GREENSPACE BRANDS INC.

Management's Discussion and Analysis

For the three-month periods ended June 30, 2020 and 2019

GreenSpace Brands Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
For the three-month period ended June 30, 2020

This Management's Discussion and Analysis ("MD&A") is a review of the consolidated financial condition and results of operations of GreenSpace Brands Inc. ("the Company") for the three-month period ended June 30, 2020. 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 and accompanying notes for the three-month period ended June 30, 2020 along with the Company's annual consolidated financial statements and accompanying notes for the year ended March 31, 2020, which have been filed with applicable regulatory authorities and are available through SEDAR at www.sedar.com.

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 **"Use of Non-IFRS Measures, Measures of Operating Performance and Reconciliation of Net (Loss) Earnings to Adjusted EBITDA"** for further information.

This MD&A has been prepared as of October 15, 2020.

CORPORATE OVERVIEW

Life Choices Natural Food Corp. ("Life Choices") was originally incorporated under the Business Corporations Act (Ontario) on May 31, 1999. Aumento Capital IV Corporation ("Aumento") (now "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, 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 the Company 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 a 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 CPA Canada 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.

The Company is in the business of developing, marketing and selling premium, convenient, natural foods in Canada and the United States. 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 plant-based cheese products. The Company sources natural ingredients largely from ethically operated suppliers and combines these ingredients into tasty and nutritious products.

The Company has acquired or internally developed and brought to market several brands and has sold and discontinued several other brands, all in the natural food space, which include:

Continuing Businesses:

LOVE CHILD

On October 19, 2015, the Company completed the acquisition of Love Child (Brands) Inc. ("Love Child"), operating as Love Child Organics. Love Child is a Canadian-based developer and producer of 100% organic, natural and nutritionally-rich food products for infants, toddlers and small children.

Love Child always seeks to go "beyond organic" in the products it develops. Specifically, it has a strong focus on using clean, simple ingredients, avoids the use of refined sugars and preservatives, and includes recognized superfood ingredients in many of its product range. Love Child's core target market is the parents of infants and small children, aged six months to six years, who are increasingly prioritizing organic, nutritious food for their children.

CENTRAL ROAST

On February 25, 2016, the Company completed the 70% share acquisition of Central Roast Inc. ("Central Roast"), a leading natural, functional snack company that produces, markets, and distributes healthy snacks to major 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.

Central Roast began operations in 2011, and its products can now be found in many of the major grocery retailers across Canada. Its' simple snack foods mainly consist of raw and roasted nuts, seeds and dried fruits in various functional assortments, with a focus on quality, taste and nutrition. Central Roast produces an assortment of branded products in tubs, large and small bags, single-serve bags and scoop bulk bags in a range of product lines.

GO VEGGIE

On January 24, 2018, the Company acquired all the outstanding shares of Galaxy Nutritional Foods, Inc., ("Galaxy Foods") which owns the GO VEGGIE brand.

Over 30 years ago, Galaxy Foods created the cheese alternative category for health-conscious consumers and is proud to remain one of America's leading providers of great-tasting dairy-free/lactose free products. Today, under Galaxy's GO VEGGIE brand, the Company continues to innovate and offer consumers healthier plant-based, lactose-free and lactose and soy-free choices in a wide variety of formats across the United States.

Sold, Discontinued Businesses or Inactive Businesses:

LIFE CHOICES

Life Choices offered premium convenience meat products to Canadian consumers, featuring grass-fed and/or pasture-raised meat without the use of added hormones and antibiotics. Sales were suspended in the third quarter ended December 31, 2019.

KIJU

On January 18, 2017, the Company completed the acquisition of Nothing But Nature Inc. ("Nothing But Nature") which owns the Kiju brand. The business assets of Nothing But Nature were sold to Zurban Beverages on May 21, 2019 and the operation was discontinued during the year ended March 31, 2020.

CEDAR

On August 23, 2017, the Company acquired all the outstanding shares of The Cold Press Corp. which owns the CEDAR brand. Sales were suspended in the fourth quarter ended March 31, 2020.

OPERATING STRATEGY

The Company's operating strategy over the long-term is designed to create value for customers and shareholders through increased distribution of its brands, innovative product development, increased same-store sales volume with customers, market and channel expansion and diversification of the brand and product portfolio.

The Company's immediate-term strategy is to focus on providing its customers with the level of service they demand, while meeting commitments to suppliers and improving the Company's profitability and cash flow.

