



ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

NOVEMBER 18, 2021

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EXPLANATORY NOTES

General Matters

This Annual Information Form is dated November 18, 2021. Unless specifically stated otherwise, all information disclosed in this form is provided as at August 31, 2021, the end of Goodfood's most recently completed fiscal year. Unless otherwise noted or the context otherwise indicates, "we", "us", "our", "Goodfood" and the "Company" refers to Goodfood Market Corp., its predecessors and its subsidiaries. All references herein to "\$" or "dollars" are to Canadian dollars, unless indicated otherwise. Certain capitalized terms used herein are defined in the "Glossary of Terms".

Forward-Looking Information

This Annual Information Form 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, estimates and intentions. 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", or "continue", 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": limited operating history, negative operating cash flow, food industry, COVID-19 pandemic as well as the impact of the vaccine rollout and easing of restrictions, quality control and health concerns, regulatory compliance, regulation of the industry, public safety issues, product recalls, damage to Goodfood's reputation, transportation disruptions, storage and delivery of perishable foods, product liability, unionization activities, consolidation trends, ownership and protection of intellectual property, evolving industry, reliance on management, failure to attract or retain key employees which may impact the Company's ability to effectively operate and meet its financial goals, factors which may prevent realization of growth targets, inability to effectively react to changing consumer trends, competition, availability and quality of raw materials, environmental and employee health and safety regulations, the inability of the Company's IT infrastructure to support the requirements of the Company's business, online security breaches, disruption and denial of service attacks, reliance on data centers, open source license compliance, future capital requirements, operating risk and insurance coverage, management of growth, limited number of products, conflicts of interest, litigation, catastrophic events, risks associated with payments from customers and third parties, being accused of infringing intellectual property rights of others and climate change and environmental risks.

This is not an exhaustive list of risks that may affect the Company's forward-looking statements. Other risks not presently known to the Company or that the Company believes are not significant could also cause actual results to differ materially from those expressed in its forward-looking statements. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, investors 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 availability of capital resources, business performance, market conditions, and customer demand. In addition, information and expectations set forth herein are subject to and could change materially in relation to developments regarding the duration and severity of the COVID-19 pandemic as well as the impact of the vaccine rollout and its impact on product demand, labour mobility, supply chain continuity and other elements beyond our control.

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

IFRS and Non-IFRS Measures

Our financial statements, available on SEDAR at www.sedar.com, have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

This Annual Information Form and our most recent financial statements and management’s discussion and analysis, available on SEDAR at www.sedar.com, make reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from management’s 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 financial statements for the periods indicated.

We use non-IFRS measures including EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to provide investors with supplemental measures of our operating performance and to highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and assess our ability to meet our future debt service, capital expenditure and working capital requirements.

Please refer to our most recent management’s discussion and analysis, available on SEDAR at www.sedar.com, for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin presented by the Company and reconciliation, where applicable, to the most directly comparable IFRS measure.

We also use “active subscribers”, a metric which is not an IFRS or non-IFRS financial measure, and therefore, it does not appear in and cannot be reconciled to a specific item in the Company’s consolidated financial statements. An active subscriber is defined as an account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle or that is registered to Goodfood WOW (“**Active Subscribers**”). Active Subscribers exclude cancelled accounts. For greater certainty, an Active Subscriber is only accounted for once, although different products might have been ordered in a given weekly delivery cycle. We believe that Active Subscribers is a useful metric because it is indicative of potential future revenues. The Company reports the number of Active Subscribers at the beginning and end of the period, rounded to the nearest thousand.

In the fourth quarter of the Company's fiscal year ended August 31, 2021 ("**Fiscal 2021**"), we added a new metric called "active customers" to track the number of customers that have placed an order within the last three months ("**Active Customers**"). 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 Active Customers 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 Active Customers is a useful metric because it is indicative of potential future revenues. As the grocery offering of the Company grows (building out on-demand fulfillment network, opening up a digital store platform to non-subscribers, allowing for multiple types of users) and as the ready-to-eat offering of the Company grows, the Active Customers metric will become a key performance indicator that will be better correlated to the Company's performance. The Company reports the number of Active Customers at the beginning and end of the period, rounded to the nearest thousand. The Company expects to transition fully to Active Customers, and remove Active Subscribers as a metric, within Fiscal 2022.

Market and Industry Data

We have obtained the market and industry data presented herein from a combination of third-party sources and the estimates of management. Although we believe that these third-party sources and our management estimates are reliable, the accuracy and completeness of such data is not guaranteed and has not been verified by any independent sources. Market and industry data, including estimates and projections relating to size of market and market share, is inherently imprecise and cannot be verified due to limitations on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations inherent in any market research or other survey. Management's estimates are based on internal research, its knowledge of the relevant market and industry and extrapolations from third party sources. While we are not aware of any misstatements regarding the market and industry data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed under "Forward-Looking Information" and "Risk Factors".

Trademarks

This Annual Information Form includes registered and unregistered Canadian and US trademarks such as GOODFOOD, MARCHÉ GOODFOOD, GOODFOOD MARKET, YUMM, REPAS YUMM, FLEX, GOODFOOD WOW, and MARCHÉ GOODFOOD WOW, and the updated GOODFOOD logo design, which are protected under applicable intellectual property laws and are our property. All other trademarks used herein are the property of their respective owners.

CORPORATE STRUCTURE

Name, Address and Incorporation

Goodfood Market Corp. results from the amalgamation under the *Canada Business Corporations Act* (the "**CBCA**") on September 1, 2017 of Goodfood Market Corp. (formerly Mira VII Acquisition Corp.) and Goodfood Market Inc. (the resulting entity of the amalgamation between Goodfood Market Inc. and Mira VII Subco Inc.).

Our head and registered office is located at 4600 Hickmore Street, Montréal, Quebec, Canada, H4T 1K2.

For additional information with respect to our history, we refer you to the "History of Goodfood" section under "Our Business".

Intercorporate Relationships

Goodfood directly owns 100% of the voting securities of YUMM Meal Solutions Corp., its subsidiary. YUMM Meal Solutions Corp. was incorporated under the CBCA on March 21, 2019.

Goodfood has subsidiaries incorporated under CBCA in the provinces of Ontario, Quebec, Alberta, and British Columbia, but none of these subsidiaries having total assets that exceed 10% of the consolidated assets of Goodfood. In addition, Goodfood directly owns 100% of the voting securities of each of these subsidiaries.

OUR BUSINESS

About Goodfood

Goodfood is a leading online grocery company in Canada, delivering fresh meal solutions and grocery items that make it easy for customers from across Canada to enjoy delicious meals at home every day. Goodfood's vision is to be in every kitchen every day by enabling users to complete their grocery shopping and meal planning in minutes. Goodfood clients have access to a unique selection of online products as well as exclusive pricing made possible by its world-class direct-to-consumer infrastructure and technology that eliminate food waste and costly retail overhead. The Company has six production and fulfillment facilities and administrative offices in the province of Quebec, five production and fulfillment facilities and administrative offices in the Greater Toronto Area (the "GTA"), Ontario, one fulfillment facility in Ottawa, Ontario, one production facility in Calgary, Alberta and one production facility in the Greater Vancouver Area ("GVA"), British Columbia.

As of August 31, 2021 Goodfood had 298,000 Active Subscribers and 249,000 Active Customers. Subscribers have the ability to build a grocery basket by selecting from a variety of approximately 1,000 SKUs of grocery items, meal kits, and meal solutions, based on their taste preferences and personal schedules. Each basket are delivered once a week, or even daily in certain geographic regions. Goodfood currently serves customers across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, and Prince Edward Island. For more information we refer you to the section "Overview of Products, Fees and Delivery Model".

History of Goodfood

In 2014, Neil Cuggy, Jonathan Ferrari and Raffi Krikorian launched Goodfood (formerly known as Culiniste) to increase Canada's limited number of grocery delivery options and to reduce the amount of wasted produce in the Canadian food market. Goodfood Market Inc. ("GMI") was then incorporated pursuant to the CBCA on September 2, 2014.

On June 1, 2017, Goodfood completed a going-public transaction in Canada by way of a reverse takeover ("RTO") transaction. In the context of the RTO, GMI amalgamated with Mira VII Subco Inc. ("Subco"), a wholly-owned subsidiary of Mira VII Acquisition Corp. ("Mira VII"), which resulted in the amalgamated corporation ("Amalco") being a wholly-owned subsidiary of Mira VII, and Mira VII changed its name to Goodfood Market Corp. (the "Resulting Issuer"). Following the closing of its RTO, the Company began trading on the Toronto Stock Exchange (the "TSX") under the symbol "FOOD" on June 7, 2017. On August 31, 2017, the Resulting Issuer, formerly governed by the Business Corporations Act (Ontario), completed its continuance under the CBCA. On September 1, 2017 and following the continuance, the Resulting Issuer amalgamated with Amalco, its operating subsidiary, to form the Company.

On May 7, 2018, the Company completed a bought deal public offering of common shares of the Company (the "Common Shares") at a price of \$2.50 per Common Share for gross proceeds to the

Goodfood Market Corp.

Company of \$10 million (the “**2018 Offering**”). On May 16, 2018 and pursuant to the 2018 Offering, the Company announced the partial exercise of an over-allotment option by the underwriters to purchase 200,000 Common Shares entirely from Jonathan Ferrari, Neil Cuggy, and Raffi Krikorian (the “**Selling Shareholders**”), rather than from the Company and the Selling Shareholders of a pro rata basis, for gross proceeds to the Selling Shareholders of \$500,000 in the aggregate.

On September 27, 2018, the Company announced the expansion of its Montréal facility by an additional 72,000 square feet. The five-year lease, with three five-year renewal options, doubled the production capacity of the Montréal facility and increased facility size to 155,000 square feet. Operations in the new facility started in the Company’s fiscal year ended August 31, 2019 (“**Fiscal 2019**”). The expanded facility doubled sales capacity from the Montréal facility.

On November 1, 2018, the founders of the Company were recognized as EY Young Entrepreneurs of the year 2018.

On November 14, 2018, the Company obtained a commitment from a Canadian financial institution for a secured three-year term loan of \$10,000,000, a \$2,500,000 revolving line of credit and \$1,000,000 in other short-term financing. The term loan and the revolving line of credit bear variable interest at the banker’s acceptance rate plus 2.50%. The term loan is repayable in quarterly instalments of \$125,000 beginning on December 4, 2020 with a bullet repayment of the balance at the end of the three-year term. The proceeds of the term loan and the revolving line of credit are used to refinance the Company’s long-term debt, finance capital expenditures, invest in automation and for general corporate purposes.

On February 22, 2019, the Company completed a second bought deal public offering of Common Shares at a price of \$3.50 per Common Share of which 5,714,286 Common Shares were purchased from the Company and 1,428,571 Common Shares from the Selling Shareholders (the “**2019 Offering**”). The 2019 Offering represented gross proceeds of approximately \$25 million of which \$20 million are gross proceeds to the Company. Pursuant to the 2019 Offering, the Company announced the partial exercise of an over-allotment option by the underwriters to purchase 304,926 Common Shares from the Company and 76,232 Common Shares from the Selling Shareholders, for gross proceeds of approximately \$26.3 million of which \$21 million was for the Company.

In April 2019, the Company amended the agreement signed on November 14, 2018 with a Canadian financial institution to increase the amount available in other short-term financing from \$1,000,000 to \$3,000,000.

On May 16, 2019, the Company launched Yumm, a value meal kit targeting cost-focused Canadian clients. The Company made the decision to discontinue Yumm’s activities in May 2021 and made introductory offers to all Yumm customers to switch to become Goodfood customers.

On June 10, 2019, the Company announced that its first breakfast meal solution, ready-to blend superfood smoothies, was now available across Canada.

On June 18, 2019, the Company signed a five-year lease with a renewal option of three years for a 20,000 square feet production facility to support its breakfast operations, located in Montréal, Quebec.

On July 3, 2019, the Company signed a ten-year lease with a renewal option of five years for an 84,000 square feet production facility located in Vancouver, British Columbia. The addition of this Western Canada facility, along with the Alberta facility lease signed in 2017, provided the Company with operational savings and increased the Company’s production capacity to continue to meet demand of the Western Canadian market.

On August 14, 2019, the Company obtained additional bank financing from a Canadian financial institution totaling \$12 million, including a \$7.5 million revolving line of credit, a \$2.5 million delayed drawn term loan and a \$2 million of other short-term financing. The proceeds were used to fund expansion, capital expenditures, invest in automation, and were also used to refinance the Company's long-term debt.

In Fiscal 2019, the Company began offering its Clean15 basket comprised of high-protein low-carb recipes, artisanal oat bowls as part of its breakfast offerings and ready-to-bake cookies. The Company also launched its ready-to-eat meal solution and introduced the sale of everyday grocery essentials on its platform.

On September 4, 2019, the Company announced it had reached 200,000 Active Subscribers in the fourth quarter ended on August 31, 2019, representing an increase of 111,000 Active Subscribers since the beginning of the Fiscal 2019.

On September 10, 2019, the Company announced that it had been voted the "Most Trusted Meal Kit Delivery Service" across Canada based on a survey conducted by BrandSpark International, a leading market research firm.

