



GREENSPACE BRANDS INC.

Management's Discussion and Analysis

For the three month periods ended June 30, 2017 and 2016

GreenSpace Brands Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

of Financial Condition and Results of Operations

For the three month periods ended June 30, 2017 and 2016

This Management's Discussion and Analysis ("MD&A") is a review of the consolidated financial condition and results of operations of GreenSpace Brands Inc. ("GreenSpace" or the "Company") as at and for the three month periods ended June 30, 2017 and 2016. The MD&A is intended to help readers understand the Company's business and the key factors underlying its financial results. It should be read in conjunction with the Company's condensed interim consolidated financial statements for the period ended June 30, 2017 along with the Company's annual consolidated financial statements and accompanying notes for the year ended March 31, 2017, which have been filed with applicable regulatory authorities and are available through SEDAR at www.sedar.com.

Additional information is also available on the Company's website at www.greenspacebrands.ca

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and is reported in Canadian dollars; however, reference is made to Adjusted gross profit, earnings before interest expense, income taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA as defined in the "Non-IFRS Measures" section. Adjusted gross profit, EBITDA and Adjusted EBITDA are not measures of financial performance recognized under IFRS. The Company has included these measures as they are used by management to evaluate financial performance and management believes they will be used by certain investors and analysts in assessing the Company's financial performance. These measures are not necessarily comparable to similarly titled measures used by other companies and should not be construed as an alternative to net income or cash flow from operating activities as determined in accordance with IFRS. See the section within the MD&A entitled "Non-IFRS Measures" for further information.

This MD&A has been prepared as of August 23, 2017.

CORPORATE OVERVIEW

Life Choices Natural Food Corp. was originally incorporated under the *Business Corporations Act* (Ontario) on May 31, 1999. Aumento Capital IV Corporation (now GreenSpace or the Company) was incorporated under the OBCA on June 11, 2013 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V").

On April 30, 2015, Life Choices Natural Foods Corp. ("Life Choices"), Aumento Capital IV Corporation ("Aumento") and Aumento Subco (a wholly-owned subsidiary of Aumento) completed a three-cornered amalgamation whereby Life Choices and Aumento Subco amalgamated to form a new entity named "Life Choices Natural Food Corp." and shareholders of Life Choices received common shares in the capital of the Company ("Shares"). Prior to the amalgamation, Aumento changed its name to "GreenSpace Brands Inc.". This transaction constituted the Company's qualifying transaction (the "Qualifying Transaction") under the policies of the TSX-V and the Shares of GreenSpace are now listed on the Toronto Venture Exchange ("TSX.V") under the symbol JTR ("Join The Revolution"). All proceeds raised as part of the Qualifying Transaction and concurrent private placement have been used in manner consistent with those detailed in the filing statements for the Qualifying Transaction.

The Qualifying Transaction was recorded as a reverse takeover for accounting purposes in accordance with EIC-10 "Reverse Takeover Accounting" of the CICA Handbook. The consolidated financial statements are accordingly a continuation of the financial statements of Life Choices while the capital structure is that of the Company. Life Choices is deemed to be the acquirer for accounting purposes. Since the Company did not constitute a business in accordance with EIC-124 "Definition of a Business" of the CICA Handbook, the transaction was accounted for as a capital transaction, that is, a financing and recapitalization of the Company. The results of operations and cash flows for periods prior to April 30, 2015 presented in the consolidated financial statements are those of Life Choices.

GreenSpace is in the ever expanding business of developing, marketing and selling premium, convenient, natural foods to Canadians. We have a diverse brand portfolio, focused on complimenting the needs of today's consumers. Our product assortment focuses on satisfying the needs of consumers as they transition through their different need states; from baby and infant to premium snacking and dairy products. GreenSpace sources our natural ingredients largely from local, ethically operated suppliers and combine these ingredients into tasty and nutritious products.

GreenSpace has developed and brought to market several brands in the natural food space, namely, Life Choices Natural Foods (launched in 2002), Rolling Meadow (launched in August 2014), Holistic Choice (launched in August 2014), Kiwi Pure (launched in April 2015) and Nudge (launched in July 2015).

- All Life Choices beef and pork products feature one common trait: they all contain meat from grass fed and/or pasture raised animals that have not been subject to feedlot conditions. The result is meat that features higher levels of Omega 3 fatty acids and Conjugated Linoleic Acids (“CLAs”). All of Life Choices’ chickens are raised in low density barns with a premium on the ethical treatment of the birds at all times.
- The Rolling Meadow brand offers premium quality, 100% Canadian grass fed dairy, such as milk, yogurt, butter and kefir.
- The Holistic Choice brand offers premium quality pet foods for cats and dogs. Holistic Choice pet foods are made with a high percentage of fresh meat in Safe Quality Food (“SQF”) Certified plants. None of the meats have been rendered and act as an excellent source of protein to help promote bone health, and overall happy, healthy pets.
- Kiwi Pure is a grass-fed butter imported from New Zealand. Kiwi Pure butter contains 100% grass fed milk, provides improved omega ratios and contains no antibiotics or added hormones.
- Nudge offers snacking and convenience products and currently includes a line of organic macaroni and cheese products as well as fruit based snack bars for kids. Nudge Mac & Cheese is the first product of its kind in Canada to feature grass fed cheese. The Mac & Cheese product is the first of a number of snacking and convenience products expected to be brought to market under the Nudge label.