FIRST QUARTER CONSOLIDATED RESULTS

The following is a table and description of the first quarter consolidated operational results for the Company's continuing operations.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in thousands of Canadian dollars)	For the three-month period ended June 30			
	2020	2019	Inc/(Dec)	Inc/(Dec)
	$	$	$	%
Gross revenue	**10,346**	15,123	(4,777)	(31.6%)
Less: rebates and discounts	**(1,375)**	(2,104)	729	(34.6%)
Less: listing fees	**(140)**	(50)	(90)	180.0%
Net revenue	**8,831**	12,969	(4,138)	(31.9%)
Cost of goods sold	**6,978**	10,207	(3,229)	(31.6%)
Gross profit	**1,853**	2,762	(909)	(32.9%)
Gross profit percentage	**21.0%**	21.3%		
Adjusted gross profit[1]	**1,993**	2,812	(819)	(29.1%)
Adjusted gross profit margin	**22.2%**	21.6%		
General and administrative	**258**	312	(54)	(17.3%)
Storage and delivery	**798**	1,061	(263)	(24.8%)
Salaries and benefits	**1,514**	1,313	201	15.3%
Advertising and promotion	**221**	420	(199)	(47.4%)
Professional fees	**121**	444	(323)	(72.7%)
Stock-based compensation	**6**	15	(9)	(60.0%)
Amortization of intangible assets	**169**	639	(470)	(73.6%)
Net loss before underlying items	**(1,234)**	(1,442)	208	(14.4%)
Interest expense	**650**	602	48	8.0%
Accretion expense	**9**	14	(5)	(35.7%)
Restructuring expense	**-**	195	(195)	(100.0%)
Other income	**(22)**	(15)	(7)	46.7%
Foreign exchange (gain) loss	**(928)**	44	(972)	(2209.1%)
Net loss before income taxes	**(943)**	(2,282)	1,339	(58.7%)
Deferred income tax recovery	**-**	(195)	195	(100.0%)
Net loss from continuing operations	**(943)**	(2,087)	1,144	(54.8%)
Net loss from discontinued operations	**-**	(212)	212	(100.0%)
Net loss	**(943)**	(2,299)	1,356	(59.0%)
EBITDA[1]	**(950)**	(887)	(63)	7.1%
As a percentage of net revenue	**(10.8%)**	(6.8%)		
Adjusted EBITDA[1]	**(265)**	(70)	(195)	278.0%
As a percentage of net revenue, excluding listing fees	**(2.9%)**	(0.5%)		

[1] *See non-IFRS measures*

Use of Non-IFRS Measures, Measures of Operating Performance and Reconciliation of Net (Loss) Earnings to Adjusted EBITDA

The Company's condensed consolidated interim financial statements are prepared in accordance with IFRS. Management uses IFRS, non-IFRS and operating performance measures as key performance indicators to better assess the Company's underlying performance and provides this additional information in this MD&A.

Adjusted Gross Profit is a non-IFRS measure which adjusts gross profit to exclude non-recurring, one-time listing fees which are not considered part of on-going, normal operations. Management believes adjusted gross profit is a useful supplemental measure 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 a non-IFRS measure calculated by adding back certain non-cash items to net income or loss from continuing operations and is used by management to measure operating performance. The Company defines EBITDA as earnings or loss before interest and accretion expense, income taxes expensed or recovered, depreciation and amortization, foreign exchange gains or losses, and other income and expense, including gains or losses on the sale of business or assets and asset and goodwill impairment charges. 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 is a non-IFRS measure which further adjusts EBITDA by adding back income or expenses of a non-cash, non-recurring, unusual or one-time nature. Adjusted EBITDA is a measure used by management, the food and beverage industry and investors as an indicator of the Company's operating performance and ability to incur and service debt. The Company also uses Adjusted EBITDA as an executive compensation and valuation metric. Management believes Adjusted EBITDA to be an important indicator of normal operating performance since it removes the impact of certain non-recurring items that are not indicative of ongoing operating performance thereby giving investors greater transparency in assessing the Company's results of operations. 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.

