41.0%, a slight decrease of 0.2 percentage points and gross profit of \$26.7 million decreased by \$6.3 million or 19% compared to the same period last year.
- Net loss was \$4.1 million a decrease of \$3.5 million, compared to a net loss of \$0.6 million in the same period last year.
- Adjusted EBITDA margin<sup>2</sup> was 4.6%, a decrease of 1.6 percentage points compared to the same period last year.
- Net cash flows provided by operating activities were \$1.0 million, a decrease of \$2.9 million from \$3.9 million compared to the same period last year.
- Adjusted free cash flow<sup>2</sup> was \$0.4 million compared to \$4.3 million, a decrease of \$3.9 million compared to the same period last year.

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<sup>1</sup> Gross margin is defined as gross profit divided by net sales.

<sup>2</sup> Please refer to the “Metrics and Non-IFRS Financial Measures” section of this MD&A for corresponding definitions.

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**FORWARD-LOOKING INFORMATION**

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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. 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](http://www.sedarplus.ca) and under the “Events and Presentations” section of our website at [www.makegoodfood.ca/en/investors](http://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, losing 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.

The Company’s sales and financial results are impacted by the health of the economy in Canada and are subject to numerous uncertainties such as the tariffs imposed by the government of the United States. Weakness in sales or consumer confidence could result in an increasingly challenging operating environment. Despite the Company sourcing most of its products in Canada, these tariffs can increase costs of goods sourced locally.

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 2025, the Company ceased the review of its adjusted gross profit and adjusted gross margin non-IFRS measures. These non-IFRS measures were used to measure the Company's performance excluding the impact of the discontinuance of products related to Goodfood On-Demand offering pursuant to the Company's costs saving initiatives. The Company has not had significant adjustments to its adjusted gross profit and adjusted gross margin since the second quarter of Fiscal 2023. Therefore, these non-IFRS measures no longer represent the best measures used by the Company to assess performance.

Metrics	Definitions
<b>Active customers</b>	An active customer is a customer that has placed an order on our e-commerce platforms, including our subsidiaries, 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.
<b>EBITDA, Adjusted EBITDA &amp; Adjusted EBITDA margin</b>	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 acquisition costs. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to net sales. EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-IFRS financial measures. We believe that EBITDA, adjusted EBITDA, and adjusted EBITDA margin are useful measures of financial performance to assess the Company's ability to seize growth opportunities in a cost-effective manner, to finance its ongoing operations and to service its 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.
<b>Free cash flow &amp;</b>	Free cash flow is defined as net cash from 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

<b>Adjusted free cash flow</b>	<p>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 acquisition costs. 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.</p> <p>Please refer to the “Metrics and non-IFRS financial measures – reconciliation” section of the MD&amp;A for a reconciliation of these non-IFRS financial measures to the most comparable IFRS financial measures.</p>
<b>Total net debt to adjusted EBITDA (also named net leverage)</b>	<p>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 and marketable securities. The last four quarters adjusted EBITDA is calculated by summing the actual adjusted EBITDA results of the current quarter and the three immediately preceding quarters. We believe that total net debt to adjusted EBITDA is a useful metric to assess the Company's ability to manage debt and liquidity.</p> <p>Please refer to the “Liquidity and Capital Resources” section of the MD&amp;A for a reconciliation of this non-IFRS financial measure to the most comparable IFRS financial measures.</p>

## 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 April 21, 2025:

	Total number of locations	Administrative offices	Manufacturing centres	Fulfillment facilities
Greater Montreal Area (Quebec)	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.

In recent quarters, our focus has been and continues to be on further growing cash flows, deleveraging and creating experiences that spark joy in Canadians' kitchens. We are pleased to have now reported nine consecutive quarters of positive adjusted EBITDA<sup>1</sup>. The consistent adjusted EBITDA<sup>1</sup> generated has led to significant deleveraging, with net leverage<sup>1</sup> now standing at 3.83 on a trailing twelve months basis.