On October 16, 2019, the Company launched its reusable delivery box as part of its green initiatives, positioning the Company as a leader in the industry with respect to environmental sustainability initiatives. The use of the reusable delivery box was suspended due to the COVID-19 pandemic. Today, the Company is approaching packaging needs (required in the distribution of grocery items and meal products, such as ice packs, boxes, and liners) with another perspective, with environment and sustainability being one of its top priorities. The Company's new delivery models aim to eliminate ice packs, boxes, and liners altogether by increasing the speed with which deliveries are made to customers. The launch of on-demand fulfillment centers in geographies across Canada through refrigerated vehicles will replace ice packs, boxes, and liners while preserving the freshness of meals and grocery items. Furthermore, the Company is considering additional potential initiatives, such as: implementing biodegradable paper recipe bags for the meal kits, reducing the weight of plastic inside recipe bags by transitioning portioned ingredients from hard plastics to flexible plastics and implementing recyclable flexible packaging for its produce items.

On February 26, 2020, the Company completed a \$30 million financing (the "**2020 Debenture Offering**") through the issuance of convertible unsecured subordinated debentures (the "**Debentures**"). The Debentures bear a fixed interest rate of 5.75% per annum, payable semi-annually, and will mature on March 31, 2025. The Debentures are convertible at the holder's option into Common Shares at a conversion price of \$4.70 per Common Share.

On March 11, 2020, the Company announced the official launch of its 84,000 square feet fulfillment centre in Vancouver, British Columbia, further expanding Goodfood's operating footprint in Western Canada.

On March 27, 2020, the Company announced the introduction of its Essential Canadian Pay Program, raising the pay of all of its hourly and salaried operations and production employees by a minimum of \$2.00 per hour throughout the duration of the COVID-19 crisis. The pay increase ended in mid-July 2020.

On April 24, 2020, the Company signed a 13-month lease for its first fulfillment centre in the GTA with two renewal options of five years. Fulfillment of orders at the new 42,000 square feet facility began in May 2020. The lease was renewed on March 11, 2021 and is now set to expire on January 31, 2023.

On May 19, 2020, the Company signed a 10-year lease for its second fulfillment centre in the GTA with two 5-year renewal options. The 200,000 square feet facility centre is currently under construction.

On June 25, 2020, the Company announced that it had been selected to join the S&P/TSX Smallcap Index, effective June 22, 2020.

On July 15, 2020, the Company signed a lease for a 45,000 square feet fulfillment centre in Montréal. This lease was amended in April 2021 and amended and restated on September 2nd, 2021 and the premises, as expanded, now total over 84,000 square feet. The term of the lease is set to expire in April 2027, and the Company has two renewal options of five years. This facility further expands the Company's capabilities in the region.

On July 30, 2020, the Company announced the launch of its new user-friendly ordering interface, Flex, to enhance subscriber experience.

On August 5, 2020, the Company completed a third bought deal public offering of Common Shares at a price of \$6.05 per Common Share, of which 4,135,000 Common Shares were purchased from the Company and 1,653,000 Common Shares were sold by the Selling Shareholders and Hamnett Hill (the "**2020 Share Offering**"). The 2020 Share Offering represented gross proceeds of approximately \$35 million, of which \$25 million are gross proceeds to the Company. Pursuant to the 2020 Share Offering, the Company announced the partial exercise of an over-allotment option by the underwriters to purchase 620,250 Common Shares from the Company and 247,950 Common Shares from the Selling Shareholders and Hamnett Hill, for gross proceeds of \$40.3 million, of which \$28.8 million was for the Company.

On September 2, 2020, the Company announced it had reached 280,000 Active Subscribers in the fourth quarter ended on August 31, 2020, representing an increase of 80,000 Active Subscribers since the beginning of the 2020 fiscal year.

On October 8, 2020, Goodfood announced the launch of Goodfood WOW, a new unlimited same-day/next day grocery delivery service in the Greater Montréal Area, Quebec ("**GMA**"), which was expanded to the GTA on February 3, 2021 and to most of GVA in September 2021. The Company expects this new service to expand to other major Canadian cities in the coming months.

On November 30, 2020, the Company entered into a new syndicated bank financing totaling \$46 million, including a revolving credit facility of \$27.5 million, a term loan facility of \$12.5 million and other short-term financing of \$6 million. On February 16, 2021, the Company increased the revolving credit by \$15 million for a total of \$42.5 million, and the other short-term financing by an amount not to exceed \$15 million, and an additional lender was added to the syndicate. The facilities feature flexible and improved financial conditions, including variable rates of bankers' acceptance plus 250 basis points, and come to maturity in November 2023. The Company announced that it will use the proceeds to fund the continued growth of the Company through capital expenditures focusing on automation as well as the expansion of the business, refinancing of existing credit facilities and general corporate purposes.

On January 27, 2021, the Company announced the departure of Philippe Adam, its Chief Financial Officer, effective April 2, 2021. On May 12, 2021, the Company announced the appointment of Jonathan Roiter as its Chief Financial Officer, effective June 7, 2021.

On February 24, 2021, the Company completed a bought deal public offering of 4,800,000 Common Shares at a price of \$12.50 per Common Share ("**2021 Offering**"). The 2021 Offering represented gross proceeds of approximately \$60 million to the Company.

On May 10, 2021, Goodfood and CIBC announced an initiative in appreciation of Canada's frontline healthcare workers to deliver 100,000 meals to hospitals in cities and communities across Canada for healthcare workers to take home, which commenced on International Nurses Day over a four-week period.

On May 21, 2021, the Company announced the departure of Raghavendra Mocharla, the Chief Technology Officer, effective July 1, 2021. On September 9, 2021, the Company announced that Bipasha Chiu will be joining its management team as its new Chief Technology Officer, effective September 27, 2021.

On July 7, 2021, the Company announced the further expansion of its product offering of grocery products, and the made the announcement of its first automated local fulfillment centre in Ottawa, which will allow the Company to offer same-day delivery in a third major Canadian market. In addition, in June 2021, the Company also launched its brand new Goodfood mobile application in order to strengthen interactions and engagement with users to further drive order rates and basket sizes.

On August 31, 2021, the Company had reached 298,000 Active Subscribers representing an increase of 6% compared to the Company's fiscal year ended August 31, 2020 ("**Fiscal 2020**").

Over the course of Fiscal 2021, the Company entered into various lease agreements in the GMA, Quebec City, Ottawa, and GTA for the purposes of building its production centres, fulfillment centres, distribution centres and administrative offices. As of the date hereof and following the Company's major expansion efforts, the total number of facilities across Canada has now reached 14, compared to 7 last year.

Industry Overview

Online Grocery

Pre-pandemic, the worldwide online grocery market is expected to grow by over US\$227 billion over the next five years, more than doubling in size to US\$374.9 billion. In Canada, before the COVID-19 pandemic, less than 1% of the country's C\$142 billion industry took place online. Initially, that penetration was expected to increase at a 21% CAGR to over C\$2 billion by 2023, largely driven by changing consumer expectations and technology innovation.

However, the COVID-19 pandemic situation has shifted growth expectations upwards and timelines forward. The growth of online grocery, initially planned to occur in 5 years, is forecasted to occur significantly faster. This heightened growth has been spurred by a sharp acceleration in penetration driven by a rise in first-time users. In 2015, 15% of Canadians had purchased groceries online, a number which rose to 25% in 2017, and had reached 55% as of March 2020. Most recently, a research survey noted that 85% of respondents see the value and attribute importance to having a rapid delivery of their online grocery, within 2 hours of ordering. Furthermore, 61% of respondents would be willing to switch to a new grocery retailer which would offer such a rapid turnaround time. Overall, the grocery industry is increasingly shifting online and speed of delivery will play an important role in its success.

The increased penetration driving growth and scale of the online grocery industry is supported by consumers' preference for the convenience of e-commerce grocery shopping. Indeed, consumer preferences built staying power in the industry, as 54% of polled consumers indicated that the COVID-19 pandemic would lead to a permanent increase in their willingness to purchase groceries online. Moreover, 90% of polled consumers who have made an online grocery purchase anticipate continuing to do so.

From our Montréal, Toronto, Calgary and Vancouver facilities, we have the ability to reach approximately 35 million Canadians in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario,

Quebec, Nova Scotia, New Brunswick and Prince Edward Island through our distribution network. Goodfood currently has over 1,000 products (compared to 400 during the same period last year), across an array of categories: meal solutions, bakery, dessert, meat and seafood, drinks, pantry, produce, snacks, dairy, frozen and kitchen essentials, with plans to grow this to 4,000 Goodfood branded and national brand products in the coming years.

Ready-to-cook

The meal kit industry is one of the fast-growing segment of the C\$142 billion Canadian grocery industry. The meal kit concept has its roots in Stockholm, Sweden when, in 2007, Kicki Theander launched Middagsfrid, a service that brought bags of groceries to people's doors and it was an instant hit. In 2014, Goodfood was one of the first to offer meal kit products in Canada, and is now one of the leaders in the Canadian market, continuously bringing value and innovation to its customer base.

Ready-to-eat

Fresh, ready-to-eat meals is an important growing segment of the C\$142 billion Canadian grocery industry as consumption habits continue to evolve rapidly. Grocery incumbents and emerging players alike are quickly building a wide range of product lines and concepts (e.g., "Grocerant") to cater to the increasingly busy lifestyles of Canadians nationwide. This shift is not unique to Canada, as the U.S. ready-to-eat leaders are on the rise, including privately held Freshly, which has gone from distributing 15,000 to over 1,000,000 meals per week since 2016. On October 30, 2020, Nestlé USA announced that it had acquired Freshly to strengthen its position in the U.S. and expanding its ability to deliver a wide variety of food products to consumers.

In conclusion, given the strong tailwinds and sheer size of the overall end market, even a modest increase in the penetration of ready-to-eat meals and groceries delivered online across Canada will unlock significant upside for those positioned to seize it. The benefit for Goodfood is that we likely have the largest base of households in Canada that are already in the habit of procuring their meals online, and therefore, the switch to (or addition of) grocery items and ready-to-eat meals is far easier than anyone that will need to build a new brand or for the incumbents to disrupt their own models.

Our Competitive Strengths

In our view the following competitive strengths will contribute to our ongoing commercial success and future performance:

Brand Recognition

We understand the emotional attachment our customers have to home-cooked meals, and their desire to cook with friends and family. Many of our customers share their cooking experiences with their loved ones several times each week. As a result, management believes that Goodfood has developed an important emotional connection with its customers, and that its customers associate the Goodfood brand with family-friendly values. Many of our customers have shared their culinary successes through social media, which has contributed to the optimization and the prevalence of the Goodfood brand. Goodfood continues to strive to increase awareness of the Goodfood brand and its product offerings across Canada via targeted marketing campaigns and converting awareness into new subscriptions and revenues.

Flexible National Footprint

We have built a thorough and flexible production, distribution and fulfillment capacity through 14 existing locations across Canada and plans for additional locations in the GTA, GMA and other large

Canadian cities. This infrastructure gives the Company over 1,000,000 square feet of fulfillment capacity for all of our product lines. Please see the section “Facilities” for more details.

The launch of on-demand fulfillment centres in 2021, as well as investments in automation, allow the Company to absorb current demand and provide a runway for future growth across all of the Company’s product lines. The Company’s investments in infrastructure in major Canadian cities enable the Company to offer customers various delivery options (i.e. weekly, same-day/next day, and even faster delivery options in certain geographic regions), as more fully described in the section “Overview of Products, Fees and Delivery Model”.

Diversity of Product Offering

We pride ourselves on offering to our customers a variety of products and offerings in order to provide a comprehensive grocery solution that is as complete as possible. We strive to capture the largest share of stomachs of Canadians by offering high quality products that provide a solution to all meals and snacks.

Quality Local Ingredients

Our supply chain sources produce from farms across Canada and, when such sourcing is not possible due to seasonal availability or lack of availability from our local purveyors, we ensure that our customers receive the best quality ingredients on the market, at the best prices available. By minimizing the number of intermediaries and time of storage upstream, the ingredients received by our customers are as fresh as possible. We pride ourselves on delivering local ingredients to our customers. In addition, when selecting our products, we prioritize ingredients without additives or preservatives. We also ensure that, whenever possible, our meat and our fish come from eco-responsible sources.

Proprietary Technology

We distinguish ourselves from our competition through our proprietary technology. We have developed and operate an innovative online platform allowing consumers to select their favourite recipes from a collection of original dishes and have the personalized ingredients delivered directly to their door with easy step-by-step instructions. We have created a custom-built order management system that allows the business to react quickly to changing customer demands and short inventory cycles. We have also developed proprietary software algorithms that assign customers specific recipes based on past orders and taste preferences, allowing our customers to “set it and forget it” with confidence that the technology will choose and deliver recipes that they will enjoy.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfill such orders through our suppliers with a small time lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Sustainability

Sustainability is an integral part of the Company’s strategy. The Company focuses its execution in the following areas: product innovation, customer experience, operational efficiency, people, health, safety and environment, corporate citizenship and governance.

Reducing food waste is an important part of our mission and is still very much at the heart of what we do today. Meal kits significantly cut down on food waste because each ingredient is perfectly measured at peak freshness and pre-portioned. The Company aims to source its products in a responsible way and has made significant strides in sourcing its products locally and ethically. Our packaging and cardboard boxes

(used to deliver orders to our customers) are currently entirely recyclable. Furthermore, some of our packaging solutions, for our ready-to-eat products, are made with 25% recycled plastic material.

Goodfood is in the process of further elaborating its environmental, social, governance (“ESG”) vision and goals. In Fiscal 2021, the Company continued to actively integrate sustainability into its business strategy and internal policies. In this regard, Goodfood engaged an ESG consultant to assist in conducting a materiality assessment of its ESG priorities by gauging the key issues raised by prominent global standards, rating agencies and our peers; surveying and interviewing influential stakeholders across the Company’s organization (targeting both internal and external stakeholders); and engaging with the Company’s executive leadership to establish a strategic roadmap that is aligned with our future ESG vision and goals.