A reconciliation of the Company's Gross Profit to Adjusted Gross Profit as outlined in the following table:

Reconciliation of Gross Profit to Adjusted Gross Profit
(expressed in thousands of Canadian dollars)

	Three-months ended	
	June 30, 2020	June 30, 2019 Reclassified
	$	$
Gross profit	**1,853**	2,762
Add back non-recurring expenses		
Listing fees	**140**	50
Adjusted gross profit	**1,993**	2,812
Adjusted gross profit margin	**22.2%**	21.6%

Reconciliation of Net loss from continuing operations to EBITDA and Adjusted EBITDA from continuing operations
(expressed in thousands of Canadian dollars)
A reconciliation of the Company's net loss to Adjusted EBITDA is outlined in the following table:

	Three-months ended	
	June 30, 2020	June 30, 2019 Reclassified
	$	$
Net loss from continuing operations for the year	**(943)**	(2,087)
Interest and accretion expense	**659**	616
Depreciation and amortization	**284**	750
Unrealized foreign exchange (gain) loss	**(928)**	44
Other income and expense	**(22)**	(15)
Deferred income tax recovery	**-**	(195)
EBITDA	**(950)**	(887)
Add back non-cash and non-recurring expenses		
Stock based compensation	**6**	15
Fines and penalties for shorts	**98**	247
Listing fees	**140**	53
Restructure expense	**-**	195
Professional fees	**28**	307
Executive severance	**413**	-
Adjusted EBITDA	**(265)**	(70)

Revenue

Gross revenue during the three-month period ended June 30, 2020, decreased 31.6% ($4.8 million) and net revenue, which is gross revenue less deductions for rebates, discounts and one-time listing fees, decreased 31.9% ($4.1 million) as compared to the same three-month period in the prior year. The decrease in revenue was largely attributable to the following:

a) Suspension of the Sales of the Cedar and Life Choices Brands: As part of its restructuring during the year ended March 31, 2020 management decided to suspend sales of the Cedar and Life Choices brands. Taken together, the year-over-year impact of these decisions was to reduce both gross and net sales during the three-month period ended June 30, 2020 (as compared to the three-month period ended June 30, 2019) by approximately $1.0 million.

b) Working Capital: The limited working capital available to the business during the three-month period ended June 30, 2020 negatively impacted sales of continuing brands since the Company did not have required levels of inventory to service customer demand and participate, at historic levels, in customer-driven promotional activity of our continuing brands. Management estimates that the vast majority of the remaining gross and net sales decline is directly related to this working capital shortage.

Adjusted Gross Margin (see "Use of Non-IFRS Measures, Measures of Operating Performance and Reconciliation of Net (Loss) Earnings to Adjusted EBITDA")

The Company's adjusted gross margin for the three-month period ended June 30, 2020, improved to 22.2% compared to 21.6% in the same three-month period of the prior year. This 60-basis point improvement is largely attributable to the following:

a) Proportionately Higher Sales of the Go Veggie Brand: During the three-month period ended June 30, 2020 the Go Veggie brand had proportionately higher sales as compared to the same three-month period in the prior year. As the Go Veggie brand sells for a higher margin than the Company's other brands, this improvement in mix had the positive effect of increasing the Company's overall adjusted gross margin during the three-month period ended June 30, 2020 as compared to the same three-month period of the prior year; and

b) Central Roast Manufacturing Overhead: Central Roast is the only brand within the Company's portfolio of brands, which self-manufactures its products. As a consequence of that operation's lower sales during the three-month period ended June 30, 2020, factory overhead costs represented a higher percentage of cost of goods sold than they did in the three-month period ended June 30, 2019, which reduced the adjusted gross margin percentage and partially off-set the positive effects the proportionately higher sales of the Go Veggie brand had on adjusted gross margin. Management believes that a successful private placement during the third quarter of F2021 and the resulting improvement in inventory will directly and positively impact the sales of Central Roast. As such, management anticipates that should those higher sales levels be achieved, that factory overhead costs of Central Roast should decline as a percentage gross revenue.

Selling, General and Administrative ("SG&A") Expenses (SG&A is a non-IFRS measure)

Overall, SG&A expenses for the first quarter ended June 30, 2020 were 28.2% of Gross Revenue compared to 23.6% in the prior year. This 460-basis point increase is spending is attributable to the following:

General and Administrative expenses for the first quarter ended June 30, 2020, decreased by 17.3% and were 2.5% of gross revenue. The decrease of G&A expenses of $0.06 million is the net effect of the following:

a) A lower level of customer fines linked to the COVID-19 partial moratorium granted by customers ($0.15 million)

b) Lower operating expenses at Galaxy after its restructuring last year, including office rent, occupancy and brokerage ($0.17 million)

c) Lower product donation costs in Canada ($0.14 million)

d) Lower depreciate expense ($0.03 million)

e) These expense reductions were offset by a significantly less favorable reversal of Expected Credit loss ($0.5 million) in the quarter. This was due to an exceptionally high reversal of Credit Loss provisions last year ($1 million).