To scale our efforts and capture an increasing share of the Canadian meal solutions market and 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.

We have also increasingly enhanced product variety to delight our customers. We increased the diversity of our recipe and ingredient offering to provide additional choices. With a focus on *Better-for-You* products and paleo and keto meals, combined with exciting partnerships with first-rate restaurants and chefs, we plan on offering a growing and mouth-watering selection. Also, to capture customers increasingly looking for value, we have launched a new Value plan, starting at \$9.99 a portion and we are testing various plan adjustments to attract a broader set of customers to our delicious meals. Finally, in recent weeks, we re-launched our ready-to-eat offering, providing Canadians with an increasing variety of meal solutions options to put in their baskets.

As a result, the dollar-value of the baskets our customers are building is also increasing and reached a record this quarter as 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. In addition, we have provided and continue to provide more choice of proteins to our customers, with the 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

<sup>1</sup> Please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A for corresponding definitions.



offsetting 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). We also recently received our B Corp certification, further cementing our commitment to sustainability.

In addition to focusing on these key pillars of top-line growth, we are increasingly considering various other growth avenues, including acquisitions. In November of 2024, we announced our first acquisition, Genuine Tea. Genuine Tea is a leading third-wave craft tea Company with an attractive growth and margin profile. This acquisition is the first step in building our platform of next-generation brands.

Our strategic execution to drive profitability and cash flows continues to position us for growth and profitability, underpinned by consistent improvement in adjusted EBITDA<sup>1</sup> 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 portfolio of next-generation millennial brands.

## FISCAL 2025 AT A GLANCE

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### B Corp Certification

On April 1, 2025, the Company announced its newly achieved B Corp certification, a testament to its unwavering commitment to social and environmental responsibility, and the Canadian economy. The B Corp certification promises that Goodfood is at the highest level of governance and ethical standards to all of their stakeholders including suppliers, customers, employees, and shareholders, alongside consciously reducing the use of water and electricity resources in their facilities. This milestone aligns with Goodfood's ongoing mission to deliver high-quality Canadian meals, while supporting sustainable practices and providing consumers with true assurance of their environmental commitment. Delivering fresh, healthy and local ingredients and easy-to-follow recipes to Canadians' doorsteps, Goodfood supports Canadians in living healthier, sparking joy and impact through their food.

### Common Share Repayment of 2025 Debentures

On March 17, 2025, the Company announced its decision to exercise its Common Share Repayment Right (as defined herein) for the repayment of its outstanding \$6.232 million in 5.75% convertible unsecured subordinated debentures due March 31, 2025 (the "**2025 Debentures**"). This decision, approved by the Board, aims to preserve cash and maintain financial flexibility in the current economic environment.

Goodfood elected to satisfy its obligation to pay the principal in respect of the 2025 Debentures by delivering common shares (valued at 95% of the 20-day VWAP of the common shares on the TSX ending 5 trading days prior to March 31, 2025) in lieu of cash (the "**Common Share Repayment Right**").

On March 24, 2025, the Company announced it would issue a total of 19,271,032 Common Shares to holders of its \$6.232 million of outstanding debentures in full satisfaction of the principal amount owing upon maturity, at an issue price of approximately \$0.32 in connection with the Common Share Repayment Right. By utilizing Common Shares instead of cash, Goodfood seeks to enhance its ability to pursue strategic acquisitions and other growth initiatives while maintaining a strong balance sheet.

### Bitcoin Strategy

In Fiscal 2025, the Company announced a strategic shift in its treasury management by adopting Bitcoin as a reserve asset. Goodfood completed an initial investment of \$2 million through a spot Exchange-Traded Fund (ETF) and plans to allocate a portion of future excess cash flows to Bitcoin. This initiative aligns with

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<sup>1</sup> Please refer to the "Metrics and Non-IFRS Financial Measures" section of this MD&A for corresponding definitions.

the Company's long-term value creation strategy, serving as a hedge against inflation and currency depreciation while reinforcing Goodfood's commitment to financial resilience and innovation.