Furthermore, the Company continues to set the bar for a sustainable future and is willing to go beyond its products (e.g., fully recyclable Goodfood meal kit boxes and other initiatives as set out in the section “Technology and Product Development”) and bring sustainability in grocery through delivery. Innovation being one of its core pillars, the Company’s sustainability efforts to electrify delivery are also reflective of its commitment to ESG factors, aiming to reduce emissions for a sustainable future. On September 23, 2021, the Company announced a collaboration with Lightning eMotors, Volta Air and Frigid Rentals for the launch of a fully electric rental vehicle fleet across Vancouver, allowing the Company to continue to evolve and lead environmental impact through technology. This launch makes the Company the first grocery delivery service in Canada to deliver groceries without emissions, and the Company is looking to expand the development of new partnerships across markets.

On August 17, 2021, the Company’s board of directors (the “**Board**” or “**Board of Directors**”) approved Company’s first Board & Management Diversity and Inclusion Policy, which is available on the Company’s website, under the Corporate Governance section.

These measures reinforce the Company’s belief that its performance in sustainability and diversity is fundamental to its long-term business success. The Company is determined to include ESG-related priorities and key performance indicators in its corporate priorities and will continuously work on the establishment of a strategy with a clear path towards strengthening ESG-related policies, measurement, management and reporting practices.

Economies of Scale and Expanding Product Offerings

We are conscious of the benefits related to scaling and adapting our supply chain, operations, production, and expenses, in order to respond effectively to customer demand, shifting market trends, and seasonality. As we continue to scale our business, grow our direct supplier relationships, and introduce increased automation into our distribution facilities, we expect to reduce our cost of goods sold, including costs related to procurement of food, packaging, and delivery of products. We expect such expenses to continue decreasing over time as we carry on scaling our business. Goodfood recognizes the growing needs of customers for easy online grocery shopping and the importance of offering multi-product and multi-channel meal solutions to its customers.

Entrepreneurial Culture

Our corporate culture attracts top-level talent, including professionals specialized in sourcing quality ingredients, creating stimulating and innovative recipes, and building a functional direct-to-consumer electronic-commerce platform. Our team is composed of fast-moving, entrepreneurial individuals, sharing the desire to provide our customers with rapid grocery delivery and inventive meal ideas and ingredients. Our business model and company culture encourage our employees to share their

ideas and collaborate with customers in different teams, be they recipe writers with chefs, or sourcing managers with software engineers.

Innovative Recipes and Variety

Our innovative staff of development specialists dedicate themselves to doing research on food and dining trends, popular ingredients, and impressive yet user-friendly cooking techniques. Our recipe team prides itself in proposing fresh and innovative ingredient combinations, which aim to elevate our average customer's home cooking to a restaurant-quality experience. As a result of our efforts in collecting feedback from our customers on a weekly basis, we are able to effectively gauge the inventiveness and overall appreciation of our recipes. Our recipe creation process enables us to consistently deliver the variety of ingredients and dishes that our customers expect and deserve.

Overview of Products, Fees and Delivery Models

Our Products

Our current offering includes grocery and meal solution products that can be categorized as follows:

- Ready-to-cook offerings:
 - Classic basket - Unique ingredients and recipes for a culinary adventure;
 - Vegetarian basket - Well-balanced vegetarian meals with exciting flavours;
 - Family basket - Quicker and kid-friendly recipes;
 - L'Artisan - Premium recipe collection with higher-end proteins;
 - Easy Prep basket - Time-saving Easy Prep recipes with fresh pre-cut and pre-cooked ingredients;
 - Clean15 basket - Comprised of high-protein, low-carb recipes designed to help Canadians reach their health and fitness goals;
- Private label grocery products:
 - Everyday grocery essentials - Exclusive prices on approximately 1,000 products, across an array of categories: bakery, dessert, meat and seafood, drinks, pantry, produce, snacks, dairy, frozen, and kitchen essentials. The plan is to grow this selection to 4,000 Goodfood branded and national brand products in the coming years.
- Meal solutions:
 - Ready-to-eat products involving zero cooking time.
 - Breakfast products
 - Products inspired by ingredients of the seasons (fall, winter, spring, summer).

Ready-to-eat products are currently made both in-house through Goodfood commissaries or by third party suppliers. In the latter case, these products do not involve any portioning or recipe assembly within our production facilities, as these steps are performed by our suppliers. Once received by Goodfood, these ready-to-eat products are usually shipped to subscribers on the same or the next day. Goodfood-made ready-to-eat products involve similar sourcing and portioning steps as ready-to-cook products, with a different assembly process and the added step of cooking the product where applicable.

Our ingredients are up to 7 days fresher than those sold in supermarkets because they are packaged for delivery right after their receipt at our distribution facility. We engage a primary third party carrier to

deliver food baskets to subscribers in each region, and several alternative carriers in order to reduce dependence on a single service provider. We do not own any delivery trucks and do not employ any delivery drivers. Goodfood currently serves customers across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island.

We are continuously looking to increase and improve the grocery products availability, develop new recipes for our ready-to-cook offerings and use both member favourites and our chef's creations for our ready-to-eat meal solutions.

Our Fees

Customers have the ability to build a grocery basket by selecting from a variety of Goodfood-branded grocery items and meal solutions, based on their taste preferences and personal schedules. As a result, various fees will apply as described below (i.e. subscription fees (monthly or weekly), delivery fees, service fees, frozen fees) based on subscription plan, order value, delivery model and/or territory served. Lastly, for each Goodfood delivery, service fees apply (calculated as a percentage of the total order value).

Our Weekly Delivery Model

Customers who have subscribed to a weekly plan will pay by credit card, based on their selected weekly subscription plan, in advance of delivery and have between 4-7 days prior to receiving their delivery to change their menu selection. Once the orders are locked in, the sourcing team places orders with suppliers for delivery on a "just in time" basis creating negative working capital in the cash flow cycle. The production and receiving teams accept delivery of ingredients and prepare and portion the orders for shipment. We do not transform any animal protein (beef, pork, chicken, fish, shellfish, etc.). We choose our suppliers based on certification level, quality of product, lead time per order, price and supplier reputation. We maintain several backups for the majority of goods that are used on a monthly basis. Depending on the goods required for each menu, our supplier base is a combination of local purveyors and farms from around the world depending on the seasonality of the ingredients. Once all the portioning and recipe assembly is done, the production team selects and packs orders based on the subscriber's recipe selection. Subscribers are usually not home to receive their deliveries. As such, we use a special liner and cold packs that allow the food to stay refrigerated for up to 60 hours.

Our On-Demand Delivery Model

Same-day/next-day delivery option: Some customers can, based on their location, benefit from a same-day/next-day delivery option (currently offered in the GTA, GMA and GVA only, with plans to expand to additional markets in the future). When available, customers can benefit from this delivery option with a monthly fee (i.e. access to unlimited deliveries, with no additional delivery fees) or on a per-order basis (with a delivery fee per order). Details as to when orders must be placed, for each region, are specified on Goodfood's website.

1-hour or less delivery option: In November 2021, the Company launched an even faster delivery option in certain areas of Toronto, being a "1-hour or less" delivery option for grocery, ready-to-cook and ready-to-eat meal products. All 1-hour deliveries happen between 8:00 a.m. and midnight. Details as to when orders must be placed, for each region, are specified on Goodfood's website.

Our Marketing Efforts

We rely heavily on word of mouth to grow our client footprint. Our customers are encouraged to share their experience concerning the quality of ingredients, appreciation of recipes and overall satisfaction via their own networks, and we have instituted referral programs and incentives for doing so. In addition,

we rely on third party providers to assist with targeted online marketing efforts. We also employ more traditional marketing methods, such as radio and television and promotional coupons.

Technology and Product Development

We use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a very short time period lag. As a result, we deliver fresher food faster and more efficiently to our customers.

We are constantly improving both our customer-facing and operational technologies to achieve better customer value and per order profitability. We are also investing in automation with regards to our production capabilities, in order to meet increasing customer demand and to improve margins.

We actively track website conversion rates in order to improve our user interface and increase subscriptions. As such, we continuously strive to better understand the positive and negative aspects of our users' experiences with our proprietary interface and customer area.

Our team is focused on innovation to improve the sustainability of our packaging, lower overall costs, and reduce our carbon footprint. We are continuously working on other innovative green initiatives. Namely, the launch of on-demand fulfillment centres in certain selected Canadian markets, allowing fast deliveries through refrigerated vehicles, will replace ice packs, boxers, and liners while preserving the freshness of meals and grocery items. Furthermore, the Company is considering additional potential initiatives, such as: implementing biodegradable paper recipe bags for the meal kits, reducing the weight of plastic inside recipe bags by transitioning portioned ingredients from hard plastics to flexible plastics and implementing recyclable flexible packaging for its produce items. The launch of the fleet of electric vehicles in Vancouver makes the Company a leader in delivering groceries without emissions.

Components and Economic Dependence

Our ingredients are sourced mainly from farms across Canada, if local sourcing is not possible due to seasonal availability or lack of availability, we ensure that our customers receive ingredients with best quality to price ratio available on the market. We actively focus on selection of ingredients and adjustment to our recipes to account for seasonality, which limits our dependence on any one supplier of raw materials.

We engage one primary supplier for each category of packaging materials required to manufacture our products, including bottles, insulation, and boxes. We also use several secondary suppliers for the procurement of each category of packaging materials, in order to reduce dependence on a single service provider.

Intellectual Property

Our ability to protect our intellectual property is an important aspect of our business and is key in ensuring the continued growth of our subscription base. We have developed and operate an innovative online platform allowing consumers to select their favourite recipes from a collection of original dishes and have the personalized ingredients delivered directly to their door with easy step-by-step instructions.

Our service is exclusively offered online through our proprietary technology platform. We have created a custom-built order management system that allows the business to react quickly to changing customer demands and short inventory cycles. We have also developed proprietary software algorithms that assign customers specific recipes based on past orders and taste preferences, allowing our customers to “set it and forget it” with confidence that the technology will choose and deliver recipes that they will enjoy.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a very short time period lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Our software includes software components licensed from third parties, including open source software. We believe that we follow industry best practices for using open source software and that replacements for this third party licensed software are available either as open source software or on commercially reasonable terms.

The technologies described above are at the core of our customer experience and are viewed as key to our current and future success and financial viability. To establish and protect our intellectual property in Canada, we rely on a combination of branding, trademarks, copyrights, trade secret laws, patent applications and contractual restrictions. We have established and continue to build proprietary positions in all key aspects of our business, including through the registration of domain names and trademarks in Canada. The source code for our software is protected under Canadian and applicable international copyright laws. We have also obtained the registration of an industrial design for our new reusable box from the Canadian Intellectual Property Office. We currently have no issued patents and patents might not be issued with respect to pending patent applications, or if patents are issued, they might not provide us with any competitive advantages, might not be issued in a manner that gives us the protection that we seek and might be successfully challenged by third parties.

Branding and Trademarks

We seek to create strong brands for our services and promote our services through trademarks that distinguish them in the market. As at August 31, 2020, we are the registered owner of the “MARCHÉ GOODFOOD” trademark in Canada, as well as the www.makegoodfood.ca and www.goodfoodmarket.ca domain names. In 2021, the Company also applied for the updated GOODFOOD logo design, MARCHÉ GOODFOOD WOW and GOODFOOD WOW trademarks in Canada, as well as the GOODFOOD WOW in the United States. As well, a Canadian application for the GOODFOOD MARKET trademark is still active. We also own unregistered rights in the GOODFOOD, YUMM, REPAS YUMM and FLEX Canadian trademarks.

We will continue to increase consumer awareness and traction around the Goodfood brand in order to drive customer loyalty and sales. We strive to develop and foster a personal connection with the community and position Goodfood as a premium brand.

Contractual Restrictions

We seek to avoid disclosure of our intellectual property and proprietary information by requiring employees and partners to execute non-disclosure and assignment of intellectual property agreements. Such agreements require our employees and partners to assign to us all intellectual property developed in the course of their employment or engagement. We also utilize non-disclosure agreements to govern interaction with new and prospective business partners where disclosure of information may be necessary.

The enforcement of our intellectual property rights depends on any legal actions against any infringers being successful, but these actions may not be successful or may be prohibitively expensive, even when our rights have been infringed.

Facilities

The Company’s main production facility and head offices are based in Montréal, Quebec. The Company has 14 locations, located throughout four provinces (Quebec, Ontario, Alberta, and British

Columbia). Furthermore, an additional fulfillment facility, located in the province of Ontario, is currently under construction.

The following table provides a summary of our locations, including facilities not yet open but for which a lease was signed and/or which are currently under construction, as at August 31, 2021:

	Total Number of Locations	Administrative Offices	Distribution and Fulfillment Centres	Manufacturing Facilities
Greater Montréal Area (GMA) (Quebec)	6	X	X	X
Ottawa (Ontario)	1	-	X	-
Greater Toronto Area (GTA) (Ontario)	5	X	X	X
Calgary (Alberta)	1	-	X	X
Vancouver (British Columbia)	1	-	X	X
TOTAL	14	-	-	-

Employees

As at August 31, 2021, we had over 3,280 employees. Our executive team has background and experience in retail, IT and/or various online industries, including the grocery industry, as well as an experienced in-house legal, real estate and construction function, which represents a competitive asset from a sales, operations and market positioning perspective.

Historically, we have had the ability to attract and retain top talent due to our employer branding and talent management strategy. Our corporate culture is defined as customer-focused and entrepreneurial. Employees are encouraged to “do more with less” and focus on innovations that add to the customer experience. Over the past few years, we have established multiple performance-driven human resources programs, human resources policies and benefits, in an effort to maximize employees’ engagement, succeed collectively and meet our strategic goals.

