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ESTATE FILE NO.: 31-2886715

IN THE MATTER OF THE BANKRUPTCY OF GOODGOOD CAFE INC., GOODGOOD CAFE 140A INC., GOODGOOD CAFE 709A INC., GOODGOOD CAFE 1187 INC., GOODGOOD CAFE 1909 INC., AND GOODGOOD CAFE 4103 INC. OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

TRUSTEE'S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION

1.0 Introduction

1. On November 22, 2022, GoodGood Cafe Inc. ("GoodGood"), GoodGood Cafe 140A Inc. ("140A"), GoodGood Cafe 709A Inc. ("709A"), GoodGood Cafe 1187 Inc. ("1187"), GoodGood Cafe 1909 Inc. ("1909"), and GoodGood Cafe 4103 Inc. ("4103" and collectively, the "GoodGood Entities") filed assignments in bankruptcy and KSV Restructuring Inc. ("KSV") was appointed as licensed insolvency trustee (in such capacity, the "Trustee"), subject to the affirmation at the First Meeting of Creditors scheduled for December 13, 2022.

2. On November 30, 2022, the Ontario Superior Court of Justice made an order procedurally consolidating the GoodGood Entities' bankrupt estates.

1.1 Restrictions

1. In preparing this Report, the Trustee has relied upon unaudited financial information prepared by the GoodGood Entities' representatives, the GoodGood Entities' books and records and discussions with management of the GoodGood Entities.

2. The Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

1.2 Currency

1. All currency references in this report are to Canadian dollars.

2.0 Background

1. GoodGood is a privately owned corporation. GoodGood is the parent company of each of 140A, 709A, 1187, 1909 and 4103. Each of the GoodGood Entities shares identical management, with Robert Kim as the sole director and officer.

2. GoodGood commenced operations in January 2022. The GoodGood Entities operated a chain of five cafes across the Greater Toronto Area. Upon its appointment, the Trustee immediately ceased operations of the cafes.

3. At the date of bankruptcy, the GoodGood Entities operated from leased premises located at:

   - 1909 Yonge St, Toronto, Ontario;
   - 709 Queen St West, Toronto;
   - 140A The Esplanade, Toronto;
   - 410 Adelaide St West, Toronto; and
   - 1187 St Clair Ave W, Toronto.

4. On the date of bankruptcy, the GoodGood Entities had fifty-three (53) employees. By virtue of the bankruptcy, all employees were terminated as of the date of bankruptcy. The terminated employees were advised by the Trustee that they may be eligible for a payment under the government sponsored *Wage Earner Protection Program Act* ("WEPPA"). The Trustee further advised that it is available to respond to any WEPPA related questions and assist should a terminated employee need assistance to file a claim under WEPPA.

2.1 Financial Difficulties

1. GoodGood's operations were financed by GoodGood Labs Inc. ("Labs"), a related party, by way of an intercompany loan. In that respect, as of the date of bankruptcy, the unaudited financial statements of GoodGood reflected an intercompany loan owing to Labs of approximately $5.6 million. In conducting operations, GoodGood advanced the funds received by Labs to each of its subsidiaries, which are single purpose vehicles that operated each of the cafés.

2. GoodGood has incurred significant losses since inception, including approximately $1.4 million for the nine months ending September 30, 2022. Due to these sustained losses, management of Labs determined that it was not prepared to further finance the GoodGood Entities' operations.

3.0 Financial Position

1. Other than cash on deposit in GoodGood's bank account (approximately $184,000), the Trustee does not anticipate material realizations from the GoodGood Entities' assets. According to GoodGood Entities' unaudited, internal balance sheet as at November 21, 2022, the book value of GoodGood Entities' assets is presented in the table below.[1]

(unaudited $C)	Amount
Rent Deposits	118,578
Inventory	80,026
Leasehold Improvements	1,755,000
Equipment	720,000
	2,673,604

2. Based on preliminary discussions with liquidators, the realizable value of the GoodGood Entities' assets is expected to be materially lower than the book values above. The Trustee intends to discuss its plan to sell the assets with the estate's inspectors immediately following the First Meeting of Creditors.

4.0 Creditors

1. The Trustee is unaware of any secured claims or trust claims against the GoodGood Entities other than a registration in respect of a dishwasher made by Alpine Specialty Chemicals Inc. against 1909.

2. According to the GoodGood Entities' books and records, there is approximately $8.3 million of unsecured creditor claims. The Trustee understands that $5.6 million of these unsecured obligations relate to loans made by Labs.

4.1 Property of the Bankrupt Not Divisible Amongst Creditors

1. At this time, the Trustee is not aware of any property that would not be divisible among the GoodGood Entities' creditors by virtue of Section 67(1) of the BIA or otherwise.

5.0 Books and Records

1. The Trustee has access to the GoodGood Entities' books and records required to complete its duties and obligations under the BIA.

[1] Excludes intercompany amounts.

6.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties, the Trustee is required to review the GoodGood Entities' books and records, including bank statements, to identify any transfers undervalue or preference payments during the year preceding the date of bankruptcy. Based on the Trustee's preliminary review, it appears that the disbursements made during that period were required to operate the business in the normal course, and primarily related to payroll and occupancy costs.

2. The Trustee will advise the estate's inspectors, if appointed, should it become aware of any material transaction(s) which it believes should be reviewed and/or challenged, as well as a cost estimate to do so.

7.0 Anticipated Realization and Projected Distribution

1. The Trustee expects to make a relatively immaterial distribution to the estate's creditors.

8.0 Other Matters

1. There are no other matters to be discussed at this time.

* * *

DATED at Toronto, Ontario, this 12th day of December, 2022.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
GOODGOOD CAFE INC., GOODGOOD CAFE 140A INC.,
GOODGOOD CAFE 709A INC., GOODGOOD CAFE 1187 INC.,
GOODGOOD CAFE 1909 INC., AND GOODGOOD CAFE 4103 INC.
AND NOT IN ITS PERSONAL CAPACITY