#### Acquisition of Genuine Tea

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 total consideration of \$2.4 million, including future consideration that is partially performance based. Genuine Tea is a leading Canadian craft tea company. The founding shareholders hold the remaining shares of Genuine Tea, with Goodfood having a right to acquire their shares in the future. As at March 8, 2025, total acquisition costs relating to Genuine Tea amounted to \$0.1 million and were included in selling, general and administrative expense. The details of the net assets acquired are disclosed in Note 5 of the Company's condensed consolidated interim financial statements.

#### New Partnership

Since Fiscal 2024, to demonstrate Goodfood's commitment to delivering high-quality meals to consumers by providing them with an elevated dining experience, the Company offers limited-time only partnerships. In the first quarter of Fiscal 2025, the Company has teamed up with Michelin-recommended restaurant L'Abattoir. This partnership brought elevated French inspired cuisine from one of Canada's best 100 restaurants to subscribers nationwide.

### **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 13 weeks ended		For the 26 weeks ended	
	March 8, 2025	March 2, 2024	March 8, 2025	March 2, 2024
Active customers, beginning of period	<b>106,000</b>	124,000	<b>101,000</b>	116,000
Net change in active customers	<b>(22,000)</b>	(7,000)	<b>(17,000)</b>	1,000
Active customers, end of period	<b>84,000</b>	117,000	<b>84,000</b>	117,000

Active customers decreased by 22,000 for the 13 weeks ended March 8, 2025, compared to a decrease of 7,000 in the same quarter last year. The decrease was largely driven by lower order rates as a result of economic uncertainty related to tariffs and growth driving lower customer engagement, a more pronounced holiday seasonality and reduced incentive offers driving lower customer acquisitions. This decline was partially offset by growth from the Genuine Tea acquisition.

**EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN**

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

(In thousands of Canadian dollars, except percentage information)

	For the 13 weeks ended		For the 26 weeks ended	
	March 8, 2025	March 2, 2024	March 8, 2025	March 2, 2024
Net (loss) income	\$ (2,388)	\$ 1,393	\$ (4,075)	\$ (580)
Net finance costs	1,856	1,369	3,287	2,825
Depreciation and amortization	1,670	1,818	3,251	3,773
EBITDA	\$ 1,138	\$ 4,580	\$ 2,463	\$ 6,018
Share-based payments expense	222	325	441	338
Reorganization and other related gains	—	(1,364)	—	(1,361)
Acquisition costs	—	—	99	—
Adjusted EBITDA	\$ 1,360	\$ 3,541	\$ 3,003	\$ 4,995
Net sales	\$ 30,500	\$ 39,755	\$ 65,162	\$ 80,214
Adjusted EBITDA margin (%)	4.5%	8.9%	4.6%	6.2%

For the 13 weeks ended March 8, 2025, adjusted EBITDA margin decreased by 4.4% compared to the same quarter last year mainly driven by lower net sales as a result of lower active customers with lower order rates. Overall, adjusted EBITDA decreased by \$2.2 million this quarter compared to the same quarter last year while net sales decreased by \$9.3 million. The lower net sales impact to adjusted EBITDA was partially offset by a relatively stable gross margin and lower marketing spend, wages and salaries, computer software and other general and administrative expenses, while a stable gross margin helped sustain positive adjusted EBITDA.

For the 26 weeks ended March 8, 2025, adjusted EBITDA margin decreased by 1.6% compared to the same quarter last year mainly driven by lower net sales as a result of lower active customers. Overall, adjusted EBITDA decreased by \$2.0 million compared to the same period last year while net sales decreased by \$15.1 million. The lower net sales impact to adjusted EBITDA was partially offset by a relatively stable gross margin and lower marketing spend, wages and salaries, computer software and other general and administrative expenses, while a stable gross margin helped sustain positive adjusted EBITDA.