We remain close to our employees’ needs and satisfaction and make proper adjustments on an as-needed basis to remain competitive and maintain our workforce engagement at a high level. We foster a culture of open and honest communication to provide a positive work environment to our employees and to be perceived as an employer of choice. We have a history of good labour relations since the Company was founded.

None of our employees are represented by a labour union and there is no collective bargaining agreement in place. We are not aware of any unionization attempt by our employees. All of our executive

officers and certain other key employees have signed non-competition and non-solicitation undertakings in favour of the Company.

In August 2021, the Company's Board of Directors approved a first Board & Management Diversity and Inclusion Policy, which is available on its website, under the Corporate Governance section.

Competition

The industry in which we operate is highly competitive. As a result, we face competition from an important number of players operating in varying market segments. Such competitors include: (a) the supermarket industry and other food retailers, (b) other meal kit companies, (c) restaurants, (d) food manufacturers and other consumer goods companies, and (e) food delivery businesses, including ready-made meal services and grocery delivery companies.

With respect to meal kit companies, the Canadian industry currently has approximately a half dozen companies, most of which are small regional players with limited financing and small teams. Our main competitors are Hello Fresh (launched winter 2016), Toronto-based Chef's Plate (launched winter 2014, and acquired by Hello Fresh), Cook-It (launched summer 2014, acquired and integrated Miss Fresh) and FreshPrep. With respect to online grocery companies, the Canadian market is currently composed of four major traditional players. Our main competitors from an overall grocery perspective are Sobeys (Empire), Metro, Loblaws and Walmart. Other delivery and logistics online players have emerged in recent months. Uber, through Cornershop, Instacart and DoorDash have been adding grocery stores such as Loblaws, Walmart and Metro to their delivery platforms by offering last-mile and in certain cases picking logistics.

We are one of the more capital efficient online grocery companies in Canada due to our strong execution and extensive track record of growth generation and management. We aim to acquire new customers more cost effectively than our competitors and retain them longer driven by our end-user experience, our customer service, and our expanded product offering driving customer value proposition that offers time saving meal solutions and grocery delivery. We believe that our focus on creating the best customer end-to-end experience, our strategy to achieve industry-leading brand recognition, commitment to high quality competitively priced meal solutions and grocery products, and dedicated management team will enable us to further our position as a market leader in the online grocery industry.

Although we believe in our competitive strategy, we foresee competition increasing in the industry. Some of our potential competitors may have specific resources that we do not have, such as larger fulfillment and distribution infrastructures, greater technical, financial and marketing capabilities, and larger customer bases. In addition, mergers between competitors across the online grocery industry could result in a significant impact on the competitive landscape of our business. Such factors may allow other industry players to increase their revenue streams, improve on their customer acquisition targets, and be in a position to respond more effectively to changes in consumer demand than we may be.

Finally, existing players in the food and grocery industries have, and may continue to, branch out into the meal kit segment, offering home delivery of groceries and ready-made meals. We believe that our general focus on our customers distinguishes us sufficiently from such potential competitors.

Seasonality and Cyclicity

We adjust our meals based on seasonality of available ingredients and, as such, our expenses do not fluctuate significantly from quarter to quarter. However, during periods with warmer weather our packaging costs are affected due to additional packaging requirements associated with maintaining food freshness and quality. During these periods we benefit from lower food costs due to increased availability.

During holiday and popular vacation periods, our revenues are lower, as a higher proportion of subscribers elect to skip their delivery. Further, the growth rate of subscribers is also negatively affected during these periods.

Adverse or unusual weather patterns may impact third party carriers' ability to deliver food baskets to subscribers. We do not own any delivery trucks and do not employ any delivery drivers.

Regulatory Matters and Industry Standards

We are subject to a wide variety of laws, regulations and orders across all jurisdictions in which we do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental, consumer protection, and other matters.

Food Product Regulations

We and our suppliers must comply with applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of meat, poultry, fish and produce regulated by Health Canada, the Canadian Food Inspection Agency and applicable provincial regulatory authorities. We are also subject to pricing requirements with respect to certain products by applicable regulatory authorities or marketing boards.

The manufacturing, handling, preparation, distribution and labelling of food products is regulated in Canada through federal and provincial authorities. On January 15, 2019, significant portions of the regulations enacted under the *Safe Food for Canadians Act* came into force in Canada. Most Canadian provincial and territorial jurisdictions impose their own regulatory regimes on the food industry. We continue to monitor for and support the cost of building, maintaining and testing compliance systems to ensure compliance with the regulatory environment.

Employment Regulations

We are subject to provincial labour and employment laws that govern our relationship with employees, including minimum wage requirements, overtime, working conditions, workplace health and safety standards, and payroll taxes.

Privacy Regulations

We are subject to multiple privacy laws that govern our collection, use, disclosure, and other processing of personal information in the course of our commercial activities. Applicable privacy legal requirements depend on the geographic location of the individuals concerned by the personal information we manage, as well as the place where we host such information. The provincial and federal government's intention to reform the Canadian privacy legal and regulatory environment was put forward in the last year. While other Canadian jurisdictions (both at the federal level and in other provinces) are still at the stage of discussing the presentation of possible privacy reforms, Quebec's Bill 64 has been tabled in June 2020 and was sanctioned in September 2021. Changes under Bill 64 will come into force gradually over a 3-year period (most of which may therefore come into force between September 2022 and the end of 2023).

The amendments to the Quebec private sector privacy legislation will, among other things, provide for (i) additional individual privacy rights and increased transparency on organizations' privacy practices, which result in individuals having more control over the personal information we hold on them and decisions pertaining to them that result from an automated processing of such information; (ii) the concept of privacy by default, which implies that our digital platforms' and apps' settings will need, by default, to be configured to ensure the highest level of privacy (identification, localization and profiling functions will need to be disabled by default); (iii) mandatory privacy impact assessments prior to (A) the acquisition, development and/or redesign of any information system or electronic service delivery project involving any

processing of personal information, and (B) disclosing personal information outside of the province of Quebec, in order to assess whether the information will receive an “adequate protection” in compliance with “generally accepted data protection principles”; (iv) new mandatory reporting of data breaches, which must be notified to the Quebec privacy regulator and affected individuals when there is a "risk of serious injury"; and (v) much heavier consequences in case of non-compliance, and (C) a private right of action allowing individuals to sue organizations for damages.

Consumer Protection Regulations

We are subject to consumer protection legislation in each province in which we operate, including pricing requirements, prohibitions against false or misleading representations, and specific information to be included in customer orders and receipts.

Insurance

We carry various insurance policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of our operations. The most significant insurance policies that we carry are (i) a commercial general liability policy, (ii) an umbrella liability policy, (iii) a tenant’s liability policy, (iv) a cyber insurance policy, (v) a commercial property policy for stock, equipment and tenant’s improvements to our distribution facilities and (vi) a directors and officers insurance policy. All policies are subject to certain deductibles, limits or sub-limits and policy terms and conditions customary for businesses of our size and industry.

Social Policies

The Company is committed to the well-being of its community, especially in the context of access to food for all Canadians. As such, we contribute a certain portion of the proceeds of boxes purchased by customers to providing nutritious meals to children in need in schools located within our community. In Canada, many children go to school every morning without any breakfast or lunch. By contributing to such meals, we hope to make a difference in the lives of these children. In addition, Goodfood partnered with CIBC to provide frontline healthcare workers with 100,000 meals as a demonstration of its deep appreciation of Canada’s frontline healthcare workers and their unwavering commitment throughout the COVID-19 pandemic. Through the initiative called “Plate it Forward”, 100,000 meals were delivered directly to hospitals in cities and communities across Canada for healthcare workers to take home.

RISK FACTORS

The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Common Shares could decline, and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the uncertainties described below or other unforeseen risks.

Limited Operating History

Goodfood began carrying on business in 2014 and has a limited history of generating a profit from its operations in most regions. Goodfood is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of significant revenues. There is no assurance that Goodfood will be successful

in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Operating Cash Flow

Goodfood had negative operating cash flow for the year ended August 31, 2021. Goodfood could continue to have negative operating cash flow into the future and therefore, its finances may need to be allocated to funding this negative operating cash flow. Goodfood may require additional financing to fund its operations to the point where it is generating positive operating cash flows. Continued negative operating cash flow may restrict Goodfood's ability to pursue its business objectives.

Food Industry

The financial performance of Goodfood is subject to a number of factors that affect the food service industry generally. The Canadian food service industry is intensely competitive with respect to price, value proposition, service, location and food quality. There are many well-established competitors, including those with greater financial and other resources than Goodfood. Some of Goodfood's competitors may have brands with longer operating histories or may be better established in markets where Goodfood operates or may operate in the future. If Goodfood is unable to successfully compete in the segments of the industry in which it operates, the financial condition and results of operations of Goodfood may be adversely affected.

Goodfood's business is also affected by factors such as inflation, increased food, labour and benefit costs, and the availability of experienced management and hourly employees may adversely affect the industry in general and Goodfood in particular. Even if Goodfood is able to successfully compete with other companies, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer trends.

COVID-19 Pandemic

The COVID-19 pandemic has had an impact on Goodfood's overall business and operations and has resulted in different levels of restrictions by government authorities. As an essential service in Canada, Goodfood has been operating throughout the pandemic and implemented increased safety protocols at its facilities to ensure the safety of its employees. The Company experienced an acceleration of growth in demand. Pressure on supply chains, inventory levels and increased operational costs or disruptions and labour shortages could increase depending on the duration and severity of the pandemic as well as any changes to Goodfood's industry regulatory framework. The magnitude, duration, and severity of the COVID-19 pandemic as well as the impact of the vaccine rollout and easing of restrictions are difficult to predict and could affect the significant estimates and judgements used in the preparation of the Company's annual consolidated financial statements. The Company expects that Fiscal 2022 will continue to be affected by the COVID-19 pandemic, with some normalization of consumer activity throughout the year as vaccination rates increase and COVID-19 restrictions are further relaxed. An increase in vaccination rates and relaxing of restrictions could lead to increased levels of food consumption outside of the home and related reductions in online grocery industry volumes.

As a result of the COVID-19 pandemic, the number of employees working remotely has increased significantly, which has also increased demands on information technology resources and systems and increased the risk of phishing and other cybersecurity attacks.

Quality Control and Health Concerns

A consumer who improperly handles or cooks our products may suffer a food-borne illness and seek to hold Goodfood responsible for all damages and suffering resulting from that food-borne illness.

Goodfood's business can be materially and adversely affected by negative publicity resulting from such an illness, injury, cleanliness, poor food quality or safety or any other health concerns or operating issues relating to Goodfood's facility and products. Such negative publicity or concerns could reduce sales and gross revenues and have a material adverse effect on Goodfood's business. Goodfood has a number of procedures in place for managing food safety and quality. Nevertheless, the risk of food borne illness or contamination cannot be completely eliminated. Any outbreak of such illness or contamination at Goodfood's facility or within the food service industry more generally, or the perception of such an outbreak, could have a material adverse effect on the financial condition and results of operations of Goodfood.

Regulatory Compliance

Goodfood and its suppliers are subject to a wide variety of laws, regulations and orders across all jurisdictions in which they do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental and other matters. Changes to any of the laws, rules, regulations or policies applicable to Goodfood's business, including tax laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, beverages and general merchandise products, could adversely affect the operations or financial condition or performance of Goodfood. Failure by Goodfood or its suppliers to comply with applicable laws, regulations and orders could subject Goodfood to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect reputation, operations or financial condition or performance of Goodfood. In the course of complying with changes to laws, Goodfood could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict Goodfood's operations or profitability and thereby threaten Goodfood's competitive position and ability to efficiently conduct business.

Regulation of the Industry

Goodfood is subject to applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of meat, poultry, fish and produce regulated by Health Canada, the Canadian Food Inspection Agency and applicable provincial regulatory authorities. Goodfood has systems in place that ensure compliance with such regulation, and as regulation changes, Goodfood will modify its internal controls and handling as necessary. Any failure to comply, allegation by a regulatory authority of a failure to comply with such regulations, change in applicable regulation or in the manner in which it applies to Goodfood's industry or business could have a material impact on its operations and ability to provide product to meet demand on-time and in an efficient and cost-effective manner and a material adverse effect on its financial results.

Further, some of Goodfood's suppliers operate in supply-managed environments in which the production of a particular agricultural commodity is controlled through a quota system. The price of the supply-managed commodity may be set by regulation or by delegated authority. In such an environment, purchasers of the commodity have reduced bargaining power and must accept the regulated prices. Goodfood's suppliers, in turn, may base their prices on the acquisition cost of such supply-managed commodities.

Public Safety Issues

Adverse conditions, such as the threat of pandemics or other outbreaks or perceived outbreaks of disease (including avian flu, COVID-19, H2N1, SARS or mad cow disease), may have a negative impact on the food industry and the economy in general. The occurrence, re-occurrence, continuation or escalation

of such local, regional, national or international events or circumstances could reduce revenue for Goodfood which could have an adverse effect on the financial condition and results of operations of Goodfood.

Product Recalls

Manufacturers and distributors of food products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of Goodfood's products are recalled due to an alleged product defect or for any other reason, Goodfood could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Goodfood may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if subject to a recall, the image of Goodfood could be harmed. A recall for any reason could lead to decreased demand for Goodfood's products and could have a material adverse effect on the results of operations and financial condition of Goodfood.