On October 19, 2015, the Company completed the acquisition of Love Child (Brands) Inc. (“Love Child”). Love Child is a Canadian-based producer of 100% organic food for infants and toddlers. Love Child’s mission is to bring to market only the purest, most natural and nutritionally-rich food, without the addition of any synthetic preservatives, refined sugars or other additives.

On February 25, 2016, the Company completed the 70% share acquisition of Central Roast Inc. (“Central Roast”). Central Roast is a leading all-natural, functional snack company that manufactures, markets, and distributes healthy snacks to major consumer retail customers in Canada. On October 7, 2016, as part of finalizing the terms on a new three year, \$7.5 million revolving senior secured asset based lending facility (“ABL Facility”) the Company acquired the remaining 30% of the issued and outstanding shares of Central Roast.

On January 18, 2017, the Company completed the acquisition of Nothing But Nature Inc. (“Nothing But Nature”) which owns the Kiju brand. Nothing But Nature is a brand leader in the Canadian shelf stable organic juice segment. Nothing But Nature markets and distributes a variety of organic juices through major distributors and consumer retail channels in Canada and to a number of select U.S. customers. The brand focuses on providing consumers with sustainable, healthy drinks without compromising quality and taste.

GreenSpace aims to continue to grow through a two-pronged growth strategy. First, through continued investments in new brands and product development to broaden the product offerings within its established brands. Second, through acquisition, by making strategic investments in strong, simple ingredient businesses in the natural and organic food space. By integrating various brands, the Company has proven that it is able to achieve economies of scale and enhanced market penetration.

The Company as it grows continues to focus on profitability, cash flow management and bringing new innovative products to the marketplace with healthy attributes.

OPERATING STRATEGY

GreenSpace’s operating strategy is designed to create value for customers and shareholders through innovative product development, market expansion and diversification.

Priorities are to:

- i) develop new value-added products for consumers;
- ii) cross-sell acquired and developed brands through strong distribution and retail channels;
- iii) make selective acquisitions on an opportunistic basis to diversify product offerings and advance our standing in the natural and organic food marketplace; and
- iv) maintain high internal operating efficiencies by driving a customer-focused, collaborative culture.

FIRST QUARTER CONSOLIDATED RESULTS

The following is a table and description of the first quarter consolidated operating results for the Company.

Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in thousands of Canadian dollars)	For the 3-month period ended June 30,			
	2017	2016	Inc/(Dec)	Inc/(Dec)
	\$	\$	\$	%
Gross revenue	14,233	9,144	5,089	55.7
Less: rebates and discounts	(1,674)	(655)	(1,019)	(155.6)
Less: listing fees	(130)	(128)	(2)	(1.6)
Net revenue	12,429	8,361	4,068	48.7
Cost of goods sold	9,694	6,253	3,441	55.0
Gross profit	2,735	2,108	627	29.7
Gross profit percentage	22.0%	25.2%		
Adjusted gross profit¹	2,865	2,236	629	28.1
Adjusted gross profit percentage	22.8%	26.3%		
General and administrative	673	452	221	48.9
Storage and Delivery	551	224	327	146.0
Salaries and benefits	1,016	956	60	6.3
Advertising and promotion	266	208	58	27.9
Professional fees	122	84	38	45.2
Stock-based compensation	29	63	(34)	(54.0)
Amortization of intangible assets	260	260	-	-
Net income (loss) before interest expense, accretion expense, and income taxes.	(182)	(139)	(43)	(30.9)
Interest expense	81	160	(79)	(49.4)
Net loss before accretion expense and income taxes	(263)	(299)	36	12.0
Accretion expense	47	307	(260)	(84.7)
Deferred income taxes (recovery)	(69)	(69)	-	-
Loss from continuing operations	(241)	(537)	296	(55.1)
Loss from discontinued operations	-	(64)	(64)	(100.0)
Net loss and comprehensive loss	(241)	(601)	360	59.9
EBITDA ¹	123	164	(41)	(25.0)
As a percentage of net revenue	1.0%	2.0%		
Adjusted EBITDA¹	415	361	54	15.0
As a percentage of net revenue, excluding listing fees	3.3%	4.3%		

¹ See Non-IFRS Measures

Revenue

Gross revenue, for the first quarter-ended June 30, 2017, was the highest gross revenue amount ever earned by the Company in a single quarter. Gross revenue for the quarter-ended June 30, 2017 increased 55.7% and net revenue, which is gross revenue excluding deductions for rebates, discounts and one-time listing fees, increased 48.7% over the same period in prior year.

Consistent with previous quarters, the gross and net revenue increases in the quarter were the result of continued strong growth from the internally launched brands, as well as significant growth in the acquired brands of Love Child, Central Roast and Kiju.