**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 13 weeks ended		For the 26 weeks ended	
	March 8, 2025	March 2, 2024	March 8, 2025	March 2, 2024
Net cash (used in) provided by operating activities	\$ (1,152)	\$ 90	\$ 1,037	\$ 3,927
Additions to fixed assets	(265)	—	(453)	(32)
Additions to intangible assets	(147)	(118)	(321)	(246)
Free cash flow	\$ (1,564)	\$ (28)	\$ 263	\$ 3,649
Payments made to reorganization and other related costs	—	359	—	689
Payments made to acquisition costs	75	—	102	—
Adjusted free cash flow	\$ (1,489)	\$ 331	\$ 365	\$ 4,338

For the 13 weeks ended March 8, 2025, adjusted free cash flow decreased by \$1.8 million compared to the same period last year mainly driven by an increase in the Company's net loss as a result of lower net sales. In addition, in the second quarter of Fiscal 2025, the Company invested more in capital expenditures driven by mandated fire compliance work in the Montreal warehouse.

For the 26 weeks ended March 8, 2025, adjusted free cash flow decreased by \$4.0 million compared to the same period last year mainly driven by an increase in the Company's net loss as a result of lower net sales as well as an unfavorable change in non-cash operating working capital due to timing of government related refunds. In addition, in Fiscal 2025, the Company invested more in capital expenditures driven by mandated fire compliance work in the Montreal warehouse.

## RESULTS OF OPERATIONS – SECOND QUARTER OF FISCAL 2025 AND 2024

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

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

For the 13 weeks periods ended	March 8, 2025	March 2, 2024	(\$)	(%)
Net sales	\$ 30,500	\$ 39,755	\$ (9,255)	(23)%
Cost of goods sold	17,502	22,646	(5,144)	(23)%
Gross profit	\$ 12,998	\$ 17,109	\$ (4,111)	(24)%
Gross margin	42.6%	43.0%	N/A	(0.4) p.p
Selling, general and administrative expenses	11,860	13,893	(2,033)	(15)%
Depreciation and amortization	1,670	1,818	(148)	(8)%
Reorganization and other related gains	–	(1,364)	1,364	(100)%
Net finance costs	1,856	1,369	487	36%
Net (loss) income, being comprehensive (loss) income	\$ (2,388)	\$ 1,393	\$ (3,781)	N/A
Basic and diluted (loss) income per share	\$ (0.03)	\$ 0.02	\$ (0.04)	N/A

## VARIANCE ANALYSIS FOR THE SECOND QUARTER OF 2025 COMPARED TO SECOND QUARTER OF 2024

- The decrease in net sales is driven by the decrease in active customer driving lower orders partially offset by an increase in average order value. The decrease in active customers can be explained mainly by uncertainties regarding the future economic outlook related to tariffs driving customers towards spending more carefully in the months post the winter holiday as well as a more pronounced holiday seasonality in Fiscal 2025. The decrease in net sales was also partially offset by Genuine Tea's net sales in the second quarter of Fiscal 2025.
- The decrease in gross profit is driven mainly by a decrease in net sales as well as an increase in credits and incentives as a percentage of net sales compared to the same quarter last year. This decrease was partially offset by lower labour and packaging costs. Gross margin decreased slightly by 0.4 percentage points.
- The decrease in selling, general and administrative expenses is primarily due to lower marketing spend and wages and salaries. Selling, general and administrative expenses as a result of percentage of net sales increased by 4 percentage points to 38.9% compared to 34.9% in the same quarter last year primarily driven by lower net sales.
- The decrease in reorganization and other related gains is mainly due to net gains in Fiscal 2024 on reversal of impairment resulting from a sublease agreement concluded in the second quarter of Fiscal 2024.

- The increase in net finance costs is mainly explained by the revaluation of the Company's marketable securities to its fair value as at March 8, 2025.
- The increase in net loss is primarily driven by lower profitability as a result of lower net sales partially offset by lower selling, general and administrative expenses as well as reorganization activities in Fiscal 2024 which resulted in a gain due to a sublease agreement.