Damage to Goodfood's Reputation

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information, opinions and statements concerning Goodfood may be posted on such platforms at any time. Information posted may be adverse to Goodfood's interests or may be inaccurate, each of which may harm Goodfood's performance, prospects or business. Any damage to Goodfood's reputation, whether arising from the conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with provincial securities commissions, the TSX, security breaches or otherwise could have a material adverse effect on the business and results of operation of Goodfood. The harm may be immediate without affording Goodfood an opportunity for redress or correction.

Ultimately, the risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm the reputation, business, financial condition and results of operations of Goodfood.

Transportation Disruptions

Due to the perishable and premium nature of Goodfood's products, Goodfood depends on fast and efficient courier services to distribute its product. Interruptions, delays or failures in these carrier services could delay or prevent the delivery of products, which may result in significant product inventory losses given the highly perishable nature of our food products and adversely affect our ability to fulfill our customers' orders. Any prolonged disruption of these courier services could have an adverse effect on the financial condition and results of operations of Goodfood. Rising costs associated with the courier services used by Goodfood to ship its products may also adversely impact the business of Goodfood and its ability to operate profitably. In addition, carrier interruptions and delays as a result of the COVID-19 pandemic could impact our ability to deliver orders to our customers in a timely manner.

Storage and Delivery of Perishable Foods

Our ability to adequately store, maintain and deliver quality perishable foods is critical to our business. We store food products, which are highly perishable (including meat, poultry and dairy products), in refrigerated fulfillment centres and ship them to customers inside boxes that are insulated with thermal or corrugate liners and frozen refrigerants to maintain appropriate temperatures in transit and use refrigerated third party delivery trucks to support temperature control for shipments to certain locations. Our inability, or the inability of third party courier services, to store, maintain and deliver highly perishable inventory at specific temperatures could result in significant product inventory losses as well as an increased risk of food-borne illnesses and other food safety risks.

Product Liability

As a distributor of products designed to be ingested by humans, Goodfood faces an inherent risk of exposure to product liability claims, regulatory action and litigation if the products it distributes are alleged to have caused significant loss or injury. In addition, the preparation and sale of Goodfood's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Goodfood's products alone or in combination with other medications or substances could occur. Additionally, Goodfood is exposed to many types of operational risk, including the risk of misconduct and errors by its employees and third party service providers.

Goodfood may be subject to various product liability claims. A product liability claim or regulatory action against Goodfood could result in increased costs, could adversely affect Goodfood's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Goodfood. There can be no assurance that Goodfood will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Goodfood's potential products.

Unionization Activities

Goodfood's employees may elect to be represented by labour unions in the future. If a significant number of Goodfood's employees were to become unionized, it could adversely affect the business, financial condition or results of operations of Goodfood. In addition, a labour dispute involving some or all of the Goodfood's employees may harm Goodfood's reputation, disrupt its operations and reduce its revenues, and resolution of disputes may increase its costs.

Consolidation Trends

The industries in which we operate have experienced a consolidation trend in the last two years as players are looking for opportunities to scale up in this fast-growing industry. From time-to-time, the Company has entered into and continues to enter into discussions with third parties in the ordinary course with respect to potential commercial or business relationships and transactions which may include strategic partnerships, business combinations or mergers and acquisitions involving the Company. While such meetings or discussions may occur, there is no assurance that such discussions will result in any transaction involving the Company.

Ownership and Protection of Intellectual Property

The business and technology systems underpinning the order placement and processing functions of Goodfood's intellectual property are not protected by patents or registered design rights, which means that Goodfood cannot preclude or inhibit competitors from entering the same market if they develop

the same or similar technology independently. Goodfood is particularly reliant, therefore, on copyright, trade secret protection and confidentiality and license agreements with its employees, suppliers, consultants and others to protect its intellectual property rights. Although Goodfood has taken steps consistent with industry practice to reduce these risks, such steps may be inadequate. Goodfood is particularly reliant on the intellectual property rights it holds in respect of its brand, which comprises the Goodfood name used both as plain words and in its stylised form together with the Goodfood logo. Goodfood is the registered owner of the MARCHÉ GOODFOOD trademark in Canada, and www.makegoodfood.ca and www.goodfoodmarket.ca domain names. In addition, we have applied to be the registered owner of the GOODFOOD logo, GOODFOOD MARKET, GOODFOOD WOW and MARCHÉ GOODFOOD WOW trademarks in Canada, as well as the GOODFOOD WOW trademark in the United States. We are also the owners of the unregistered trademarks GOODFOOD, FLEX, YUMM, OREPAS YUMM. Goodfood further owns a number of domain name registrations, including www.makegoodfood.ca and www.yumm.ca. Goodfood has also obtained the registration of an industrial design for its new reusable box from the Canadian Intellectual Property Office.

If Goodfood or the third party fails to register, renew or enforce Goodfood's intellectual property rights, if there is any unauthorised use or significant impairment of Goodfood's intellectual property rights, the value of its products and services could be diminished, Goodfood's competitive position could be adversely affected and its business may suffer. In addition, third parties may independently discover Goodfood's trade secrets or access proprietary information or systems and, in such cases, Goodfood may not be able to rely on any intellectual property rights to prevent the use of such trade secrets, information or systems by such parties. Costly and time-consuming litigation could be necessary to determine and enforce the scope of Goodfood's proprietary rights and the outcome of such litigation could not be guaranteed. Failure to prevent the use of such secrets, information or systems by such third parties could materially adversely affect the business.

Evolving Industry

The online purchase of grocery and meal kits is relatively new and rapidly evolving. Goodfood's success will depend to a substantial extent on the willingness of consumers to continue, and increase, their consumption of online grocery and meal kits. If demand for online ordering of grocery and meal kits decreases compared to current levels or consumer acceptance does not increase in line with Goodfood's expectations, Goodfood's business, financial condition, results of operations and prospects could be materially adversely affected. Factors important to maintaining and increasing the number of orders for Goodfood's meal kits include Goodfood's ability to (i) attract new consumers, (ii) manage new and existing technologies and sales channels, (iii) increase awareness of its brands through marketing and promotional activities, and (iv) obtain or increase purchases from repeat consumers.

Any failure to properly manage these factors could negatively impact Goodfood's ability to attract and retain consumers and maintain or increase the number of orders received, which could have a material adverse effect on Goodfood's business, financial condition, results of operations and prospects.

Reliance on Management

The success of Goodfood is highly dependent upon the ability, expertise, judgment, discretion and good faith of its limited number of senior management personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Goodfood's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

Goodfood is currently in the development stage and expects that, in the future, even if revenues continue to increase, its revenue growth may not continue at the same pace or may decline in the future. There are risks associated with Goodfood's growth strategy, and such strategies may not succeed, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors as well as the following (i) quality control and health concerns, (ii) delays in obtaining, or conditions imposed by, regulatory approvals, (iii) environmental pollution, (iv) non-performance by third party contractors, (v) increases in materials or labour costs, (vi) breakdown, aging or failure of equipment or processes, (vii) contractor or operator errors, (viii) labour disputes, disruptions or declines in productivity, (ix) inability to attract sufficient numbers of qualified workers, and (x) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that Goodfood may not have the capacity to meet customer demand or to meet future demand when it arises. In addition, Goodfood expects to continue to expend substantial financial and other resources on (i) personnel, including significant increases to the total compensation as Goodfood pays its employees as it grows employee headcount, (ii) marketing, including expenses relating to increased direct marketing efforts, (iii) office space, as Goodfood increases the space it needs for its growing employee base, and (iv) general administration, including legal, accounting and other compliance expenses related to being a public company.

If Goodfood cannot manage growth effectively it could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Competition

The Canadian online grocery industry currently has few major players. Goodfood may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than Goodfood. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Some of these competitors and new entrants may have brands that are or become more widely recognized by consumers than Goodfood's brand, and they may also have substantially greater financial, marketing, technical or other resources. Goodfood's competitors may also merge or form strategic partnerships. These factors could adversely impact Goodfood's competitive position.

To remain competitive, Goodfood will require a continued high level of investment in marketing, sales and customer support. Goodfood may not have sufficient resources to maintain marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Availability and Quality of Raw Materials

Goodfood is dependent upon the availability and quality of the raw materials, food, services and products used in its meal solutions. The availability and price of these commodities are subject to fluctuation and may be affected by a variety of factors affecting the supply and demand of the raw materials used in these products. Rising costs associated with the price of such commodities may adversely affect the business and the ability of Goodfood to operate profitably.

Environmental and Employee Health and Safety Regulations

Goodfood's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Goodfood will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters.

Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on Goodfood's manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Goodfood's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Goodfood.

Online Security Breaches and Disruption

Goodfood relies heavily on technology to provide the security necessary for the secure transmission of information from its consumers, such as credit or debit card numbers. Goodfood also receives, transmits and stores a large volume of personal information and other sensitive data from customers and potential customers. There are federal, provincial and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personal information and sensitive data. Specifically, personal information is increasingly subject to legislation and regulations to protect the personal information that is collected, processed and transmitted. Goodfood cannot guarantee absolute protection against unauthorised attempts by third parties or its current or former employees to access its IT systems, including malicious third party applications that may interfere with or exploit security flaws in its products and services. Viruses, worms and other malicious software programmes could, amongst other things, jeopardise the security of information stored in a user's computer or in Goodfood's computer systems or attempt to change the internet experience of users by interfering with Goodfood's ability to connect with its users. If any compromise of Goodfood's security measures were to occur, or if Goodfood's website or other systems were to experience service outages or other interruptions, the business, financial condition and results of operations of Goodfood may be materially adversely affected. In addition, certain provinces have enacted laws requiring companies to notify affected individuals, competent governmental authorities and other third parties of data security breaches involving personal information, including the new requirements following the adoption of Bill 64 in Quebec. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause Goodfood's customers to lose confidence in the effectiveness of our data security measures. Moreover, if a high profile security breach occurs with respect to a competitor of Goodfood, customers may lose trust in the security of Goodfood and the business model generally, which could adversely impact Goodfood's ability to conduct business. Any security breach, whether actual or perceived, would harm our reputation and Goodfood could lose customers.

Goodfood's website and platform may be subject to distributed denial of service, or DDoS, attacks in the future, a technique used by hackers to take an Internet service offline by overloading its servers. Goodfood cannot guarantee that applicable recovery systems, security protocols, network protection mechanisms and other procedures are or will be adequate to prevent network and service interruption, system failure or data loss. Moreover, our platform could be breached if vulnerabilities in our platform are exploited by unauthorized third parties. Since techniques used to obtain unauthorized access change frequently and the size of DDoS attacks is increasing, we may be unable to implement adequate preventative measures or stop the attacks while they are occurring. A DDoS attack or security breach could delay or interrupt service to our customers. In addition, any actual or perceived DDoS attack or security breach could damage our reputation and brand, expose us to a risk of litigation and possible liability and require us to expend significant capital and other resources to alleviate problems caused by the DDoS attack or security breach.

Reliance on Data Centers

Goodfood serves customers using third party cloud-based and traditional data center facilities. The continuous availability of Goodfood's products and services depends on the operations of these facilities,

on a variety of network service providers, on third party vendors and on data center and cloud operations staff. In addition, Goodfood depends on the ability of third party facility provider to protect the facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. If there are any lapses of service or damage to the facilities, Goodfood could experience lengthy interruptions in its services as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, the business of Goodfood could be harmed.

Open Source License Compliance

Goodfood incorporates open source software into our proprietary platform and into other processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of the platform and negatively affects our business operations.

Some open source licenses contain requirements that all modifications or derivative works created based on the type of open source are generally made available. If portions of Goodfood's intellectual property are determined to be subject to an open source license, or if the license terms for the open source software that Goodfood incorporates changes, Goodfood could be required to publicly release the affected portions of the source code, reengineer all or a portion of its platform or change its business activities. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated, and could adversely affect Goodfood's business.

Future Capital Requirements

Goodfood may need to raise additional funds through public or private debt or equity financings in order to: (i) fund ongoing operations and capital expenditures; (ii) take advantage of opportunities, including more rapid expansion of Goodfood's business or the acquisition of complementary businesses; or (iii) respond to competitive pressures. Any additional capital raised through the sale of equity may dilute Goodfood's shareholders' percentage ownership of the Common Shares. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

Operating Risk and Insurance Coverage

Goodfood has insurance to protect its assets, operations and employees. While Goodfood believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Goodfood is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Goodfood's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Goodfood were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Goodfood were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Limited Number of Products

Goodfood currently offers its products to customers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island. Some of Goodfood's competitors offer a more diverse set of products to individuals and in additional markets. There can be no assurance that Goodfood will be successful in broadening the scope of products offered. Failure to broaden the scope of products offered to potential customers may inhibit the growth of repeat business and harm the operating results of Goodfood.

There also can be no guarantee that Goodfood will be successful with respect to its current efforts in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island, as well as any further expansion beyond these regions or Canada, if Goodfood decides to attempt such expansion at all, which may also inhibit the growth of Goodfood's business. Expanding Goodfood's operations into new markets would subject Goodfood's business to new challenges, regulations and risks.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Goodfood becomes involved be determined against it, such a decision could adversely affect Goodfood's ability to continue operating and the market price for Goodfood's Common Shares and could use significant resources. Even if Goodfood is involved in litigation and wins, litigation can redirect significant company resources.

Catastrophic Events

Events beyond the control of Goodfood may damage its ability to accept customers' orders, maintain its platform or perform its servicing obligations. In addition, these catastrophic events may negatively affect customers' demand for Goodfood's products and services. Such events include, but are not limited to, fires, earthquakes, terrorist attacks and natural disasters. Despite any precautions Goodfood may take, system interruptions and delays could occur if there is a natural disaster, if a third party provider closes a facility Goodfood uses without adequate notice for financial or other reasons, or if there are other unanticipated problems at Goodfood's leased facilities, and such disruptions could harm Goodfood's ability to run its business and cause lengthy delays which could harm business, results of operations and financial condition of Goodfood.

