

FOR IMMEDIATE RELEASE

GreenSpace Brands Inc. Reports Fiscal 2020 Results

TORONTO, ONTARIO, October 15TH, 2020 – GreenSpace Brands Inc. (“the Company”) (TSXV: JTR) today announced that it has filed its annual audited Consolidated Financial Statements for the year ended March 31, 2020 and its related Management Discussion and Analysis and its Chief Executive Officer and Chief Financial Officer certifications. The filing of the documents constitutes the application to revoke the cease trade order that has been imposed on the Company’s securities by the Ontario Securities Commission. Though the Company’s shares remain suspended from trading by the TSX Venture Exchange, the Company has concurrently filed a reinstatement application with the TSX Venture Exchange and expects trading to occur when the cease trade order is revoked and the TSX Venture Exchange has concluded its reinstatement review.

Key Highlights for Fiscal 2020:

- **Gross revenue from continuing operations of \$49.1 million, representing a (27.9%) decrease over the prior year period due to: (i) this cessation of the Cedar and Life Choices Brands; (ii) the prior year sale of the Rolling Meadow brand and business; and (iii) short-shipments to customers due to working capital constraints.**
- **Adjusted gross margin of 19.1% compared to 23.1% for the prior year, primarily due to inventory write-offs related to cessation of Cedar and Life Choices brands as well as rationalization of certain underperforming stock keeping units, customer fines and higher manufacturing overhead costs.**
- **Non-cash impairment charges on Fixed Assets, Right-Of-Use Assets, Intangible Assets and Goodwill aggregate to \$23 million.**
- **Adjusted negative EBITDA from continuing operations increased by \$1.4 million as compared to the prior year.**

Consolidated Performance Summary

(expressed in thousands of Canadian dollars)	For the year ended			
	March 31			
	2020	2019	Inc/(Dec)	Inc/(Dec)
		Reclassified		
	\$	\$	\$	%
Gross revenue	49,067	68,014	(18,947)	(27.9%)
Less: rebates and discounts	(7,318)	(8,099)	781	(9.6%)
Less: listing fees	(678)	(758)	80	(10.6%)
Net revenue	41,071	59,157	(18,086)	(30.6%)
Cost of goods sold	33,771	46,046	(12,275)	(26.7%)
Gross profit	7,300	13,111	(5,811)	(44.3%)
Gross profit percentage	17.8%	22.2%		
Adjusted gross profit¹	7,978	13,869	(5,891)	(42.5%)
Adjusted gross profit margin	19.1%	23.1%		
General and administrative	5,458	5,436	22	0.4%
Storage and Delivery	4,226	4,575	(349)	(7.6%)
Salaries and benefits	5,145	6,917	(1,772)	(25.6%)
Advertising and promotion	1,457	3,359	(1,902)	(56.6%)
Professional fees	1,111	615	496	80.7%
Stock-based compensation	5	92	(87)	(94.6%)
Amortization of intangible assets	1,355	1,563	(208)	(13.3%)
Net loss before underlying items	(11,457)	(9,446)	(2,011)	21.3%
Interest expense	2,795	1,748	1,047	59.9%
Accretion expense	40	87	(47)	(54.0%)
Gain on sale of Rolling Meadow Dairy	-	(1,376)	1,376	(100.0%)
Loss on goodwill impairment	12,306	392	11,914	3039.2%
Loss on intangible asset impairment	9,230	-	9,230	-
Loss on property, plant and equipment impairment	564	-	564	-
Loss on right of use asset impairment	861	-	861	-
Restructuring expense	195	1,473	(1,278)	(86.8%)
Other income and expense	(596)	98	(694)	(708.0%)
Foreign exchange loss	1,008	500	508	101.6%
Net loss before income taxes	(37,860)	(12,368)	(25,492)	206.1%
Deferred income taxes (recovery)	(3,801)	(683)	(3,118)	456.5%
Net loss from continuing operations	(34,059)	(11,685)	(22,374)	191.5%
Net income (loss) from discontinued operations	357	(2,991)	3,348	(111.9%)
Net loss for the year	(33,702)	(14,676)	(19,026)	129.6%
EBITDA ¹	(9,590)	(8,773)	(817)	9.3%
As a percentage of net revenue	(23.3%)	(14.8%)		
Adjusted EBITDA¹	(7,276)	(5,903)	(1,373)	23.3%
As a percentage of net revenue, excluding listing fees	(17.4%)	(9.9%)		

1 – Use of Non-IFRS Measures - The Company's consolidated 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. See discussion on Non-IFRS measures in the Management's Discussion and Analysis for the years ended March 31, 2020 and 2019 on SEDAR at sedar.com.

Comments on the Year:

During the year ended March 31, 2020, the Company's limited working capital negatively impacted sales as 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 brands. In addition to the lost sales, and of course the corresponding reduction in gross profit, the Company also incurred fines from certain customers for its failure to meet expected levels of customer service, which further weakened its working capital position.

The Company's lack of appropriate levels of working capital also adversely impacted supplier relationships. During the year ended March 31, 2020, certain suppliers began demanding payment with order. This had the effect of increasing prepaid expenses as the Company paid for inventory weeks before it was received, rather than after receipt, which had the effect of further reducing the amount of cash the Company was able to invest in inventory.

During the year ended March 31, 2020, management took steps certain to address these problems and prepare the Company for the future. The Company sold the assets of the Nothing But Nature Inc. business to raise cash and suspended sales of its Cedar and Life Choices brands' products after determining that they could not deliver positive EBITDA. The Company significantly downsized its personnel, to properly align requirements with the size of the continuing business. After this work was completed, the Company was left with a more appropriately sized organization and three outstanding plant-based brands, with strong consumer support and incredible upside potential.

In late March 2020, the Company completed an initial private placement raising \$6.1 million of new equity intended to alleviate the capital constraints of the business.

Select Subsequent Events – Further Progress

On April 16, 2020, the Company 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 (see below). The Board of Directors is optimistic that an appropriate candidate will be identified shortly thereafter.

On August 20, 2020, the Company announced its plans for another private placement which is intended to raise the requisite equity needed to fully resolve its working capital issues and position the Company for growth. 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 successfully refinanced all of its debt with the TD Bank and the Business Development Bank of Canada with a new credit facility with Pivot Financial Inc. The structure of this 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 vendor take back related to its January 24, 2018 purchase of Galaxy Nutritional Foods, Inc. and its loans with Primary Capital Inc., which will see both loans mature on September 23, 2021. With the completion of these agreements, the Company is in full compliance with the terms of its loan agreements.

A full description of all the Company's Subsequent Events (including the refinancing) may be found in the Company's Consolidated Financial Statements for the year ended March 31, 2020 on SEDAR at www.sedar.com.

"As I look back at the year ended March 31, 2020, I see that year as transformational for the organization", said Paul Henderson, Executive Chairman and Interim Chief Executive Officer of the Company. "While the Company's limited working capital position severely hindered our ability to properly service customers and meet our commitments to suppliers in Fiscal 2020, the corrective action taken has nonetheless simplified the business and positioned our plant-based brands to drive the Company forward. We are optimistic about having our private placement successfully completed in late fall, which we anticipate should resolve our working capital issues and allow the Company to deliver improved operating results going forward."

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.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ADDITIONAL INFORMATION

Additional information, including the Company's annual audited Consolidated Financial Statements for the year ended March 31, 2020 and its related Management Discussion and Analysis and its Chief Executive Officer and Chief Financial Officer certifications, is on SEDAR at www.sedar.com.

For more information, please contact:

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