## RESULTS OF OPERATIONS—YEAR TO DATE 2025 AND 2024

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

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

For the 26 weeks periods ended	March 8, 2025	March 2, 2024	(\$)	(%)
Net sales	\$ 65,162	\$ 80,214	\$ (15,052)	(19)%
Cost of goods sold	38,443	47,176	(8,733)	(19)%
Gross profit	\$ 26,719	\$ 33,038	\$ (6,319)	(19)%
Gross margin	41.0%	41.2%	N/A	(0.2) p.p
Selling, general and administrative expenses	24,256	28,381	(4,125)	(15)%
Depreciation and amortization	3,251	3,773	(522)	(14)%
Reorganization and other related gains	—	(1,361)	1,361	(100)%
Net finance costs	3,287	2,825	462	16%
Net loss, being comprehensive loss	\$ (4,075)	\$ (580)	\$ (3,495)	603%
Basic and diluted loss per share	\$ (0.05)	\$ (0.01)	\$ (0.04)	(400)%

## VARIANCE ANALYSIS FOR THE YEAR-TO-DATE 2025 COMPARED TO YEAR-TO-DATE 2024

- The decrease in net sales is driven by the decrease in active customer driving lower orders partially offset by an increase in average order value. The decrease in active customers can be explained mainly by uncertainties regarding the future economic outlook related to tariffs driving customers towards spending more carefully as well as a more pronounced holiday seasonality in Fiscal 2025. The decrease in net sales was partially offset by Genuine Tea's net sales in Fiscal 2025.
- The decrease in gross profit is driven by lower net sales compared to the same period last year. This decrease was partially offset by lower labour and packaging costs. Gross margin remained relatively stable.
- The decrease in selling, general and administrative expenses is primarily due to lower marketing spend and wages and salaries. Selling, general and administrative expenses as a percentage of net sales increased by 1.8 percentage points from 35.4% to 37.2% primarily driven by lower net sales.
- The decrease in reorganization and other related gains is mainly due to net gains in Fiscal 2024 on reversal of impairment resulting from a sublease agreement concluded in the second quarter of Fiscal 2024.
- The increase in net finance costs is mainly explained by the revaluation of the Company's marketable securities to its fair value as at March 8, 2025.
- The increase in net loss is primarily driven by lower profitability as a result of lower net sales partially offset by lower selling, general and administrative expenses as well as conclusion of our restructuring activities in Fiscal 2024 which resulted in a gain due to a sublease agreement.

**FINANCIAL POSITION**

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

(In thousands of Canadian dollars)

As at	March 8, 2025	September 7, 2024	Variance	Main Components
Cash and cash equivalents	\$ 17,383	\$ 24,010	\$ (6,627)	Mainly due to payment made for Genuine Tea's acquisition, payments made to purchase marketable securities as well as repayment of debt upon maturity of the term loan
Marketable securities	1,721	–	1,721	As a result of the Company's Bitcoin strategy
Accounts and other receivables	3,583	2,178	1,405	Due to timing of sales tax refunds as well as the current portion of a new sublease agreement
Right-of-use assets	6,909	9,573	(2,664)	Mainly due to the derecognition of a right-of-use asset pursuant to a new sublease agreement and depreciation
Intangible assets and goodwill	3,393	1,958	1,435	Due to intangible assets and goodwill recognized on the Genuine Tea acquisition
Lease receivables	3,916	3,042	874	Due to a new sublease agreement
Accounts payable and accrued liabilities	16,170	14,903	1,267	Mainly due to interest expense payable on the 2025 Debentures previously added back to the debt capital of the 2025 Debenture compared to now payable in cash and Genuine Tea's balances
Debt <sup>(1)</sup>	–	1,138	(1,138)	Due to repayment of debt upon maturity of the term loan
Lease obligations, including current portion	12,004	13,331	(1,327)	Mainly due to recurring lease payments
Other non-current liabilities	1,349	–	1,349	Due to obligations related to the Genuine Tea's acquisition such as future considerations payable, the put option liability and deferred tax liabilities

<sup>(1)</sup> Please refer to "Capital Management" 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 liquidity and various financial instruments, including its debt instruments.