Risks Associated with Payments from Customers and Third Parties

Nearly all of Goodfood's customers' payments are made by credit card. We currently rely exclusively on one third party vendor to provide payment processing services, including the processing of, and our business would be disrupted if this vendor becomes unwilling or unable to provide these services to us and we are unable to find a suitable replacement on a timely basis. Goodfood is also subject to payment brand operating rules, payment card industry data security standards and certification requirements, which could change or be reinterpreted to make it more difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit card payments from customers, which would make our services less convenient and attractive to our customers and likely result in a substantial reduction in revenue. Goodfood may also incur losses as a result of claims that the customer did not authorize given purchases, fraud, erroneous transmissions and customers who have closed bank accounts or have insufficient funds in their accounts to satisfy payments owed to us.

Being Accused of Infringing Intellectual Property Rights of Others

Other parties may claim that Goodfood infringes or violates their trademarks, patents, copyrights, domain names, publicity rights or other proprietary rights. Such claims, regardless of their merit, could result in litigation or other proceedings and could require us to expend significant financial resources and attention by our management and other personnel that otherwise would be focused on our business operations, result in injunctions against us that prevent us from using material intellectual property rights, or require us to pay damages to third parties. Goodfood may need to obtain licenses from third parties who allege that we have infringed or violated their rights, but such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain or use on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property that we do not own, which would require us to develop alternative intellectual property. To the extent we rely on open source software, we may face claims from third parties that claim ownership of the open source software or derivative works that were developed using such software, or otherwise seek to enforce the terms of the applicable open source license. Similar claims might also be asserted regarding our in-house software. The occurrence of these claims could harm our brand or materially adversely affect our business, financial position and operating results.

Climate Change and Environmental Risks

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy use and efficiency is becoming more stringent. This trend could lead to an increased cost of compliance over time, the impact of which is not currently known. In addition, physical risk of climate change could also have an adverse effect on Goodfood's operations. These risks include extreme weather and other weather-related events that could have an impact on supply chain and delivery logistics. Goodfood can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations.

Goodfood assesses its sustainability profile and environmental impact on a consistent basis which has led to it implementing steps, such as the launch of Goodfood's new reusable delivery box. However, environmental regulation is subject to change and it and Goodfood's own initiatives with respect to environmental and sustainability could result in material additional costs to Goodfood over time.

CAPITAL STRUCTURE

Share Capital

The Company's authorized share capital consists of an unlimited number of Common Shares, without nominal or par value, of which 74,718,045 Common Shares were issued and outstanding as at August 31, 2021.

Common Shares

Each holder of Common Shares is entitled to one vote per Common Share held on all matters submitted to a vote of the shareholders, including the election of directors.

Holders of Common Shares are entitled to receive dividends, if any, as may be declared from time to time by the Company's Board of Directors. In the event of the liquidation, dissolution or winding up of the Company, holders of Common Shares will be entitled to share rateably in the net assets legally available for distribution to shareholders after the payment of all of the Company's debts and other liabilities.

Holders of the Common Shares have no pre-emptive, conversion or subscription rights, and there is no redemption or sinking fund provisions applicable to the Common Shares.

Debentures

On February 26, 2020, the Company issued \$30 million aggregate principal amount of Debentures due on March 31, 2025 (the "**Debenture Maturity Date**"). These Debentures bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, commencing on September 30, 2020. As at August 31, 2021, there were \$6,852,000 in aggregate principal amount of Debentures that were issued and outstanding.

At the holder's option, the Debentures will be convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the Debenture Maturity Date, or (ii) if called for redemption, the date fixed for redemption by the Company, at a conversion price of \$4.70 per Common Share, subject to adjustment in certain events. This represents a conversion rate of approximately 212.7660 Common Shares for each \$1,000 principal amount of Debenture, subject to the operation of certain anti-dilution provisions.

The Debentures will not be redeemable by the Company prior to March 31, 2023. On or after March 31, 2023 and prior to March 31, 2024, the Debentures will be redeemable by the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days prior to the date on which notice of redemption is provided is not less than 125% of the Conversion Price. On or after March 31, 2024 and prior to the Debenture Maturity Date, the Debentures will be redeemable by the Company on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any. Subject to certain conditions, the Company will have the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of redemption.

In the event of a change of control of the Company, subject to certain terms and conditions, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures.

The Debentures are direct, subordinated unsecured obligations of the Company, subordinated to any senior indebtedness of the Company, including the Company's revolving 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 Debentures are listed for trading on the TSX under the symbol "FOOD.DB". For additional detail regarding the Debentures, please refer to the short form prospectus dated February 19, 2020 and the indenture entered into with TSX Trust Company, as indenture trustee, on February 26, 2020 relating to the Debentures (the "**Debenture Indenture**"), available on SEDAR at www.sedar.com

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Goodfood's Common Shares are listed for trading on the TSX under the symbol FOOD. The following table shows the monthly range of high and low prices per Common Share at the close of market on the TSX, as well as total monthly volumes and average daily volumes of the Common Shares traded on the TSX since September 1, 2020.

Month	Price per Common Share (\$) Monthly High	Price per Common Share (\$) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
September 2020.....	8.96	6.18	12,555,500	597,881
October 2020.....	10.05	8.55	10,413,600	495,886
November 2020.....	9.74	8.25	12,273,800	584,467
December 2020.....	12.52	7.91	14,613,800	695,895
January 2021.....	14.53	11.52	19,145,200	957,260
February 2021.....	13.07	10.42	13,522,000	711,684
March 2021.....	11.24	8.12	11,003,300	478,404
April 2021.....	8.66	7.86	9,393,000	447,286
May 2021.....	8.25	7.01	6,115,300	305,765
June 2021.....	8.21	7.27	6,583,300	299,241
July 2021.....	10.39	7.77	9,794,900	466,424
August 2021.....	10.74	9.73	4,267,800	203,229

DIVIDENDS AND DIVIDEND POLICY

We have not declared or paid any cash dividends on our securities in Fiscal 2021 and do not currently anticipate paying any cash dividends on our securities, including the Common Shares, in the foreseeable future. We currently intend to reinvest our earnings to finance the growth of our business. Any future determination to pay dividends on our securities will be at the discretion of the Board of Directors and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant. There are no restrictions on the Company's ability to pay dividends.

DIRECTORS AND EXECUTIVE OFFICERS

The following tables set out, for each of our directors and executive officers, the person's name, province or state and country of residence, position with us, principal occupation and the date on which the person became a director or executive officer, as the case may be. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 26,688,837 Common Shares, representing approximately 35.72 % of the Common Shares outstanding as at August 31, 2021.

Directors

Name and Province and Country of Residence	Position(s)/Title	Director Since	Principal Occupation	Common Shares beneficially owned
Jonathan Ferrari..... Quebec, Canada	Chairman and Chief Executive Officer of the Company	2017	Co-Founder, Chairman and Chief Executive Officer of the Company	9,819,109 13.14%
Neil Cuggy..... Quebec, Canada	President and Chief Operating Officer of the Company	2017	Co-Founder, President and Chief Operating Officer of the Company	9,820,615 13.14%
Hamnett Hill ⁽¹⁾⁽⁴⁾ Quebec, Canada	Director	2017	Fellow at Diagram Ventures	6,964,711 9.32%
Donald Olds ⁽²⁾⁽⁴⁾ Quebec, Canada	Lead Director	2017	Lead Director of Cannara Biotech Inc., Director of Acasti Pharma Inc. and Presagia Corp., Chairman of Aifred Health Inc.	72,735 0.10%
Terry Yanofsky ⁽¹⁾ Quebec, Canada	Director	2019	Director of companies such as Reitmans (Canada) Ltd. and Canopy Growth Corporation	None
François Vimard ⁽³⁾ Ontario, Canada	Director	2019	Director of companies such as Andrew Peller Ltd and Kruger Product Tissue Inc.	None

Notes

⁽¹⁾ Member of the Governance, Human Resources and Compensation Committee (the “**GHRC Committee**”).

⁽²⁾ Chair of the GHRC Committee.

⁽³⁾ Chair of the Audit Committee of the Company (the “**Audit Committee**”).

⁽⁴⁾ Member of the Audit Committee.

Executive Officers

Name and Province or State and Country of Residence	Position(s)/Title	Executive Officer Since	Principal Occupation	Common Shares beneficially owned
Jonathan Ferrari..... Quebec, Canada	Chairman and Chief Executive Officer of the Company	2017	Co-Founder, Chairman and Chief Executive Officer of the Company	9,819,109 13.14%
Neil Cuggy..... Quebec, Canada	President and Chief Operating Officer of the Company	2017	Co-Founder, President and Chief Operating Officer of the Company	9,820,615 13.14%
Jonathan Roiter..... Quebec, Canada	Chief Financial Officer of the Company	2021	Chief Financial Officer of the Company	None
Bipasha Chiu..... Ontario, Canada	Chief Technology Officer of the Company	2021	Chief Technology Officer of the Company	None
Gregory Christopher..... Ontario, Canada	Executive Vice-President, Operations of the Company	2021	Executive Vice-President, Operations of the Company	None
Nadia Jubinville..... Quebec, Canada	VP Legal Affairs, General Counsel & Corporate Secretary	2021	VP Legal Affairs, General Counsel & Corporate Secretary of the Company	725 0.00%
Mohammad Awada..... Alberta, Canada	Executive Vice President Head of Strategic Execution of the Company	2019	Executive Vice President Head of Strategic Execution of the Company	7,587 0.01%
Jennifer Stahlke..... Ontario, Canada	Executive Vice-President, Marketing & Member Happiness of the Company	2021	Executive Vice-President, Marketing & Member Happiness of the Company	1,325 0.00%
Simon Brown..... Quebec, Canada	Executive Vice-President, Product & Merchandising	2021	Executive Vice-President, Product & Merchandising	2,030 0.00%

Philippe Adam ceased to be the Chief Financial Officer of the Company on April 2, 2021. Jonathan Roiter was appointed Chief Financial Officer, effective June 7, 2021. Raghavendra Mocharla ceased to be the Chief Technology Officer of the Company, effective July 1, 2021. Bipasha Chiu was appointed Chief Technology Officer, effective September 27, 2021.

Biographies

The following are brief profiles of the executive officers and directors of the Company, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Hamnett Hill, Director

Mr. Hill is a director of Goodfood Market Corp. and has spent over 25 years creating, growing, and investing in businesses that make consumers' lives easier through technology. Mr. Hill is currently a Fellow at Diagram Ventures, a leading venture builder in the financial, insurance and healthcare sectors. He has started and grown businesses across telecom, consumer software, enterprise software, security, and other industries, many of which have resulted in significant exits for founders, shareholders, and employees. He has also mentored many entrepreneurs. As co-founder and Chief Executive Officer of Smooch.io until May 2019, Mr. Hill has worked to humanize the relationships between businesses and consumers by bringing the power of B2C messaging to businesses and software vendors, making it easy for consumers to have rich messaging conversations with companies from wherever they are. Mr. Hill is also an active technology angel investor, with investments in companies such as BlockStream, AppDirect and Xpertsea. Engaging his passion for food and food systems, Mr. Hill is the founder and principal of edō Capital, a private equity firm for early-stage, innovative food businesses and technologies that contribute to a healthier and more sustainable future. Mr. Hill's companies and teams have been honored with numerous awards, including the Profit 100 Fastest Growing Canadian Companies, Canada's 50 Best Managed Companies, Canada's Top 100 Employers, Canada's Top 40 Under 40, and Ernst & Young Entrepreneur of the Year, among others. The companies have been covered by news and business media such as the Wall Street Journal, 60 Minutes, the Globe & Mail, the Financial Post, the Atlantic, and Wired. In addition to his business and investing activities, he serves as a director of Miss Edgar & Cramps School (ECS), one of Montréal's oldest girls-only private schools. He is also a director of the Massawippi Foundation, an organization that has supported the protection of over 1,200 acres of ecologically sensitive land in the Massawippi Valley. He supports a number of other causes through his role as director of Hamnett P. Hill Family Foundation.

Donald Olds, Director

Mr. Olds was President and Chief Executive Officer of the NEOMED Institute from January 2017 to May 2019, prior to which he was the Chief Operating Officer of Telesta Therapeutics Inc. a TSX-listed biotechnology company from 2014 to 2016. In October 2016, he led the process that resulted in the successful sale of Telesta. Prior to Telesta, he was President and Chief Executive Officer of Presagia Corp., a private software development company from 2011 to 2013. Before joining Presagia, he worked for 9 years as Chief Financial Officer and Chief Operating Officer of Aegera Therapeutics. Prior to Aegera, Mr. Olds was Chief Financial Officer of Mediatrix Telecom from 2000 to 2002 and led the technology investment banking practice of TD Securities in Quebec from 1997 to 2002. Mr. Olds is currently Lead Director of Cannara Biotech Inc. (TSXV:LOVE), Director of Acasti Pharma Inc. (NASDAQ:ACST) and Chairman of Aifred Health Inc. (private) and Director of Presagia Corp. (private). He holds an MBA (Finance & Strategy) and M.Sc. (Renewable Resources) from McGill University.

Terry Yanofsky, Director

Ms. Yanofsky currently serves as a member of Goodfood's Board of Directors. Ms. Yanofsky has extensive experience working with international retailers and is respected for her strategic leadership and disciplined approach to driving revenue. Ms. Yanofsky also serves as a board member for Reitmans (Canada) Ltd. where she chairs the Strategic Planning Committee as well as Canopy Growth Corporation

where she acts as the Chair of the Corporate Governance and Nomination Committee as well as a member of the Audit Committee. Ms. Yanofsky recently served as the Senior Vice-President, General Manager of Sephora Canada. Prior to joining Sephora, Ms. Yanofsky worked at L Brands where she was General Manager for Bath & Body Works Canada and brings over 30 years of experience working with rapidly growing big-name global retailers.