Gross Profit and Adjusted Gross Profit (see Non-IFRS Measures)

The Company's adjusted gross profit margin for the three-month period ended June 30, 2017, decreased compared to the adjusted gross profit margin seen over the same period in prior year. Consistent with previous quarters, the decline was primarily due to: i) the Company experiencing a higher percentage of rebates and discounts due to a larger proportion of revenue being earned through the large Canadian retailers; ii) larger proportion of revenue being earned through the Nothing but Nature and Central Roast brands, which have traditionally earned lower profit margins compared to Love Child; and iii) margin compression experienced within the Love Child brand as a number of suppliers have passed on price increases and not all had been passed on, through price increases, to customers.

Consistent with prior periods, the listing fees incurred in the current quarter (considered one-time, non-recurring costs to get new products on the shelf) have been added back to gross profit by the Company in calculating Adjusted gross profit. Please see the non-IFRS measures section of the MD&A below for details on these adjustments.

Selling, General and Administrative ("SG&A") Expenses

Overall, SG&A expenses for the three months ended June 30, 2017 decreased from 23.8% of net revenue in the first quarter of fiscal 2017 to 21.4% of net revenue in the current quarter. The decrease was expected as a result of leveraging higher sales volumes over mostly fixed SG&A expenses. It is expected, as gross revenue continues to build, that SG&A expenses should continue to decrease in future quarters.

For the three months ended June 30, 2017 general and administrative expenses is at 5.4% of net revenue, which is the same in the same period of prior year. The Company continues to closely monitor its consolidated fixed costs and improve margins by spreading those fixed costs over a larger revenue base.

For the three months ended June 30, 2017 storage and delivery expenses increased from 2.7% of net revenue in the first quarter of fiscal 2017 to 4.4% of net revenue in the current quarter. The increase experienced in the quarter was due to several additional costs associated with the new Central Roast distribution facility, which required the Company to maintain both the Central Roast facility and external third party warehousing. GreenSpace is expecting to see modest storage and delivery savings as it transfers products from third party warehouses to its own warehousing facility.

For the three months ended June 30, 2017 salary and benefits expenses decreased from 11.4% of net revenue in the first quarter of fiscal 2017 to 8.2% of net revenue in the current quarter. As discussed in prior periods, this decrease was expected as the business acquisitions, completed over the year and a half, have provided the Company with the necessary revenue scale to support its fixed organizational overhead costs. As previously stated and evidenced through recent acquisitions, the Company's current organizational structure has been built to facilitate adding new brands through internal development or acquisition without adding incremental management headcount.

Advertising and promotional expenses were 2.1% of net revenue for the quarter ended June 30, 2017, which decreased from the 2.5% of net revenue in the first quarter of last year. The improvement reflects the Company's continued effort to consolidate marketing and promotional campaigns across its expanding product portfolio and gain economies of scale by sharing the fixed costs of marketing campaigns across various brands.

Professional fees in the current quarter were 1.0% of net revenue, which was comparable to 1.0% over the same period in prior year. A substantial amount of the professional fees in the current quarter were incurred to complete the acquisition of Nothing but Nature. A majority of these fees are non-recurring and would not be considered part of normal on-going operations. As a result, these non-recurring professional fees have been normalized and removed in calculating Adjusted EBITDA. Please see the non-IFRS measures section of the MD&A below for details on these adjustments.

Consistent with previous quarters, the Company continues to recognize stock option expenses associated with the option awards grant by the Company's Board of Directors to all employees. As the grants are amortized using a graded vesting method it is not unexpected to see the stock based expense is reducing in the current quarter compared to the comparable period in prior year.

Interest and Accretion Expense

The Company incurred lower interest and accretion charges in the current quarter ended June 30, 2017 compared to comparable period in prior year. In the first quarter of fiscal 2017, the Company carried higher debt levels to support its working capital expansion and discounting a number of related party loans associated with the Love Child and Central Roast acquisitions. As all of these related party loans were repaid after the equity raise completed at the beginning of September 2016 and closing the ABL Facility at the beginning of October 2016, the accretion expense is much lower in the current quarter compared to the same period in the prior year. The accretion expense recognized is a non-cash expense and after repaying the majority of the discounted related party liabilities, the Company is expecting much lower quarterly accretion expense going forward when compared to prior year same periods.

Adjusted EBITDA (see Non-IFRS Measures)

For the three months ended June 30, 2017, the Company reported Adjusted EBITDA of \$0.4 million (3.3% of net revenue, excluding listing fees) which compares to an Adjusted EBITDA of \$0.4 million (4.3% of net revenue, excluding listing fees) over the same period in prior year. The Adjusted EBITDA % decline experienced in the quarter is primarily due to the adjusted gross margin compression discussed above.

SELECTED QUARTERLY INFORMATION FROM CONTINUING OPERATIONS

(expressed in thousands of Canadian dollars)

Unaudited quarterly financial data for the first quarter of fiscal 2018, all quarters in fiscal 2017 and the second, third and last quarter of fiscal 2016 are summarized as follows. The sum of the net income per share from continuing operations for each of the four quarters may not equal the net income per share for the full year, as presented, due to rounding.