**CAPITAL STRUCTURE**

(In thousands of Canadian dollars, except ratio information)

	March 8, 2025	March 2, 2024
Debt	\$ –	\$ 1,763
Convertible debentures, liability component, including current portion	46,186	43,475
Total debt	46,186	45,238
Cash and cash equivalents	17,383	23,712
Marketable securities	1,721	–
Total net debt <sup>(1)</sup>	27,082	21,526
Adjusted EBITDA (trailing 12 months) <sup>(1)</sup>	7,071	8,985
Total net debt to adjusted EBITDA <sup>(1)</sup>	3.83	2.40

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

The Company's total net debt increased by \$5.6 million and its total net debt to adjusted EBITDA ratio was 3.83 compared to 2.40 last year. This is mainly explained by the Company's reduction in cash and cash equivalents driven by the Genuine Tea acquisition as well as the result of the increase in net present value of the 2025 Debentures related to the effective interest.

**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 adjusted free cash flow in four of the eight last quarters, providing a base for capital structure flexibility to fund its operations and capital expenditures.

In Fiscal 2025, the Company invested \$2.0 million in Bitcoin through a spot ETF. This initiative aligns with the Company's long-term value creation strategy, serving as a hedge against inflation and currency depreciation while reinforcing Goodfood's commitment to financial resilience and innovation.

In addition, the Company has relied on public and private placements of equity securities, convertible debentures, as well as short-term or long-term debt. In November 2024, the Company's term loan and revolving credit facility matured, and the term loan was fully repaid, and the revolving credit facility was not renewed. On March 31, 2025, the Company's 2025 Debentures matured. In order to maintain future financial flexibility, the Company elected to repay these debentures in shares rather than cash.



**CASH FLOWS**

A summary of net cash flows by activity for the 13 weeks ended March 8, 2025 and March 2, 2024, is presented below:

(In thousands of Canadian dollars)

For the 13 weeks ended	March 8, 2025	March 2, 2024	Variance
Net cash flows (used in) provided by operating activities <sup>(1)</sup>	\$ (1,152)	\$ 90	\$ (1,242)
Net cash flows (used in) provided by investing activities	(1,730)	144	(1,874)
Net cash flows used in financing activities	(998)	(1,384)	386
Net change in cash and cash equivalents	\$ (3,880)	\$ (1,150)	\$ (2,730)
Cash and cash equivalents, beginning of period	21,263	24,862	(3,599)
Cash and cash equivalents, end of period	\$ 17,383	\$ 23,712	\$ (6,329)

<sup>(1)</sup> Net cash flows provided by operating activities include \$2.5 million of negative change in non-cash operating working capital (March 2, 2024 – negative \$3.2 million).

Net cash flows from operating activities decreased by \$1.2 million. This is primarily explained by a decrease in profitability as a result of lower net sales partially offset by a favorable change in non-cash operating working capital mainly as a result of a favorable change in accounts payables and accrued liabilities due to favorable timing of vendor payments.

Net cash flows from investing activities decreased by \$1.9 million. This is primarily explained by additional investment in marketable securities in the second quarter of Fiscal 2025.

Net cash flows from financing activities increased by \$0.4 million. This is primarily due to lower debt repayment as the term loan matured in the first quarter of Fiscal 2025.

A summary of net cash flows by activity for the 26 weeks ended March 8, 2025 and March 2, 2024 is presented below:

(In thousands of Canadian dollars)

For the 26 weeks ended	March 8, 2025	March 2, 2024	Variance
Net cash flows provided by operating activities <sup>(1)</sup>	\$ 1,037	\$ 3,927	\$ (2,890)
Net cash flows (used in) provided by investing activities	(3,464)	286	(3,750)
Net cash flows used in financing activities	(4,200)	(5,426)	1,226
Net change in cash and cash equivalents	\$ (6,627)	\$ (1,213)	\$ (5,414)
Cash and cash equivalents, beginning of period	24,010	24,925	(915)
Cash and cash equivalents, end of period	\$ 17,383	\$ 23,712	\$ (6,329)

<sup>(1)</sup> Net cash flows provided by operating activities include \$1.8 million of negative change in non-cash operating working capital (March 2, 2024 – negative \$0.8 million).