Storage and delivery expenses for the first quarter ended June 30, 2020, decreased by 24.8% and were 7.7% of gross revenue compared to 7.0% in the prior year. This 70-basis point increase equates to approximately $0.07 million for the three-month period ended June 30, 2020 and is primarily due to the fact that Go Veggie products have higher storage and distribution costs (when compared to either Love Child or Central Roast) because their products are refrigerated. Go Veggie also has a larger percentage of its business for which it must deliver product to the customer, as compared to the Love Child and Central Roast businesses for which a significant amount of their business is picked-up by customers. The suspension of the Cedar and Life Choices brands during the year ended March 31, 2020, has meant that the Go Veggie brand's storage and distribution costs during the three month-period ended June 30, 2020 represented a proportionately higher percentage of total storage and distribution cost than they did in the same three-month period of the prior year. Management expects this situation will continue given the Go Veggie brand's significance to our business going forward.

Salaries and benefits expense for the three-month period ended June 30, 2020, increased by 15.3% and were 14.6% of gross revenue during the three-month period ended June 30, 2020, as compared to 8.7% in the comparable period in prior year. Approximately 490 of this 590-basis point increase is primarily due to the $0.41 million expense associated with terms of the separation agreement related to the voluntary departure of the former CEO announced on April 30, 2020. Additionally, during the three-month period ended June 30, 2020, the Company also recorded compensation expense for the Executive Chairman of $0.09 million. There were no similar expenses in the three-month period ended June 30, 2019. These two charges account for approximately 490-basis points of the total increase as a percentage of gross revenue. Management anticipates that a successful private placement, will lead to improved customer service which should result in higher levels of sales once inventory reaches appropriate levels. Management anticipates that if sales increase as expected, the Salaries and Benefits margin should improve.

Advertising and promotional expenses for the three-month period ended June 30, 2020, were 2.1% of gross revenue compared to 2.8% in the same three-month period of the prior year. This 70-basis point decrease reflects the decision of management to limit such spending in light of the Company's working capital constraints. As previously noted , the lack of adequate working capital for operations adversely impacted the Company's ability to have sufficient levels of inventory to service customer demand and participate, at historic levels, in customer-driven promotional activity of our brands. As such, management decided to curtail advertising and promotional spending, since the Company would be unable to satisfy any additional demand created. Once inventory levels of the Company are restored to appropriate levels, management expects advertising and promotional spending to be progressively increased to support its brands as circumstances dictate.

Professional fees expenses for the three-month period ended June 30, 2020 were 1.2% of gross revenue as compared to 2.9% in the same three-month period of the prior year. This decrease reflects a refocusing on core professional fees that support the ongoing business activities with significantly less spent on discretionary fees during the three-month period ended June 30, 2020 as compared to the same three-month period of the prior year.

Interest and Accretion Expense

The Company incurred interest expense of $0.65 million during the three-month period ended June 30, 2020, as compared to $0.60 million during the same three-month period in the prior year. This modest change in interest expense was the net effect of a lower average balance on the Primary and ABL facilities offset by higher interest rates, in particular, on the Galaxy VTB and the Primary loans.

Foreign Exchange Gain

During the three-month period ended June 30, 2020 the Company generated a foreign exchange gain of $0.9 million (2019 – a foreign exchange loss of $0.04 million) which is in large part attributable to the significant appreciation of the Canadian dollar during the three-month period ended June 30, 2020. This gain had a number of components, including (i) the transaction gains on foreign currency denominated accounts payable (estimated at $0.1 million); (ii) the revaluation of the USD denominated TD Bank ABL facility (estimated at $0.45 million); and (iii) the USD denominated Galaxy VTB revaluation (estimated at $0.35 million).