(Expressed in thousands of Canadian Dollars, except per share amounts)

Three months ended	30-Jun-17	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15	30-Sep-15
	\$	\$	\$	\$	\$	\$	\$	\$
Gross revenue	14,233	12,945	10,078	9,792	9,145	5,592	3,217	1,910
Less: rebates and discounts	(1,674)	(1,485)	(985)	(951)	(655)	(409)	(330)	(177)
Less: listing fees	(130)	(354)	(60)	(254)	(128)	(979)	(7)	(26)
Net revenue	12,429	11,106	9,033	8,587	8,362	4,204	2,880	1,707
Gross profit	2,735	2,227	2,024	1,958	2,109	625	667	288
Gross profit %	22.0%	20.1%	22.4%	22.8%	25.2%	14.9%	23.2%	16.9%
Adjusted gross profit¹	2,865	2,580	2,084	2,212	2,237	1,604	674	314
Adjusted gross profit %	22.8%	22.5%	22.9%	25.0%	26.3%	31.0%	23.3%	18.1%
Net loss from continuing operations	(241)	(696)	(530)	(953)	(536)	(1,532)	(860)	(744)
Net loss per share from continuing operations – basic and diluted	(0.00)	(0.01)	(0.01)	(0.03)	(0.01)	(0.06)	(0.04)	(0.04)
EBITDA ¹	123	(278)	142	5	162	(1,242)	(779)	(737)

EBITDA % of net revenue	1.0%	(2.5%)	1.6%	0.1%	1.9%	(29.5%)	(27.0%)	(43.2%)
Adjusted EBITDA¹	415	344	290	394	360	457	(450)	(600)
Adjusted EBITDA, as a percentage of net revenue excluding listing fees	3.3%	3.0%	3.2%	4.5%	4.2%	8.8%	(15.6%)	(34.2%)

¹See Non-IFRS Measures

Certain of the Company's product lines continue to have seasonal fluctuations. For example, sales of the Life Choices BBQ product lines are typically strongest during the warmer summer months. The recently acquired Kiju brand also has its strongest revenue months in the summer, while Love Child has shown some seasonality over the last year with weaker sales results appearing in the third quarter for two consecutive years. Sales of Holistic Choice pet food, Rolling Meadow dairy and Central Roast tend not to have any significant seasonal fluctuations.

The results of operations and cash-flows for any particular quarter are not indicative of the results expected for the full fiscal year.

CASH FLOWS

Summary Statement of Cash Flows

(thousands of Canadian dollars)

	For the three-month period ended June 30,	
	2017	2016
Cash provided by (used for)	\$	\$
Operating activities	(1,959)	(263)
Investing activities	(89)	(51)
Financing activities	2,048	314
Net increase (decrease) in cash	-	-
Cash - beginning of period	-	-
Cash – end of period	-	-

Cash flow from continuing operations consumed \$2.0 million for the quarter ended June 30, 2017 (2016 - \$0.3 million). The negative operating cash-flow for Q1 2018 was primarily the result of the Company investing in working capital, specifically inventory and accounts receivable, during this period of growth. Cash was utilized in investing activities to acquire office furniture, equipment and invest in product development over the quarter ended June 30, 2017 (2016 – \$0.05 million). The Company financed its working capital and investing cash needs by additional debt financing and obtaining funds through a number of outstanding options and warrants being exercised.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended March 31, 2015, Life Choices entered into two term credit facilities with the Business Development Bank of Canada ("BDC"). The first was a five year term credit facility for \$100,000 bearing interest at 8.25% per annum. The second, was a four year term loan arrangement for \$50,000 bearing interest at 6.0% per annum. These two term loan facilities had collateral security but contained no other financial covenants.

On March 2, 2015, Life Choices issued a promissory note to a current shareholder for proceeds of \$500,000. The promissory note bore interest at 12.0% per annum and matured the earlier of May 30, 2015 or 5 business days subsequent to the completion of the Qualifying Transaction and concurrent private placement.

On April 30, 2015, proceeds from Life Choices' private placement, which net totalled \$4.8 million, completed in the conjunction with the Qualifying Transaction, were used to repay the full \$500,000 shareholder promissory note plus accrued interest as well as the second BDC term credit facility.

On October 14, 2015, the Company's overdraft facility was amended to allow the Company to borrow up to the lower of: i) \$750,000 or ii) 75% of accounts receivable aged less than 90 days plus 15% of inventory up to \$150,000. The Bank extended the overdraft facility to allow the Company to borrow up to \$0.95 million after June 30, 2016.

On October 19, 2015, the Company completed the first tranche of a private placement whose net proceeds (\$1.0 million) were used entirely to complete the acquisition of Love Child. On November 19, 2015, the second tranche of that private placement was closed, contributing net proceeds of \$0.9 million to the business. All of these net proceeds were used to repay the Love Child acquired operating line of credit.