Net cash flows from operating activities decreased by \$2.9 million. This is primarily explained by a decrease in profitability as a result of lower net sales as well as an unfavorable change in non-cash operating working capital mainly as a result of an unfavorable change in accounts and other receivables due to timing of tax related refunds.

Net cash flows from investing activities decreased by \$3.8 million. This is primarily explained by investment in marketable securities and the purchase of Genuine Tea in Fiscal 2025.



Net cash flows from financing activities increased by \$1.2 million. This is primarily due to lower debt repayment upon maturity of the term loan in the first quarter of Fiscal 2025.

## DEBT

During the first quarter of Fiscal 2025, the Company's term loan and revolving credit facility matured, and the term loan was repaid.

## 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.

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 March 8, 2025, 12,675 of 2028 Debentures (September 7, 2024 – 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 (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, 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 March 8, 2025, 29,046 of 2027 Debentures (September 7, 2024 – 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 "**2025 Debentures**") at a price of \$1,000 per Debenture for gross proceeds of \$30 million. The Debentures matured on March 31, 2025, and bore a fixed interest rate of 5.75% per annum, payable semi-annually in arrears on March 31 and September 30 of each year.

On March 24, 2025, the Company announced it would issue a total of 19,271,032 Common Shares to holders of its \$6.232 million of outstanding 2025 Debentures in full satisfaction of the principal amount owing upon maturity, at an issue price of approximately \$0.32 in connection with the Common Share Repayment Right.

As at March 8, 2025, 6,232 of 2025 Debentures (September 7, 2024 – 6,232) were outstanding at a price of \$1,000 per Debenture. As of March 31, 2025, the 2025 Debentures were repaid in full and nil remain outstanding.

### **COMMON SHARES**

Transactions that took place during the 13 and 26 weeks ended March 8, 2025, were as follows:

- Nil stock options were exercised;
- 1,460,308 and 1,592,157 restricted share units vested and the same number of common shares were issued;
- 24,700 and 48,217 employee share purchases vested and the same number of common shares were issued; and;
- No Debentures were converted into common shares. Subsequent to March 8, 2025, 6,232 Debentures were converted into 19,271,032 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 2025		Fiscal 2024				Fiscal 2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Active customers <sup>(1)</sup>	<b>84,000</b>	106,000	101,000	105,000	117,000	124,000	116,000	119,000
Net sales	<b>\$ 30,500</b>	\$ 34,662	\$ 34,063	\$ 38,561	\$ 39,755	\$ 40,459	\$ 37,228	\$ 42,139
Gross profit	<b>12,998</b>	13,721	12,991	16,949	17,109	15,929	14,221	17,286
Gross margin	<b>42.6%</b>	39.6%	38.1%	44.0%	43.0%	39.4%	38.2%	41.0%
Net (loss) income	<b>\$ (2,388)</b>	\$ (1,687)	\$ (3,160)	\$ 307	\$ 1,393	\$ (1,973)	\$ (3,689)	\$ (1,164)
Net finance costs	<b>1,856</b>	1,431	1,476	1,213	1,369	1,456	1,299	1,329
Depreciation and amortization	<b>1,670</b>	1,581	1,879	1,729	1,818	1,955	2,006	2,206
EBITDA <sup>(1)</sup>	<b>\$ 1,138</b>	\$ 1,325	\$ 195	\$ 3,249	\$ 4,580	\$ 1,438	\$ (384)	\$ 2,371
Share-based payments	<b>222</b>	219	231	310	325	13	278	544
Discontinuance of products related to on-demand offering	<b>—</b>	—	—	—	—	—	—	(1)
Reorganization and other related costs (gains)	<b>—</b>	—	34	—	(1,364)	3	812	370
Acquisition costs	<b>—</b>	99	49	—	—	—	—	—
Adjusted EBITDA <sup>(1)</sup>	<b>\$ 1,360</b>	\$ 1,643	\$ 509	\$ 3,559	\$ 3,541	\$ 1,454	\$ 706	\$ 3,284
Adjusted EBITDA margin <sup>(1)</sup>	<b>4.5%</b>	4.7%	1.5%	9.2%	8.9%	3.6%	1.9%	7.8%
Basic and diluted (loss) income per share <sup>(2)</sup>	<b>\$ (0.03)</b>	\$ (0.02)	\$ (0.05)	\$ —	\$ 0.02	\$ (0.03)	\$ (0.05)	\$ (0.02)