Discontinued Operations

On May 21, 2019, the Company completed the sale of the assets within the Nothing But Nature ("NBN") business and for the year ended March 31, 2020, the Company accounted for all activities of that business as a discontinued operation. Accordingly, in preparing the Company's Condensed Consolidated Interim Financial Statements for the three-month period ended June 30, 2020, the Company restated the presentation of the results for the three-month period ended June 30, 2019 such that all activities of the Nothing But Nature business were recorded as a discontinued operation. The classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Adjusted EBITDA (see "Use of Non-IFRS Measures, Measures of Operating Performance and Reconciliation of Net (Loss) Earnings to Adjusted EBITDA")

For the three-month period ended June 30, 2020, the Company reported a loss in Adjusted EBITDA of $0.3 million compared to an Adjusted EBITDA loss of $0.1 million in the prior year.

Looking forward, the overriding consideration and outlook for the business revolves around management's efforts to successfully complete a private placement. Management believes that a successful private placement and the resulting improvement in inventory levels will directly and positively impact the sales and operating results of the Company. As a consequence of restructuring efforts already completed, this anticipated improvement in sales is expected to translate to higher gross profit and with a restructured SG&A infrastructure, translate to meaningful improvement in EBITDA for the organization.

CASH FLOWS
Summary Statement of Cash Flows
(thousands of Canadian dollars)

	Three-months ended June 30	
	2020	2019
		Reclassified
	$	$
Cash provided by (used for)		
Operating activities	**(879)**	**(4,660)**
Investing activities	**(4)**	**6,528**
Financing activities	**814**	**(1,702)**
FX gain on foreign cash and cash equivalents	**69**	**(166)**
Net increase (decrease) in cash	**-**	-
Cash - beginning the of the period	**-**	-
Cash – end of the period	**-**	**-**

Cash flow from continuing operations consumed $0.9 million for the quarter ended June 30, 2020 (2019 – $4.7 million). This is primarily due to the negative effects of lower than required levels of working capital in the business, which resulted in lower sales since the Company had insufficient levels of inventory which led to significant customer shortages as well as fines and penalties from customers due to the Company's inability to meet Customer expectations. As noted in the comments above, management expects to be moving ahead with a private placement to raise equity to fund the Company's working capital needs. Management believes that a successful private placement and the resulting improvement in inventory levels will directly and positively impact the sales and operating results of the Company.

Cash from continuing investing activities was $0.0 million.

The Company concluded the year with $0.8 million of cash flow from continuing financing activities reflecting the net effect of proceeds of loans payable.

LIQUIDITY AND CAPITAL RESOURCES

The Company monitors its capital structure and makes adjustments according to market conditions 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, or disposing of assets. Management and the Board of Directors review the capital structure on an ongoing basis.

The Company considers its capital to be share capital and debt. The Company manages capital through forecasting processes whereby working capital and operational cashflow are forecasted to identify any capital shortfall or surplus proactively. The Company's budget is updated periodically, as required and based on experience.

During the three-month period ended June 30, 2020, it became clear that the Company needed more working capital if it was to meet customer demands and commitments to suppliers. In recent years, including in the year ended March 31, 2020, the Company had been using its available working capital as a means of financing its ongoing business – or, put another way, some of the historic operating losses were financed by reducing working capital. In so doing, accounts payable levels increased and inventory levels decreased – both of which made it difficult for the business to effectively service its customers.

During the year ended March 31, 2020, certain suppliers began demanding payment with order. This had the effect of reducing cash and increasing prepaid expenses before the Company obtained any inventory. In fact, notionally, inventory was being paid for weeks before, rather than weeks after, it was received. This trend continued into the three-month period ended June 30, 2020 (and subsequently, including up to the date of this Management Discussion and Analysis), putting the Company at a significant disadvantage relative to its competitors who are able to obtain more favorable credit terms from suppliers. As noted above in the discussion on Revenue and General and Administrative expenses, the lower levels of inventory have resulted in short shipments and fines and penalties from customers for failing to meet delivery and other commitments.

In the final quarter of the year ended March 31, 2020, the Company completed an initial private placement which netted approximately $6.1 million. Unfortunately, this capital raise was not enough given the severity of the situation. Accordingly, on August 20, 2020, the Company announced its plans for another private placement which is intended to more fully resolve its working capital issues. Management believes that with the appropriate level of working capital, it can return the Love Child, Central Roast and Go Veggie brands to historic levels of sales and with the right attention to operations can produce positive EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

On September 22, 2020, the Company refinanced its: (i) ABL debt facility; (ii) BDC loan payable; and (iii) TD Term Loan, entering into a credit facility with Pivot Financial Inc. The structure of the new debt facility includes a $3.5 million term loan and up to a $4.0 million full recourse accounts receivable factoring for a total facility of $7.5 million. Concurrently, the Company entered into amending agreements to extend the term of the Galaxy VTB and its loans with Primary Capital Inc., which will see both loans mature on September 23, 2021 (See the Subsequent Events section for further information.). With the completion of these agreements, the Company is in full compliance with the terms of its loan agreements.