On December 18, 2015, the Company issued a promissory note to a shareholder for proceeds of \$0.4 million. The promissory note bears interest at 10.0% per annum, had a 1% placement fee and initially matured the earlier of June 30, 2016 or 10 business days subsequent to the completion of any equity financing. On February 25, 2016, the repayment term on the promissory note was extended by the current shareholder to April 1, 2017. On June 29, 2016, the Company issued a promissory note to the same shareholder for proceeds of \$0.2 million. The promissory note bears interest at 10.0% per annum, had a 1% placement fee and will mature on April 1, 2017.

On February 25, 2016, the Company completed a public equity offering to raise net proceeds of \$8.0 million. \$7.5 million of those net proceeds made up the cash contribution to acquire 70% of the Central Roast business.

On February 25, 2016, as part of the acquisition of Central Roast, the Company acquired a revolving credit facility which allowed the Company to borrow up to the lower of: i) \$0.9 million or ii) 75% of accounts receivable aged less than 90 days. The acquired overdraft facility is secured by a general security agreement over the assets of the Central Roast operating division, is payable on demand and bears interest at a prime borrowing rate plus 1% per annum. The credit facility also includes an additional \$0.1 million in credit by way of TD Visa. The Bank has also provided a U.S. exchange contract permitting the Company to buy foreign contracts of \$0.2 million per day to a maximum of \$1 million at any given time. The contract does not require the Company to pay any upfront or collateral fees.

On March 22, 2016, the Company entered into a loan agreement with a syndicate of lenders for gross proceeds of \$1.9 million. (the "Bridge Loan"). The Bridge Loan was used to repay a \$750,000 promissory note acquired as part of the Love Child acquisition and the remainder was contributed to the Company's balance sheet for working capital purposes.

On September 2, 2016, the Company closed a \$7.0 million bought deal short form prospectus offering of 6,210,000 common shares. Proceeds from the offering were primarily used to repay debt and support general working capital during the Company's period of continual revenue growth.

On October 7, 2016, the Company finalized the terms on a \$7.5 million revolving senior secured asset based lending facility with The Toronto-Dominion Bank ("ABL Facility"). The maximum availability under the ABL facility is subject to a borrowing base calculation determined as a percentage of the Company's accounts receivable, inventory less priority payables and availability reserves. The ABL Facility is secured by substantially all of the assets of the Company and contains standard financial covenants. Proceeds from the new facility were used to complete the acquisition of the remaining 30% of the issued and outstanding shares of Central Roast Inc. ("Central Roast"), making Central Roast a wholly-owned subsidiary of GreenSpace.

Also in conjunction with the closing the ABL Facility, the principal amount of an existing shareholder loan for \$600,000 is now convertible into common shares of the Company at a price of \$1.15 per share. After closing the ABL Facility, the Company has now refinanced the majority of its short-term loan obligations under a long-term, cost effective borrowing facility. Remaining initial proceeds from the new ABL Facility were available to finance working capital and capacity is still available to assist in financing future acquisitions.

After closing the ABL Facility, the Company was able to refinance the majority of its short-term loan obligations under a long-term, cost effective borrowing facility. Remaining initial proceeds from the new ABL Facility were also available to continue to finance working capital and capacity was still available is still available to assist in the financing of future acquisitions.

Over the next 12 months, the Company may generate additional cash-flow from: (i) operational cash flow improvements; (ii) revenue growth; and (iii) the successful integration of the Love Child, Central Roast and NBN businesses, however, it is expected that additional financing will be obtained through the issue and sale of equity/debt securities and/or the increase in existing, or entering into of new, debt facilities in order to complete future acquisitions and/or increase working capital. Any future equity financing will be dilutive to existing shareholders of the Company and may be dilutive to earnings and cash flow per share.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new

shares, taking on debt, acquiring cash through acquisitions or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be share capital and long-term debt.

The Company manages capital through forecasting processes whereby working capital and operational cash-flow are forecasted on a weekly basis to proactively identify any capital shortfall or surplus. The Company's budget is updated on a monthly basis based on actual experience. The annual budget is reforecast quarterly and any updates to the annual budget through the reforecast are reviewed with the Board of Directors.

The Company has and will continue to make significant up-front investments in research and development, sales and marketing, and general and administrative expenses in order to rapidly develop and expand its business. Because the Company continues to incur significant expenditures for research and development, sales and marketing, and general and administrative expenses, the Company may experience negative cash flow in certain quarters where substantial investments are required until it reaches a higher level of sales with positive gross margins. The inability to generate consistent positive cash flow is a risk to the Company's business and could lead to the need to obtain additional financing in the future by way of debt or equity

OFF-BALANCE SHEET ARRANGEMENTS

The Company has a non-material vehicle lease agreement expiring in January 2019.

On June 23, 2015, the Company also issued a stand-by letter of credit for \$161,122 U.S. dollars from a Canadian financial institution to one of its U.S. suppliers as security. On October 26, 2015, that stand-by letter of credit was returned by the U.S. supplier and cancelled by the Canadian financial institution.

On July 4, 2016, the Company entered into a 10-year lease agreement for a 50,000 square foot warehouse facility. The lease agreement commences on November 1, 2016 and the space will be sufficient to accommodate the current year inventory build as a result of new revenue opportunities and the new facility also gives the Company adequate space for growth. The new leased facility has an annual rent of \$0.4 million.