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

(2) The sum of basic and diluted (loss) income per share on a quarterly basis may not equal basic and diluted (loss) income per share on a year-to-date basis due to rounding.

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

- seasonality which 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 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:

- 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 economic conditions which led to inflationary pressures partially offset by increase in basket prices;
- marketing campaigns and customer incentives.

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**TRENDS AND SEASONALITY**

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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.

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**FINANCIAL RISK MANAGEMENT**

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**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 bore interest at variable rates which were determined by a base rate set by the lender plus a margin. As a result, the Company was exposed to interest rate cash flow risk due to fluctuations in lenders' base rates. During the first quarter of Fiscal 2025, the Company fully repaid its outstanding debt obligations, effectively eliminating its exposure to interest rate risks as of March 8, 2025. Refer to the "Liquidity and Capital Resources" section of this MD&A. As interest rates on Debentures are fixed, the Company is not exposed to interest rate risk on those instruments.

**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.

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.

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**BUSINESS RISK**

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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](http://www.sedarplus.ca).

**FINANCIAL INSTRUMENTS**

The Company's financial instruments primarily consist of cash and cash equivalents, marketable securities, accounts and other receivables, accounts payable and accrued liabilities, Debentures and other non-current liabilities except deferred tax liabilities.

**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.

**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	April 21, 2025	March 8, 2025	September 7, 2024
Common shares outstanding <sup>(1)</sup>	98,178,189	78,914,271	77,340,092
Debentures outstanding <sup>(2) (3) (4)</sup>	23,214,348	24,540,305	24,540,305
Stock options outstanding	3,049,813	3,049,813	3,052,563
Stock options exercisable	2,641,386	2,579,217	2,336,688
Restricted share units outstanding	4,646,089	4,735,626	3,437,733

<sup>(1)</sup> As at April 21, 2025 and March 8, 2025, 550,177 and 543,063 common shares held in trust through the employee share purchase plan (September 7, 2024 – 525,085 common shares) were excluded in the common shares outstanding.

<sup>(2)</sup> As at April 21, 2025 and March 8, 2025, nil and 6,232 of 2025 Debentures (September 7, 2024 – 6,232 Debentures) were outstanding. Please refer to the "Debt" subsection of the "Liquidity and Capital Resources" section of this MD&A.

<sup>(3)</sup> As at April 21, 2025 and March 8, 2025, 29,046 of 2027 Debentures (September 7, 2024 – 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.

<sup>(4)</sup> As at April 21, 2025 and March 8, 2025, 12,675 of 2028 Debentures (September 7, 2024 – 12,675) 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.

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## SEGMENT REPORTING

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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.

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## DIVIDEND POLICY

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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.

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## SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The Company's significant judgements, estimates and assumptions are the same as those that were applied to the Company's consolidated financial statements for the year ended September 7, 2024.

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## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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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 of disclosure controls and procedures ("**DC&P**") and the design of internal control over financial reporting ("**ICFR**").

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## CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

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No changes were made during the second quarter of Fiscal 2025 to the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.