OFF-BALANCE SHEET ARRANGEMENTS

In October 2016, the Company issued a standby letter of credit for $0.2 million to one of its Canadian suppliers for extended credit terms and a standby letter of credit for $0.1 million to the State of Rhode Island. Subsequent to the quarter end, the letter of credit to the State of Rhode Island was returned and only the supplier standby letter of credit continues under the loan facilities with Pivot Financial Inc (See the Subsequent Events section for further information).

TRANSACTIONS BETWEEN RELATED PARTIES

The Company has a lease arrangement for office space with a shareholder of the Company. The Company paid rent of $30 during the quarter ended June 30, 2020 (2019 – $39)

The Company has an outstanding balance of $96 on June 30, 2020 (March 31, 2020 - $96) due to the former CEO included in accounts payable and accrued liabilities. This amount was reflected in the settlement provisions (see below). These amounts relate to unpaid compensation as at June 30, 2020.

The Company's former CEO has provided a personal guarantee to BDC (note 9). Subsequent to June 30, 2020, the BDC loan to which this guarantee related was repaid in full (note 20)), eliminating this personal guarantee.

On April 30, 2020, the Company announced that Matthew von Teichman was stepping down as the CEO effective July 17, 2020 and as well was stepping down from the Board of Directors effective immediately. Under the terms of the resignation agreement, Matthew von Teichman is entitled to $413 to be paid over 22 months after the effective date of his separation. This amount was provided for in the first quarter ended June 30, 2020. Additionally, the separation agreement specified that the outstanding balance of $96 (see (ii) above) was also to be paid out over these same 22 months.

Under the terms of employment between the Company and the Executive Chairman and Interim CEO ("Interim CEO"), the Company has agreed to pay the Interim CEO the additional amount of $77 for the period up to July 17, 2020. $65 was expensed in the first quarter ended June 30, 2020 with the balance to be expensed in the second quarter. This amount shall be paid at such time as the Board of Directors deems it appropriate.

Key management includes the Company's directors and officers, which after last year's organisational redesign, include Brand Presidents and General Managers. Compensation awarded to key management includes salary, stock-based compensation and director fees. The following table presents key management compensation and includes the effect of the agreement above:

(expressed in thousands of Canadian dollars)	**Three-months ended**	
	June 30, 2020	June 30, 2019
Salary and director fees	**779**	164

SUBSEQUENT EVENTS

Financing - TD Bank/Pivot Financial Inc
On September 22, 2020, the Company refinanced its ABL debt facility, BDC loan, and TD term loan by entering into a credit facility with Pivot Financial Inc. As part of this refinancing, the stand-by letter of credit to the State of Rhode Island department of labour was repaid in full (note 12b). The structure of the new debt facility includes a $3,500 term loan and up to a $4,000 full recourse accounts receivable factoring for a total facility of $7,500.

Financing – MW1 LLC - Galaxy VTB
In June 2020, the Company was scheduled to pay the Galaxy VTB lender, MW1 LLC 10% of the indebtedness owing at that time. The payment was not made which put the Company in default of that loan. On September 22, 2020, the Company entered into an agreement with MW1 LLC (the "VTB Amending Agreement") whereby the VTB Amending Agreement provides that the terms of the Galaxy VTB are amended to extend the maturity date to September 23, 2021 and requiring a 10% prepayment of the then outstanding indebtedness owing by January 4, 2021. The VTB Amending Agreement further provides that the consideration related to the purchase of Galaxy Nutritional Foods, Inc. shall be increased as follows: (i) the Company shall issue to MW1 LLC 8,333,334 Common Shares at C$0.06 per Common Share; (ii) the Company shall issue to MW1 LLC 2,777,784 Common Shares at C$0.06 per Common Share, such Common Shares to be issued only in the event that the Company fails to make a 10% prepayment of the then outstanding indebtedness owing by January 4, 2021; and (iii) at MW1 LLC's option, the Company shall issue to MW1 LLC 5,555,550 Common Shares at C$0.06 per Common Share, such Common Shares to be issued only in the event that the Company fails to repay the remaining principal and interest remaining on the Galaxy VTB, in full, by the amended maturity date. In the event that this final extension fee is paid, the maturity date of the Galaxy VTB shall be extended for an additional year on the same terms and conditions. The issuance of these shares is subject to the approval of the TSX Venture Exchange.