François Vimard, Director

Mr. Vimard is a director of Goodfood Market Corp., Andrew Peller Ltd., GS1 Canada and KP Tissue Inc. From 1995 to 2017, Mr. Vimard served in numerous functions at Empire Ltd. / Sobeys Inc. including as Interim President and Chief Executive Officer and 10 years as Chief Financial Officer. Before joining Empire / Sobeys, he worked for 10 years at Provigo Ltd, holding numerous finance positions. Before joining Provigo, Mr. Vimard began his career as an auditor at Deloitte. He holds a Bachelor of Business Administration (B.B.A.), Accounting and Finance, Licences in Accounting from the Université Laval, Member of the order of Chartered Professional Accountants, and Graduate of the Institute of Corporate Director (ICD).

Executive Officers Who Also Serve as Directors

Jonathan Ferrari, Chairman, Director and Chief Executive Officer

Mr. Ferrari is Co-Founder and Chief Executive Officer of Goodfood. After graduating with honors from McGill University, Mr. Ferrari joined RBC's investment banking team in Montréal in 2010, advising retailers on mergers and acquisitions, capital raises and strategic partnerships. He co-founded MTL Capital LLC in 2013, a privately held entrepreneurial investment firm and in 2014 he co-founded Goodfood. In 2017, Mr. Ferrari was named one of Canada's Top 40 Under 40. This national award celebrates the exceptional achievements of Canadians in leadership, innovation and community involvement. In 2018, Mr. Ferrari was named EY young entrepreneur of the year. Mr. Ferrari is a Montréal native.

Neil Cuggy, Director, President and Chief Operating Officer

Mr. Cuggy is Co-Founder, President and Chief Operating Officer of Goodfood. Mr. Cuggy's previous experience includes co-founding in 2013 and leading an entrepreneurial investment firm called MTL Capital LLC, a privately held entrepreneurial investment firm, and in 2014, he co-founded Goodfood. Before founding MTL Capital and Goodfood, Mr. Cuggy worked in the Investment Banking division of RBC Capital Markets from 2010 to 2012 where he worked on multiple mergers and acquisitions, equity financings and debt financings. He is a Montréal native who comes from a long line of entrepreneurs. In 2018, Mr. Cuggy was named EY young entrepreneur of the year and he graduated first class honors with distinction from McGill University where he received a Bachelor of Commerce degree in Investment Management.

Executive Officers Who Do Not Serve as Directors

Jonathan Roiter, Chief Financial Officer

Mr. Roiter is the Chief Financial Officer (CFO) of the Company. Mr. Roiter has over 25 years of experience in defining and executing ambitious financial roadmaps while building and leading high-performing teams. Mr. Roiter was at Gildan Activewear from 2012 to 2021 where he most recently was Senior Vice President leading the corporate development and finance functions. Jonathan also spent five years at Ace Bakery as Chief Financial Officer and Chief Operating Officer from 2007 to 2012. As CFO, he oversees Goodfood's day-to-day finance function, overseeing all accounting and finance operations, while providing strategic recommendations supporting Goodfood's ambitious growth strategy, vision and

mission. Mr. Roiter holds a Bachelor of Commerce in Accounting from McGill University, an MBA from the Wharton School of the University of Pennsylvania and is a Chartered Professional Accountant.

Mohammad Awada, Executive Vice-President, Head of Strategic Execution

Mr. Awada is the Executive Vice-President at Goodfood where he oversees Goodfood's National Logistics, Real Estate functions and Goodfood's on-demand delivery strategy across Canada. Mr. Awada joined Goodfood from the field of investment banking and global private equity. Prior to his current role, Mr. Awada built the Western Canadian arm of Goodfood, where he set up and scaled Goodfood's Western Canadian division across Supply Chain, Operations and Logistics and played a key role in building Goodcourier delivery capabilities across Canada. Prior to joining Goodfood, Mr. Awada worked at PSP Investments where he participated in the evaluation and execution of global leveraged buyout investment opportunities including carve-outs, public-to-private and secondary buyouts with a focus on the US and European markets. Prior to that, Mr. Awada was an Investment Banker at RBC Capital Markets where he worked on a variety of strategic and capital market transactions including mergers & acquisitions and debt/equity financings. Mr. Awada holds an Honours in Investment Management degree (Bachelor of commerce) from McGill University, where he graduated with honors, while receiving the L.J. Forget Award for Excellence in Finance upon graduation for his outstanding academic achievements.

Nadia Jubinville, VP Legal Affairs, General Counsel & Corporate Secretary

Ms. Jubinville is the VP Legal Affairs, General Counsel & Corporate Secretary of the Company. Ms. Jubinville successfully led the creation of Goodfood's first in-house legal function. She oversees Goodfood's day-to-day legal needs, working closely with the executive team to provide strategic inputs and recommendations while supporting Goodfood's growth initiatives. She has over 20 years of legal experience and has held management positions for over 15 years, building and leading high performing legal teams and defining strategic legal roadmaps. Prior to joining Goodfood, Ms. Jubinville was VP Legal & Corporate Affairs, General Counsel & Corporate Secretary at Groupe Solotech Inc. where she successfully led the creation of the company's first legal function, overseeing all legal needs and supporting growth initiatives and various acquisitions worldwide. Prior to that, she spent 15 years at three major public companies, respectively as Vice-President, Legal Affairs (Fiera Capital Corporation), Associate General Counsel (TELUS) and Senior Director Legal Affairs (National Bank of Canada). Ms. Jubinville began her career practicing law at top-tier Canadian law firms; first at McCarthy Tétrault LLP and subsequently at Stikeman Elliott LLP. She holds a law bachelor's degree from University of Montréal (LL.B- graduated with honors *Caum Laude*) and a master's degree in business administration (MBA) from HEC Montréal. She is a member of the board of directors for Ultra Trail Harricana (UTHC) and École Nationale de Cirque (ENC). In 2021, she was nominated by the Canadian Lawyer Magazine for the Top 25 Most Influential Lawyers Award.

Gregory Christopher, Executive Vice President of Operations

Mr. Christopher is the Executive Vice President of Operations of the Company. Mr. Christopher has nearly 35 years of experience in defining and executing ambitious operational roadmaps while building and leading high performing teams. Prior to joining Goodfood, Mr. Christopher was a Principal at Bridgeview Business Consulting, where he provided end-to-end business consulting and advisory roles for executives to drive strategic plans, continuous improvement, digitization, and operations talent assessments. Mr. Christopher also spent 30 years at Nestlé S.A. in various roles culminating in his 7 years as Senior Vice President, Supply Chain Operations and Market Continuous Improvement, before joining Tilray where he was an Executive Vice President from January 2019 to April 2020, reporting to the CEO and responsible for all aspects of operations.

Bipasha Chiu, Chief Technology Officer

Ms. Chiu is the Chief Technology Officer of the Company. Prior to joining Goodfood, Ms. Chiu was the Vice President of Business Technology Solutions at the Liquor Control Board of Ontario (LCBO) from 2016 to 2021 where she partnered with business leaders to develop the IT roadmap and deliver the tech-enabled solutions that aligned to the LCBO strategy. Previously, Ms. Chiu was a Global Director at Apotex where she successfully led a global team to deliver several transformation initiatives including the implementation of Salesforce, SuccessFactors and SAP as well as numerous research and development initiatives. Prior to this experience, Ms. Chiu worked as a Vice President at Canadian Tire, where she was responsible for Merchandising, Supply Chain and Finance transformation initiatives and developing their Digital Strategy. Ms. Chiu also spent 13 years at Capgemini and predecessor Ernst & Young Consulting. Ms. Chiu is a graduate of the University of Waterloo where she received with Honors a degree in Mathematics, Operations Research and Computer Science.

Jennifer Stahlke, Executive Vice-President, Marketing & Member Happiness

Ms. Stahlke is the Executive Vice-President, Marketing & Member Happiness of the Company. Ms. Stahlke has a unique combination of CPG and Retail marketing and merchandising leadership experience at some of the world's largest food and retail organizations. Ms. Stahlke's career began in the consumer packaged goods industry, where she launched and built brands at General Mills, Rubbermaid, and Nestle. After 10 years of packaged goods brand management, Ms. Stahlke expanded her marketing credentials into retail starting as Director of Field Marketing at Walmart Canada. During her more than 11 years at Walmart, Ms. Stahlke led multiple Marketing and Merchandising functions, including Customer Strategy, Cosmetics Merchandising, and Pricing. Ms. Stahlke was the Executive Sponsor of Women in Retail and a member of the Diversity & Inclusion Leadership Council at Walmart Canada. As an active member of the Marketing community, Ms. Stahlke has sat on the Canadian Marketing Association's Customer Experience council, and judged numerous marketing awards including the CMAs, Promo Awards, and was the co-chair for the 2018 Shopper Innovation Awards.

Simon Brown, Executive Vice-President, Product & Merchandising

Mr. Brown is the Executive Vice President of Product and Merchandising for the Company. In this role he oversees physical product merchandising alongside the articulation of the digital product roadmap vision required to deliver an industry-leading customer shopping experience. Mr. Brown joined the Company in 2019 to incubate the private label grocery business. Before joining Goodfood, Mr. Brown spent almost three years at Uber Eats as a General Manager growing the business from just two markets to almost 100 in Canada by the time he left. Prior to this, he was at Deloitte for 10 years where he launched and led the Digital Strategy practice, supporting clients across Europe and North America transform their customer experience. Mr. Brown holds an MBA from HEC Montréal and a Bachelor of Arts from the University of Leeds.

Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, no current director or officer of the Company is, or within the 10 years prior to the date of this Annual Information Form has been, a director, officer, or promoter of any person or company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ms. Yanofsky has been a director of Reitmans (Canada) Limited (“**Reitmans**”), a Canadian-based retailer listed on the TSX, since August 2019. On May 19, 2020, Reitmans obtained an initial order from the Superior Court of Quebec to seek protection from its creditors under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Since its initial filing on May 19, 2020, Reitmans obtained an initial extension of the protection under the CCAA until July 29, 2020, a second extension until October 16, 2020 and a third extension until January 22, 2021. Trading of Reitmans’ shares was suspended on May 19, 2020 and Reitmans’ shares were delisted from the TSX effective at the close of business on July 29, 2020.

Penalties or Sanctions

No current director or officer of the Company, nor shareholder holding a sufficient number of shares of to affect materially the control of the Company, has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of Goodfood’s knowledge, there are no known existing or potential conflicts of interest among the Company and a current director or officer of the Company as at the date hereof, except that certain of our directors also serve as directors or officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS

As at the date of this Annual Information Form, we are not involved in any material legal proceeding.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except for the transactions related to the RTO, the 2018 Offering, the 2019 Offering, the 2020 Share Offering and the 2021 Offering, we have not completed a transaction within the three years before the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect us in which any of our directors, executive officers or principal shareholders, or any of their associates or affiliates, had any material interest, either direct or indirect.

MATERIAL CONTRACTS

The following represent the material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into since the beginning of the last financial year, or entered into prior to such date, but which is still in effect and to which are required to be filed with Canadian securities regulatory authorization in accordance with Section 12.2 of *National Instrument - 51-102 Continuous Disclosure Obligations*.

Debenture Indenture

In connection with the 2020 Debenture Offering, on February 26, 2020, the Company and TSX Trust Company, as indenture trustee, entered into the Debenture Indenture, setting out the terms of the

Debentures. For more information on the Debentures, please refer to “Our Business” and to the “Debentures” section in Capital Structure.

2021 Underwriting Agreement

In connection with the 2021 Offering, the Company entered into an underwriting agreement on February 9, 2021 with a syndicate of underwriters co-led by Desjardins Capital Markets and RBC Dominion Securities Inc., and including Stifel Nicolaus Canada Inc., National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., Raymond James Ltd., Canaccord Genuity Corp. and Eight Capital. (the “**Underwriters**”), pursuant to which the Underwriters agreed to purchase from the Company, 4,800,000 Common Shares of the Company at a price of \$12.50 per Common Share for aggregate gross proceeds to Goodfood of approximately \$60.0 million and were granted an over-allotment option. For more information, please refer to the sections “History of Goodfood” and “Capital Structure”.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares is TSX Trust Company at its principal office in Montréal, Quebec. The indenture trustee for our Debentures is TSX Trust Company at its principal office in Montréal, Quebec and Toronto, Ontario.

INTERESTS OF EXPERTS

Our current independent auditors, KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

AUDIT COMMITTEE

Audit Committee Charter

The Board of Directors has adopted a written charter describing the mandate of the Audit Committee that establishes, *inter alia*, the Audit Committee’s purpose and responsibilities. Within the purview of its mandate, the Audit Committee is responsible for overseeing the accounting and financial reporting practices of Goodfood and audits of Goodfood’s financial statements. The Audit Committee’s responsibilities also include the selection, recommendation and oversight of Goodfood’s independent auditors. The text of the Audit Committee’s charter is reproduced in its entirety in Annex A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is currently comprised of François Vimard, Donald Olds, and Hamnett Hill. Mr. Vimard is the chair of the Audit Committee. For education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, please refer to the “Biographies” section in “Directors and Executive Officers”.