In November 2016, under its new ABL Facility, the Company issued a stand-by letter of credit for \$0.2 million to one of its Canadian suppliers for extended credit terms.

TRANSACTIONS BETWEEN RELATED PARTIES

Loans from Related Parties

	June 30, 2017	March 31, 2017
	\$	\$
Love Child Earn-out Shares (i)	702	666
Central Roast Earn-out Consideration (ii)	-	427
Nothing But Nature Earn-Out Consideration (iii)	308	298
	1,010	1,391
Less amounts due within one year	1,010	1,391
Loans from related party - non current	-	-

- i) At June 30, 2017 and at March 31, 2017, the probability of Love Child achieving those gross revenue targets were set at 100%. The Earn-out Shares are issuable after the financial results from the quarter-ended September 30, 2017 are publicly released. Discounted at the rate of 16%, accretion expense recognized within the three month period ended June 30, 2017 is \$36 (2016 - \$nil).
- ii) Earn-out consideration valued at up to \$1,500 was discounted to be \$1,262 with discount rate of 16%. On February 25, 2017, the Earn-out Consideration was revalued to be \$1,228 and was settled as follows:
- o \$500 in cash;
 - o \$300 in common shares; each common share valued at the 20-trading day volume weighted average price prior to issuance;
- In April 2017, the remaining \$427 earn-out obligation was settled with the issuance of 263,714 Common Shares at a price of \$1.62 per share. The Common Shares were valued at the 20-trading day volume weighted average trading

price prior to the required issuance date. Accretion expense recognized for the three month period ended June 30, 2017 is \$nil (2016 - \$55).

- iii) Nothing But Nature Earn-out consideration will be settled in common shares before March 31, 2018. Earn-out amount of \$331 discounted at 16% to be \$289 as of January 18, 2017. Accretion expense recognized for the three month period ended is \$11 (2016 - \$nil).

Transactions with Related Parties

The Company has a lease arrangement for office space with a shareholder of the Company. The Company paid rent expense of \$42 during the three month period ended June 30, 2017 (2016 – \$23).

The Company has an outstanding balance of \$149 at June 30, 2017 (March 31, 2017 - \$159) due to the CEO included in accounts payable and accrued liabilities. These amounts relate to unpaid compensation, accordingly, there are no specified repayment terms and this amount does not bear interest.

The Company purchases raw materials for the production of its finished products through a meat broker whose principal is also a shareholder of our Company. At June 30, 2017, \$nil (March 31, 2017 - \$220) was due to that meat broker. The balance was included in accounts payable and accrued liabilities. For the three month period ended June 30, 2017 total purchases from that meat broker amounted to \$nil (2016 - \$621). These purchases of raw materials are on an arm's length commercial terms and do not bear interest.

The Company has made a number of purchases for an unrelated company controlled by a common shareholder. The purchases are completed on arm's length commercial terms and are expected to be repaid within the upcoming fiscal year. At June 30, 2017, \$38 was owed by the unrelated company controlled by a common shareholder (March 31, 2017 – \$38). The amount owed is non-interest bearing with no specified terms of repayment.

Key management includes the Company's directors and officers. Compensation awarded to key management includes a salary, stock based compensation and director fees. The following table presents key management compensation:

(Expressed in thousands of Canadian dollars)

	Three month period ended	
	June 30, 2017	June 30, 2016
Salary and director fees	\$163	\$196

SUBSEQUENT EVENTS

Exercise of Warrants

Subsequent to June 30, 2017, the Company had 528,130 Warrants exercised resulting in the issuance of 528,130 additional common shares for cash proceeds of \$571.

Closing of Short Form Prospectus

On August 3, 2017, the Company closed a bought deal short form prospectus offering of 7,300,000 common shares of the Company at a price of \$1.48 per share (the "Offering"), which includes 500,000 common share issued pursuant to the exercise of the over-allotment option, for aggregate gross proceeds of \$10.804 million. The Offering was conducted by a syndicate of underwriters (the "Underwriters") led by Beacon Securities Limited and Cormark Securities Inc., and including Laurentian Bank Securities Inc., PI Financial Corp. and Raymond James Ltd.

In consideration of the services rendered by the Underwriters in connection with the Offering, GreenSpace paid the Underwriters a commission equal to 6% of the gross proceeds of the Offering, including any proceeds raised pursuant to the exercise of the over-allotment option, provided, however, that a fee of 3% was payable in respect of proceeds raised from certain "president's list" subscribers totaling 804,200 Common Shares.

The net proceeds from the Offering will be used to continue the Company's existing acquisition strategy and for working capital and general corporate purposes.