Financing – Primary Capital Inc.
In June 2020, the Company was scheduled to pay the lender, Primary Capital Inc. ("Primary") 10% of the indebtedness owing at that time. The payment was not made, which put the Company in default of that loan. On September 22, 2020, the Company entered into an agreement with Primary (the "Primary Amending Agreement") whereby the terms of the Primary loan are amended to extend the maturity date to September 23, 2021 and requiring a 10% prepayment of the then outstanding indebtedness owing by January 4, 2021. The Primary Amending Agreement further provides that the consideration for these extension shall be as follows: (i) the Company shall pay to Primary an extension fee in the amount of $56,572 (which shall be

added to the total indebtedness of the Primary loan); (ii) the Company shall pay an additional extension fee in the amount of $18,857 (which shall be added to the total indebtedness of the Primary loan) in the event that the Company fails to make a 10% prepayment of the outstanding amount of the Primary loan by January 4, 2021; and (iii) at Primary's option, the Company shall pay to Primary an additional extension fee in the amount of $37,715 (which shall be added to the total indebtedness of the Primary loan) to be paid only in the event that the Company fails to repay the remaining principal and interest remaining on the Primary loan, in full, by September 23, 2021. In the event that this final extension fee is paid, the maturity date of the Primary loan shall be extended for an additional year on the same terms and conditions.

Private Placement/Equity Raise – announcement
On August 20, 2020, the Company announced that it had entered into an agreement with a syndicate of agents led by PI Financial Corp., (collectively the "Agents") in connection with a marketed best efforts private placement of units (the "Units") of the Company (the "Offering") to raise aggregate gross proceeds of up to C$6 million. As at the date of the issuance of these consolidated financial statements, this Offering had not yet commenced. Management expects to launch the Offering shortly after the Cease Trading Order (see below) is lifted. A Unit will consist of one common share in the capital of the Company ("Common Shares") and one common share purchase warrant (a "Warrant"). In addition, the Company has granted the Agents an option, exercisable in whole or in part at any time up to two days prior to closing of the Offering, to offer an additional number of Units representing up to 30% of the Offering, on the same terms as the Offering. The net proceeds of the Offering will be used for working capital and general corporate purposes. The closing of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the acceptance of the TSX Venture Exchange. All securities issued under the Offering will be subject to a statutory hold period in Canada expiring four months and one day from the Closing Date.

Cease Trade Order
On September 4, 2020, the Company announced that it had determined that it may not be able to file its annual audited consolidated financial statements for the year ended March 31, 2020 and its related Management's Discussion and Analysis and Chief Executive Officer and Chief Financial Officer certifications (the "Required Filings") by the prescribed filing deadline of September 14, 2020. On September 18, 2020, the Company was informed by the Ontario Securities Commission (the OSC), that a Cease Trade Order ("CTO") would be imposed effective immediately following the Company's failure to file its Required Filings. Management intends to file an application to lift the CTO upon filing the Required Filings.

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 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 expected credit loss on accounts receivable, provisions for inventory, business combinations, intangible assets valuation and goodwill impairment. 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 audited annual consolidated financial statements for the year ended March 31, 2020.

CHANGES IN ACCOUNTING POLICIES / FUTURE ACCOUNTING POLICY CHANGES

The Company's accounting policies are consistently applied to all the periods presented unless otherwise noted below.

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: cyclicality, 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.

At this time, the most meaningful risk to the business stems from the lack of appropriate working capital. In recent years, including in the year ended March 31, 2020 and now, into the three-month period ended June 30, 2020 (and subsequently, including up to the date of this Management Discussion and Analysis), the Company had been using its available working capital as a means of financing its ongoing business – or, put another way, some of the historic operating losses were financed by reducing working capital. In so doing, accounts payable levels increased and inventory levels decreased – both of which made it difficult for the business to effectively service its customers.