It is the Board’s determination that each of the members of the Audit Committee is financially literate and independent within the meaning of *National Instrument - 52-110 Audit Committee*.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the pre-approval of all non-audit services to be provided to Goodfood by its independent auditors. At least annually, the Audit Committee reviews and confirms the

independence of the independent auditors by obtaining statements from the independent auditors describing all relationships with Goodfood, including with respect to any non-audit services.

Independent Auditor's Fees

Aggregate fees billed by our independent auditors, KPMG LLP, for Fiscal 2020 and Fiscal 2021 are as follows:

Services Retained	Fees billed in Fiscal 2020	Fees billed in Fiscal 2021
Audit fees ⁽¹⁾	\$ 299,155	\$ 280,783
Audit-related fees ⁽²⁾	24,030	41,409
Tax fees ⁽³⁾	33,454	28,612
All other fees ⁽⁴⁾	–	–
Total.....	\$ 356,639	\$ 350,804

Notes

⁽¹⁾ Fees billed by our independent auditors for professional services related to the audit of the financial statements of the Company for the years ended August 31, 2020 and 2021 and include \$136,526 and \$68,447 respectively, for professional fees in relation to public offerings and prospectuses.

⁽²⁾ Fees billed by our independent auditors for audit-related services.

⁽³⁾ Fees billed by our independent auditors for tax compliance, tax advice and tax planning services.

⁽⁴⁾ Fees billed by our independent auditors for other services.

ADDITIONAL INFORMATION

Additional information relating to Goodfood may be found on SEDAR at www.sedar.com and on the Company's website at www.makegoodfood.ca. You can also obtain a copy of such documents by contacting us by mail, email or telephone:

Investor Relations
 4600 Hickmore Street
 Montréal, Quebec H4T 1K2
 Canada
 Telephone: 1(855) 515-5191
ir@makegoodfood.ca

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans is contained in the Company's management information circular dated November 18, 2021.

Additional financial information is provided in the audited financial statements and the management's discussion & analysis of the Company for Fiscal 2021.

GLOSSARY OF TERMS

“**2018 Offering**” means the bought deal public offering for gross proceeds to the Company of \$10 million completed on May 7, 2018.

“**2019 Offering**” means the bought deal public offering for gross proceeds to the Company of \$20 million completed on February 22, 2019.

“**2020 Debenture Offering**” means the bought deal public offering of Debentures for gross proceeds to the Company of \$30 million completed on February 26, 2020.

“**2020 Share Offering**” means the bought deal public offering of Common Shares for gross proceeds to the Company of \$25 million completed on August 5, 2020.

“**2021 Offering**” means the bought deal public offering of Common Shares for gross proceeds to the Company of \$60 million completed on February 24, 2021.

“**Active Customer**” means a customer that has placed an order within the last three months.

“**Active Subscriber**” means an account that is scheduled to receive a delivery or has elected to skip delivery in the subsequent weekly delivery cycle or that is registered to Goodfood WOW.

“**Amalco**” means Goodfood Market Inc., the entity resulting from the amalgamation between GMI and Subco.

“**Audit Committee**” means the audit committee of the Company.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company.

“**CBCA**” means the Canada Business Corporations Act, as amended from time to time.

“**CCAA**” means the Companies’ Creditors Arrangement Act, as amended from time to time.

“**Common Shares**” means common shares in the share capital of the Company.

“**Company**” means Goodfood Market Corp. and its predecessors.

“**Debenture Maturity Date**” means March 31, 2025.

“**Debentures**” means the 5.75% convertible unsecured subordinated debentures due on the Debenture Maturity Date.

“**ESG**” means environmental, social, governance.

“**Fiscal 2019**” means the Company’s fiscal year ended August 31, 2019.

“**Fiscal 2020**” means the Company’s fiscal year ended August 31, 2020.

“**Fiscal 2021**” means the Company’s fiscal year ended August 31, 2021.

“**GMA**” means greater Montréal area.

“**GMI**” means Goodfood Market Inc. and its predecessors.

“**Goodfood**” means Goodfood Market Corp. and its predecessors.

“**GTA**” means Greater Toronto area.

“**GVA**” means Greater Vancouver area.

“**IFRS**” means the International Financial Reporting Standards.

“**Mira VII**” means Mira VII Acquisition Corp. and its predecessors.

“**Reitmans**” means Reitmans (Canada) Limited.

“**Resulting Issuer**” means Goodfood Market Corp., as it existed prior to its amalgamation with Amalco.

“**RTO**” means the reverse take-over transaction which occurred on June 1, 2017 by which the Resulting Issuer began trading on the TSX under the symbol “FOOD” on June 7, 2017.

“**Selling Shareholders**” means, collectively, Jonathan Ferrari, Neil Cuggy, and Raffi Krikorian.

“**Subco**” means Mira VII Subco Inc. and its predecessors.

“**TSX**” means the Toronto Stock Exchange.

“**Underwriters**” means a syndicate of underwriters co-led by Desjardins Capital Markets and RBC Dominion Securities Inc., and including Stifel Nicolaus Canada Inc., National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., Raymond James Ltd., Canaccord Genuity Corp. and Eight Capital.

ANNEX A
AUDIT COMMITTEE CHARTER

See attached.

AUDIT COMMITTEE CHARTER

**Approved by the Board of Directors on August 23, 2017, and revised on
August 17, 2021**

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I. PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors (the “**Board**”) of Goodfood Market Corp. (the “**Corporation**”) in its oversight of:

- A. the integrity of the financial statements and related information;
- B. compliance with applicable legal and regulatory requirements;
- C. the independence, qualifications, appointment and performance of the external auditor;
- D. disclosure, internal controls and internal audit procedures;
- E. enterprise risk management processes, credit worthiness, treasury and financial policies; and
- F. whistle blower, complaint procedures and ethics policies.

II. DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board. In particular, the Audit Committee shall have the following duties and responsibilities:

A. FINANCIAL REPORTING AND CONTROL

- 1. On a periodic basis, review and discuss with management and the external auditor the following:
 - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation’s selection or application of accounting principles, and issues as to the adequacy of the Corporation’s internal controls and any special audit steps adopted in light of material control deficiencies;
 - b. analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the impact of selecting one of several generally accepted accounting principles (GAAP) on the financial statements when such a selection has been made in the current reporting period;
 - c. the effect of regulatory and accounting developments, as well as off-balance sheet arrangements, on the financial statements of the Corporation;
 - d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-GAAP information);

- e. any corporate governance issues which could significantly affect the financial statements;
 - f. all matters required to be communicated to the Audit Committee under generally accepted auditing standards.
2. Meet to review and discuss with management and the external auditor, report and, where appropriate, provide recommendations to the Board on the following prior to its public disclosure:
- a. the annual and interim consolidated financial statements and the related “Management’s Discussion and Analysis”, Annual Information Forms, earnings press releases, the whole in accordance with the Disclosure Policy, and the integrity of the financial reporting of the Corporation;
 - b. any audit issues raised by the external auditor and management’s response thereto, including any restrictions on the scope of the activities of the external auditor or access to requested information and any significant disagreements with management;
 - c. to the extent not previously reviewed by the Audit Committee, all financial statements included in any prospectus or offering memoranda and all other financial reports required by regulatory authorities and/or requiring approval by the Board.
3. Review and discuss reports from the external auditor on:
- a. all critical accounting policies and practices used by the Corporation;
 - b. all material selections of accounting policies when there is a choice of policies available under GAAP that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the external auditor;
 - c. other material written communications between the external auditor and management, and discuss such communication with the external auditor; and
 - d. ensure that adequate procedures are in place for the review of public disclosure of financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

B. OVERSIGHT OF THE EXTERNAL AUDITOR

- 1. Recommend to the Board the external auditor to be nominated of the purpose of preparing the external auditor’s report as well as the external auditor’s compensation for doing so.

2. Oversee the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required, and review, report and, provide recommendations to the Board on the appointment, terms and review of engagement, removal, independence and proposed fees of the external auditor.
3. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the external auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.
4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Corporation and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the external auditor to provide to the Corporation and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the external auditor to the Corporation and any consolidated subsidiary.
5. Establish policies for the hiring of partners, employees and former partners and employees of the external auditor in order to protect the independence of the auditors.
6. At least annually, consider, assess, and report to the Board on:
 - a. the independence of the external auditor, including that the external auditor's performance of permitted non-audit services does not impair the external auditor's independence;
 - b. obtaining from the external auditor a written statement (i) delineating all relationships between the external auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the external auditor; and
 - c. the evaluation of the lead audit partner, taking into account the opinions of management.
7. At least annually, obtain and review a report by the external auditor describing:
 - a. the external auditor's internal quality-control procedures;
 - b. any material issues raised by the most recent internal quality-control review, or peer review of the external auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five

years, respecting one or more independent audits carried out by the external auditor firm, and any steps taken to deal with any such issues.

8. Resolve any disagreement between management and the external auditor regarding financial reporting.
9. Review the annual audit plan with the external auditor.
10. At least quarterly and when required, meet with the external auditor in the absence of management.

C. OVERSIGHT OF THE CORPORATION'S INTERNAL CONTROL SYSTEM

1. Review and discuss with management and the external auditor, monitor, report and, where appropriate, provide recommendations to the Board on the following:
 - a. the Corporation's systems of internal controls over financial reporting;
 - b. compliance with the policies and practices of the Corporation relating to business ethics;
 - c. compliance by Directors, Officers and other management personnel with the Disclosure Policy; and
 - d. the relationship of the Audit Committee with other committees of the Board, management and the Corporation's consolidated subsidiaries' audit committees.
2. Review and discuss with the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.
3. Review, monitor, report, and, where appropriate, provide recommendations to the Board on the Corporation's disclosure controls and procedures.
4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters.

D. OVERSIGHT OF THE CORPORATION'S RISK MANAGEMENT

1. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management including the following:
 - a. the Corporation's processes for identifying, assessing and managing risks;

- b. the Corporation's major financial risks, including derivative and tax risks, and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;
 - c. the Corporation's major security risks and security trends, including cybersecurity risks, that may impact the Corporation's operations and business;
 - d. the Corporation's business continuity plans, including work stoppage and disaster recovery plans;
 - e. the Corporation's environmental risks, and environment trends that may impact the Corporation's operations and business.
2. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and the Corporation's progress in remedying any material deficiencies related to:
 - a. security policies, including the physical safeguarding of corporate assets and security of networks and information systems;
 - b. environmental policy and environmental management systems.
 3. When appropriate, ensure that the Corporation's subsidiaries establish an environmental policy and environmental management systems, and review and report thereon to the Board.
 4. Review with management the credit worthiness, liquidity and important treasury matters including financial plans of the Corporation.
 5. Review all related party transactions and actual or potential conflicts of interest.

E. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS

1. Review and discuss with management, legal counsel and the external auditor, monitor, report and, when appropriate, provide recommendations to the Board on the adequacy of the Corporation's processes for complying with laws, regulations and applicable accounting standards.
2. Review, on a periodic basis with legal counsel, the Corporation's legal compliance with respect to: (a) the legal and regulatory matters which may have a material effect on the Corporation and/or its financial statements, including with respect to pending or threatened material litigations; and (b) corporate compliance policies and codes of conduct.

F. WHISTLEBLOWER, ETHICS AND INTERNAL CONTROLS COMPLAINT PROCEDURES

Ensure that the Corporation has in place adequate procedures for:

1. The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.
2. The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Audit Committee, and the Audit Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls. Where the CEO or the CFO is named in a complaint, the Lead Director will speak directly with the Chair of the Audit Committee.

III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD

1. The Audit Committee shall evaluate and review with the Board, on an annual basis, the performance of the Audit Committee as a whole as well as the performance of each individual member while taking into account: (i) in the case of the Audit Committee as a whole, the present Charter, and (ii) in the case of an individual member, the applicable position description(s), as well as the competencies and skills each individual director is expected to contribute to the Audit Committee.
2. The Audit Committee shall report to the Board periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate compensation for such advisors as determined by the Audit Committee.

V. MEMBERSHIP

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board may from time to time by resolution determine. The members of the Audit Committee shall meet the independence test and other membership requirements under applicable laws, rules and regulations and listing requirements as determined by the Board.

VI. AUDIT COMMITTEE CHAIR

The Audit Committee Chair shall be appointed by the Board. The Audit Committee Chair leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Audit Committee Chair shall:

- A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Charter and as otherwise may be appropriate;

- B. In consultation with the Board Chair, the Lead Director and the CEO, ensure that there is an effective relationship between management and the members of the Audit Committee;
- C. Chair meetings of the Audit Committee;
- D. In consultation with the Board Chair, the Lead Director, the Corporate Secretary and the Executive Officers, determine the frequency, dates and locations of meetings of the Audit Committee;
- E. In consultation with the CEO and CFO review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board Chair, that all items, requiring the Audit Committee's approval, are appropriately tabled;
- G. Ensure the proper flow of information to the Audit Committee and review, with the Executive Officers and the Corporate Secretary the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. TERM

The members of the Audit Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. PROCEDURES FOR MEETINGS

Meetings of the Audit Committee may be called by any member of the Audit Committee or the Corporation's external auditor. Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee will meet at least each quarter and otherwise as necessary. The Audit Committee shall meet separately in an executive session, in the absence of management and the external auditor, at each regularly scheduled meeting. The Audit Committee will also meet with the external auditor without management being present.

IX. QUORUM AND VOTING

Unless otherwise determined from time to time by resolution of the Board, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall

be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. SECRETARY

Unless otherwise determined by resolution of the Board, the Corporate Secretary of the Corporation or his/her delegate shall be the Secretary of the Audit Committee.

XI. VACANCIES

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. RECORDS

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

XIII. REVIEW OF CHARTER

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes for consideration. The Board may amend this Charter, as required.