

FOR IMMEDIATE RELEASE

GreenSpace Brands Inc. Reports Second Quarter F2021 Results

TORONTO, ONTARIO, November 26th, 2020 – GreenSpace Brands Inc. (“the Company”) (TSXV: JTR) today announced that it has filed its Condensed Consolidated Interim Financial Statements for the three and six-month periods ended September 30, 2020 and 2019.

Key Highlights for the Second Quarter of Fiscal 2021:

- **Gross revenue from continuing operations of \$7.4 million, representing a 42.3% decrease as compared to the same three-month period of the prior year due to: (i) short-shipments to its customers as a result of working capital constraints; and (ii) the cessation of the Cedar and Life Choices Brands.**
- **Adjusted gross margin of 23.6%, represents a 500-basis point decline over the same three-month period of the prior year due to: (i) manufacturer charge backs (“MCBs”) from two customers’ third-party audits from prior years; and (ii) historically lower MCBs in the comparable period of the prior year.**
- **Adjusted gross margin of 23.6% presents a sequential quarterly improvement compared to prior quarter, and reflects a heightened focus on margin improvement efforts across all businesses.**
- **Negative adjusted EBITDA from continuing operations of \$1.2 million reflects an improvement compared to the same three-month period in the prior year (2019 – \$2.0 million).**
- **This quarter’s performance continues to demonstrate improvement in cost controls which partially mitigated the effects of the working capital constraints negatively impacting the business.**
- **The Company refinanced its ABL Facility with a Term Loan and Factoring Agreement and negotiated amending agreements with certain of its other lenders, and is now in compliance with all of its debt covenants.**

Comments on the Quarter:

During the three-month period ended September 30, 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 in customer-driven promotional activity of our brands. In addition to the lost sales and 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 required levels of working capital also continued to adversely impact supplier relationships. During the three-month period ended September 30, 2020, certain of its key suppliers continued to require payment with order, which meant the Company had to invest in a portion of its limited working capital into prepaid expenses rather than into the inventory it needed to service its business.

During the quarter, the Company announced and in its third quarter initiated a 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 and time, it can improve the Love Child, Central Roast and Go Veggie brands’ 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.

During the quarter, 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.

“As I look back at the results of our second quarter, I am encouraged by the focus the team has placed on the business fundamentals while priming our brands for profitable growth”, said Paul Henderson, Executive Chairman and Interim Chief Executive Officer of the Company. “While the Company’s limited working capital position has hindered our ability to properly service customers and meet supplier expectations during this quarter, our continued focus on cost optimization as well as our successful debt refinancing and launch of the equity private placement is expected to provide us with the platform to deliver on our turn-around imperative.”

Consolidated Performance Summary

(expressed in thousands of Canadian dollars)	For the three-month period ended				For the six-month period ended			
	September 30				September 30			
	2020	2019	Inc/(Dec)	Inc/(Dec)	2020	2019	Inc/(Dec)	Inc/(Dec)
		Reclassified				Reclassified		
	\$	\$	\$	%	\$	\$	\$	%
Gross revenue	7,398	12,831	(5,433)	(42.3%)	17,744	27,954	(10,210)	(36.5%)
Less: rebates and discounts	(1,409)	(1,518)	109	(7.2%)	(2,784)	(3,622)	838	(23.1%)
Less: listing fees	(192)	-	(192)		(332)	(50)	(282)	564.0%
Net revenue	5,797	11,313	(5,516)	(48.8%)	14,628	24,282	(9,654)	(39.8%)
Cost of goods sold	4,574	8,073	(3,499)	(43.3%)	11,552	18,280	(6,728)	(36.8%)
Gross profit	1,223	3,240	(2,017)	(62.3%)	3,076	6,002	(2,926)	(48.8%)
Gross profit percentage	21.1%	28.6%			21.0%	24.7%		
Adjusted gross profit¹	1,415	3,240	(1,825)	(56.3%)	3,408	6,052	(2,644)	(43.7%)
Adjusted gross profit margin	23.6%	28.6%			22.8%	24.9%		
General and administrative	709	3,420	(2,711)	(79.3%)	967	3,732	(2,765)	(74.1%)
Storage and delivery	596	1,112	(516)	(46.4%)	1,394	2,173	(779)	(35.8%)
Salaries and benefits	1,181	1,015	166	16.4%	2,695	2,328	367	15.8%
Advertising and promotion	158	260	(102)	(39.2%)	379	680	(301)	(44.3%)
Professional fees	665	(2)	667	(33350.0%)	786	442	344	77.8%
Stock-based compensation	(3)	24	(27)	(112.5%)	3	39	(36)	(92.3%)
Amortization of intangible assets	169	607	(438)	(72.2%)	338	1,246	(908)	(72.9%)
Net loss before underlying items	(2,252)	(3,196)	944	(29.5%)	(3,486)	(4,638)	1,152	(24.8%)
Interest expense	698	739	(41)	(5.5%)	1,348	1,341	7	0.5%
Accretion expense	9	-	9		18	14	4	28.6%
Restructuring expense	-	-	-		-	195	(195)	(100.0%)
Other (income) /expense	69	(11)	80	(727.3%)	47	(26)	73	(280.8%)
Foreign exchange (gain) loss	(328)	141	(469)	(332.6%)	(1,256)	185	(1,441)	(778.9%)
Net loss before income taxes	(2,700)	(4,065)	1,365	(33.6%)	(3,643)	(6,347)	2,704	(42.6%)
Deferred income tax recovery	-	(171)	171	(100.0%)	-	(366)	366	(100.0%)
Net loss from continuing operations	(2,700)	(3,894)	1,194	(30.7%)	(3,643)	(5,981)	2,338	(39.1%)
Net loss from discontinued operations	-	569	(569)	(100.0%)	-	357	(357)	(100.0%)
Net loss	(2,700)	(3,325)	625	(18.8%)	(3,643)	(5,624)	1,981	(35.2%)
EBITDA ¹	(1,972)	(2,412)	440	(18.2%)	(2,922)	(3,319)	397	(12.0%)
As a percentage of net revenue	(34.0%)	(21.3%)			(20.0%)	(13.7%)		
Adjusted EBITDA¹	(1,222)	(2,048)	826	(40.3%)	(1,487)	(2,141)	654	(30.5%)
As a percentage of net revenue, excluding listing fees	(20.4%)	(18.1%)			(9.9%)	(8.8%)		

1 – Use of Non-IFRS Measures - 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. See discussion on Non-IFRS measures in the Management’s Discussion and Analysis for the three-month period ended June 30, 2020 and 2019 on SEDAR at sedar.com.

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 Condensed Consolidated Interim Financial Statements for the three-month and six-month periods ended September 30, 2020 and 2019 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:

Jan Faryaszewski
Chief Financial Officer
GreenSpace Brands Inc.
Tel:(416) 934-5034