During the year ended March 31, 2020, certain suppliers began demanding payment with order. This had the effect of reducing cash and increasing prepaid expenses before the Company obtained any inventory. In fact, inventory was being paid for weeks before, rather than weeks after, it was received. This trend has continued into the thee-month period ended June 30, 2020 (and subsequently, including up to the date of this Management Discussion and Analysis) putting the Company at a significant disadvantage relative to its competitors who are able to obtain more favorable credit terms from suppliers. As noted above in the discussion on Revenue and General and Administrative expenses, the lower levels of inventory have resulted in short shipments and fines from customers for failing to meet delivery and other commitments.

In the final quarter of the year ended March 31, 2020, the Company completed an initial private placement which netted approximately $6.1 million. Unfortunately, this capital raise was not enough given the severity of the situation. Accordingly, on August 20, 2020, the Company announced its plans for another private placement which is intended to more fully resolve its working capital issues. Management believes that with the appropriate level of working capital, it can return the Love Child, Central Roast and Go Veggie brands to historic levels of sales and with the right attention to operations can produce positive EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

OUTSTANDING SHARE DATA

As of June 30, 2020, the Company had 231,333,134 common shares issued and outstanding, no warrants convertible into common shares of the Company and 1,029,376 stock options, convertible into 1,029,376 common shares of the Company. On August 20, 2020, the Company announced its plans to undertake a private placement, which if successful will materially increase the number of commons shares outstanding.

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.

Management believes that there are a number of fundamental trends occurring within both the Global and North American food industries that will continue to support consumer demand for GSB products. Unfortunately, the Company’s limited working capital and associated challenges makes it impossible to aggressively pursue opportunities arising from these trends at the present time. However, the Company is not standing still and is taking steps to deal with the current reality and plan for the future.

On April 16, 2020, GSB hired a new CFO with a mandate to strengthen financial operating processes. On July 17, 2020, the Company’s CEO and founder left the organization to pursue other opportunities. Shortly thereafter, the Company began a search for a new organizational leader to steer the Company along its new path. The search process is currently on hold until the completion of the Private Placement (announced August 20, 2020). The Board of Directors is optimistic that an appropriate candidate will be identified shortly thereafter.

Finally, the Company has finalized a new credit facility with Pivot Financial Inc. (See Subsequent Events) and has renegotiated the terms of key pieces of its existing lending agreements. Completion of both the Private Placement, announced on August 20, 2020 and these new/revised banking arrangements are expected to put the Company on a more solid financial footing which will allow the entire management team to focus on operational improvements and, more critically, to re-establish normal business relationships with customers and suppliers.

These condensed consolidated interim financial statements are reporting the results for the three-month period ended June 30, 2020. The Private Placement announced on August 20, 2020 and discussed above is not expected to be completed until sometime during the third quarter ending December 31, 2020. As such, none of the first three quarters of the year ending March 31, 2021 will have had the opportunity to fully benefit from this Private Placement. Consequently, shareholders should expect results for the three-month periods ending September 30, 2020 and ending December 31, 2020, to continue to reflect the same negative impacts resulting from the Company’s poor working capital position (including lower sales due to customers shortages and fines for failing to meet delivery and other commitments with disappointing bottom line performance) that was the case during the current three month period ended June 30, 2020.

The Private Placement, if successful, is expected by management to significantly improve the Company's working capital position and allow the business to both service its customers and meet its commitments to suppliers. Management will then be able to focus the organization on generating EBITDA, rebuilding inventory and filling customer orders. The Company believes that in the restructured operating model that now exists, with appropriate levels of working capital, it will be able to generate EBITDA on an ongoing basis and will be operating the business with a view towards optimizing EBITDA versus top line growth.

FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements made concerning the Company's 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 successful completion of the Offering; entering into a definitive agreement with the Lenders; cyclical nature of the construction and agriculture industries; general and market conditions (including equity, commodity, foreign exchange and interest rate); increased funding costs and market volatility due to market illiquidity and competition for funding; operational outcomes (including technology and infrastructure); insurance; environmental conditions; capital adequacy; the general business and economic conditions in the regions in which the Company operates; the ability of the Company to execute on key priorities; the ability to implement business strategies and pursue business opportunities; the failure of third parties to comply with their obligations to the Company or its affiliates; the impact of new and changes to, or application of, current laws and regulations; critical accounting estimates and changes to accounting standards, policies, and methods used by the Company; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; and risks related to COVID-19 including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, and supply chains, and a deterioration of general economic conditions including a possible national or global recession, 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.