Acquisition of The Cold Press Corp. (“Cedar”)

On August 23, 2017, GreenSpace closed the acquisition of The Cold Press Corp. (“Cedar”). Cedar is the brand leader in the cold pressed juice category and has recently developed a line of probiotic drinks within their cold pressed juice business that compliments the GreenSpace strategy of launching products in the ‘gut health’ space. GreenSpace hopes to grow the distribution of Cedar and launch new products under the Cedar brand. The total consideration is approximately \$5.385 million to \$6.385 million, comprised of \$4.113 million in cash, \$1.029 million in common shares in the capital of GreenSpace (“Common Shares”) (each Common Share issued at a price of \$1.48), unsecured vendor take-back loans of \$0.243 million, payable over 12 months, and an earn-out that can be up to \$1 million based on the CEDAR net revenue in the 12 month period ending on September 30, 2018. The earn-out is calculated and payable in Common Shares at a price per share equal to GreenSpace’s 20 day volume weighted average trading price for a period ending five days before September 30 2018, based on a formula providing for \$20,000 of earn-out consideration for each \$100,000 in CEDAR net revenue in excess of \$5.142 million for the 12 month period ending on September 30, 2018.

Stock Option Grant

On August 23 2017, the Board of Directors of the Company approved the granting of incentive stock options (the “Options”) pursuant to the terms of the Corporation’s stock option plan to a number of employees and directors to acquire up to an aggregate of 200,000 common shares in the capital of the Company.

All Options granted to the employees and directors are exercisable for a period of ten years at a price of \$1.04 per common share. These Options vest over a five-year period with 20.0% of the Options vesting one year after the date of the grant and the remainder vesting 20.0% annually thereafter.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management’s discussion and analysis of its financial condition and results of operations, including the discussion on liquidity and capital resources, is based upon the Company’s unaudited condensed consolidated interim financial statements, which have been prepared in accordance with IFRS unless otherwise noted.

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and judgements, particularly those related to the determination of the estimated recoverable amount of accounts receivable, inventory, provisions, financial instruments and share based compensation. Management bases its estimates on historical experience and on various other assumptions, which are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used. Critical accounting estimates and judgements are described in greater detail in the Company’s annual MD&A for the year ended March 31, 2017 and the audited annual consolidated financial statements for the year ended March 31, 2017.

CHANGES IN ACCOUNTING POLICIES / FUTURE ACCOUNTING POLICY CHANGES

The Company’s accounting policies are set out in the Company’s annual consolidated financial statements for the year ended March 31, 2017 and were consistently applied to all the periods presented unless otherwise noted below.

Future Changes in Accounting Policies

The Company is currently evaluating the adoption of the following new and revised standards. Any changes will be made in accordance with the applicable transitional provisions.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued in its final form IFRS 9 - Financial Instruments (IFRS 9) which replaces IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities

that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual Consolidated Financial Statements commencing January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers (IFRS 15), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases (IFRS 16), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be effective from January 1, 2019 with limited early application permitted. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

Amendments to IFRS 2 - Share-based Payments

In June 2016, the IASB issued amendments to IFRS 2 - Share-based Payments (IFRS 2), clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification from cash-settled to equity-settled. The amendments to IFRS 2 are effective prospectively for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently in the process of reviewing the standard to determine the impact on the annual consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The Company does not intend to adopt any of these standards before their respective effective dates.

RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties that could have a material adverse effect on the Company's results of operations, business prospects, financial condition and the trading price of the common shares. These risks and uncertainties include: cyclicalities, reduction in demand, seasonality, competition, information management, foreign exchange, labour, income tax matters, customer concentration, relationships with suppliers, product liability, capital and liquidity risk, collections from customers, interest rates, distribution agreements, lack of long term customer sales agreements, dependence on key personnel, and growth challenges. All of these factors remain substantially unchanged from those described in the Company's 2017 Annual Information Form and the Company's March 31, 2017 year-end MD&A.

NON-IFRS MEASURES

Definitions and Reconciliations

"Adjusted gross profit" represents gross profit adjusted to exclude non-recurring, one-time listing fees which would not be considered part of on-going, normal operations. The Company's management believes that in addition to gross profit, adjusted gross profit is a useful supplemental measure of gross profit prior to one-time expense items such as listing fees. Adjusted gross profit allows management to compare the Company's margin over time on a consistent basis. However, adjusted gross profit is not a recognized measure under IFRS. Investors are cautioned that Adjusted gross profit should not be construed as an alternative to gross profit determined in accordance with IFRS. The Company's method of calculating Adjusted gross profit may differ from the method used by other issuers, and accordingly, the Company's Adjusted gross profit calculation may not be comparable to similarly titled measures used by other issuers.

"EBITDA" is earnings before interest expense, income taxes, depreciation and amortization. The Company's management believes that in addition to net income or loss, EBITDA is a useful supplemental measure of cash available for distribution prior to debt service, changes in working capital, capital expenditures and income taxes. However EBITDA is not a recognized measure under IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS, or as an indicator of the Company's performance, or as an alternative to cash flows from operating, investing and financing activities which measure the Company's liquidity and cash flows. The Company's method of calculating EBITDA may differ from the method used by other issuers and, accordingly, the Company's EBITDA calculation may not be comparable to similarly titled measures used by other issuers.

"Adjusted EBITDA" represents EBITDA adjusted to exclude non-recurring, one-time income and expense items which would not be considered part of on-going, normal operations. The Company's management believes that in addition to net income or loss, Adjusted EBITDA is a useful supplemental measure of cash available for distribution prior to debt service, changes in working capital, capital expenditures and income taxes. Adjusted EBITDA allows management to compare the Company's operating performance over time on a consistent basis. It is believed that certain investors and analyst use Adjusted EBITDA to measure a company's ability to service debt and to meet payment obligations, or as a common valuation measurement. However, Adjusted EBITDA is not a recognized measure under IFRS. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS, or as an indicator of the Company's performance, or as an alternative to cash flows from operating, investing and financing activities which measure the Company's liquidity and cash flows. The Company's method of calculating Adjusted EBITDA may differ from the method used by other issuers and, accordingly, the Company's Adjusted EBITDA calculation may not be comparable to similarly titled measures used by other issuers.

Reconciliation of Gross profit to Adjusted gross profit

(expressed in thousands of Canadian dollars)

	3-months ended	3-months ended
	June 30, 2017	June 30, 2016
	\$	\$
Gross profit	2,735	2,108
Add back non-recurring expenses		
Listing fees	130	128
Adjusted gross profit	2,865	2,236

Reconciliation of Net loss from continuing operations to EBITDA and Adjusted EBITDA from continuing operations

(expressed in thousands of Canadian dollars)

	3-months ended	3-months ended
	June 30, 2017	June 30, 2016
	\$	\$
Net loss and comprehensive loss	(241)	(601)
Interest and accretion expense	128	467
Depreciation and amortization	305	303
Deferred income tax recovery	(69)	(69)
Loss from discontinued operations	-	64
EBITDA	123	164
Add back non-recurring expenses		
TSX listing fees associated with Equity Offerings	-	6
Legal expenses associated with Equity Offerings and Acquisitions	-	29
Auditing expenses associated with Equity Offerings and Acquisitions	30	-
Listing Fees	130	128
Restructure Cost	132	34
Adjusted EBITDA	415	361

OUTSTANDING SHARE DATA

As of August 23, 2017, the Company had 63,494,200 common shares issued and outstanding, 7,431,986 warrants convertible into 7,431,986 common shares of the Company and 1,451,226 stock options, convertible into 1,451,226 common shares of the Company.

OUTLOOK

This section contains certain forward-looking statements. Please refer to the disclosure under the heading "Forward-Looking Statements" for a discussion of risks and uncertainties related to such statements.

GreenSpace continues to believe that there are a number of fundamental trends occurring within both the Global and North American food industries. These trends will continue to drive consumer demand for GSB brands and customers will continue to be attracted by the Company's innovation within the natural and organic marketplace. The Canadian natural and organic food markets generates annual sales of approximately \$4.0 billion and although it has tripled over the past decade, it still only represents 1.7% of total food sales in Canada which is well below the 4.3% run rate of natural and organic foods in the U.S.

As a result of this the Company continues to be optimistic that anticipated market growth will continue to drive demand for the Company's acquired and developed brands and provides a lot of opportunity for further expansion into new product offerings. This has been evidenced by several distribution wins announced over the last three quarters. In particular, Management believes that the Company is one of few companies positioned to capitalize on the emerging grass-fed trend in Canada.

GreenSpace expects that it will continue to execute on a two-pronged growth strategy. Firstly, the Company expects to have a strong and on-going internal brand and product development program. There are currently a number of new product offerings in various stages of development that the Company expects to release strategically, to fill gaps in the Canadian natural and organic marketplace, over the next few quarters. Secondly, the tripling in size of the Canadian natural and organic food market over the last decade has been driven by a number of new entrants, creating a highly fragmented competitive landscape. The Company hopes to take advantage of this and expects to continue to grow through acquisition by making strategic investments in strong, simple ingredient businesses which would have positive and immediate impacts on revenue, gross margins and profitability. The recently acquired Cedar brand is a perfect example of the type of businesses that the Company is looking to acquire on an ongoing basis.

With its increasing revenue base and numerous new distribution wins, management expects to continue to generate positive adjusted EBITDA margins. The Company continues to feel it is in a strong position to be one of the principle consolidators in the North American natural and organic food market, due to its industry position and accumulated reputational goodwill.

FORWARD-LOOKING STATEMENTS

Certain statements in this press release constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements made under the heading “Outlook” and other statements concerning the Company’s 2018 objectives, strategies to achieve those objectives, as well as statements with respect to management’s beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements and there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause such differences include the cyclical nature of the construction and agriculture industries, changes in general economic conditions and interest rates, adverse weather, cost and availability of materials used to manufacture the Company’s products, competitive developments, legislative and government policy changes, as well as other risk factors included in the Company’s Annual Information Form dated July 18, 2017 under the heading “Risks and Uncertainties Related to the Business” and as described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact the Company’s forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements or levels of dividends and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. Certain statements included in this press release may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for all purposes. All forward-looking statements in this press release are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of this press release and except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

Additional information, including the Company’s annual information form, is on SEDAR at www.sedar.com.