



**Condensed Consolidated Interim Financial Statements of**

**GREENSPACE BRANDS INC.**

**For the three and nine-month periods ended December 31, 2020 and 2019**

*These condensed consolidated interim financial statements and the notes thereto have not been reviewed  
by the Company's external auditors.*

**GreenSpace Brands Inc**  
**Condensed Consolidated Interim Financial Statements**

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*For the three and nine-month periods ended December 31, 2020 and 2019*

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# GreenSpace Brands Inc

## Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## Condensed Consolidated Interim Statements of Financial Position

	as at December 31 2020 \$	as at March 31 2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	6,249	-
Restricted cash (note 13)	222	-
Accounts receivable, net (note 9 and 16)	3,343	4,621
HST receivable	419	339
Prepaid expenses	1,831	2,620
Inventory, net (note 5)	2,799	4,353
<b>Total current assets</b>	<b>14,863</b>	<b>11,933</b>
Property, plant and equipment, net (note 6)	199	424
Right-of-use assets (note 8)	471	532
Intangible assets, net (note 7)	8,414	8,920
Goodwill (note 7)	9,286	9,286
<b>Total assets</b>	<b>33,233</b>	<b>31,095</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	6,099	6,862
HST payable	9	6
Lease liability - current (note 8)	182	172
Loans payable (note 10)	15,898	13,801
<b>Total current liabilities</b>	<b>22,188</b>	<b>20,841</b>
Lease liability - non-current (note 8)	1,183	1,302
Loans payable - non-current (note 10)	1,274	892
<b>Total liabilities</b>	<b>24,645</b>	<b>23,035</b>
<b>Shareholders' equity</b>		
Share capital (note 11)	85,721	78,845
Contributed surplus	2,594	1,988
Accumulated deficit	(79,811)	(72,946)
Accumulated other comprehensive income	84	173
<b>Total liabilities and shareholders' equity</b>	<b>33,233</b>	<b>31,095</b>

Commitments and contingencies (note 13)

Subsequent events (note 21)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

### Approved by the Board:

Paul Henderson  
Chairman

Michael LeClair  
Director

# GreenSpace Brands Inc

## Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

	Three months ended		Nine months ended	
	December 31 2020	December 31 2019 Reclassified (note 20)	December 31 2020	December 31 2019 Reclassified (note 20)
	\$	\$	\$	\$
<b>Gross revenue</b>	<b>6,889</b>	11,285	<b>24,633</b>	39,239
Less: rebates and discounts	(1,315)	(1,516)	(4,099)	(5,138)
Less: listing fees	-	(120)	(332)	(170)
<b>Net revenue</b>	<b>5,574</b>	9,649	<b>20,202</b>	33,931
<b>Cost of goods sold</b>	<b>5,124</b>	6,742	<b>16,676</b>	25,022
<b>Gross profit</b>	<b>450</b>	2,907	<b>3,526</b>	8,909
<b>Expenses</b>				
General and administrative (note 6)	679	224	1,646	3,956
Storage and delivery	596	471	1,990	2,644
Salaries and benefits (note 12)	1,113	1,077	3,808	3,405
Advertising and promotion	171	378	550	1,058
Professional fees	394	194	1,180	636
Stock-based compensation	20	21	23	60
Amortization of intangible assets (note 7)	168	608	506	1,854
<b>Total expenses</b>	<b>3,141</b>	2,973	<b>9,703</b>	13,613
<b>Loss from operations</b>	<b>(2,691)</b>	(66)	<b>(6,177)</b>	(4,704)
Interest expense (note 12)	1,144	592	2,492	1,933
Accretion expense (note 10)	9	-	27	14
Foreign exchange (gain) loss	(418)	(125)	(1,674)	60
Restructuring expense (note 19)	-	-	-	195
Other (income) / expense	(204)	(68)	(157.0)	(94)
<b>Loss from operations before income taxes</b>	<b>(3,222)</b>	(465)	<b>(6,865)</b>	(6,812)
Deferred income tax recovery	-	(171)	-	(537)
<b>Net loss from continuing operations</b>	<b>(3,222)</b>	(294)	<b>(6,865)</b>	(6,275)
Net income from discontinued operations (note 20)	-	-	-	357
<b>Net loss</b>	<b>(3,222)</b>	(294)	<b>(6,865)</b>	(5,918)
<b>Other comprehensive income</b>				
Cummulative translation adjustment presentation	(81)	(147)	(89)	(306)
<b>Total net loss and comprehensive loss</b>	<b>(3,303)</b>	(441)	<b>(6,954)</b>	(6,224)
<b>Net loss per share</b>				
Net loss per share - basic and diluted - continuing operations	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.08)
Net loss per share - basic and diluted - Total	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.08)
Weighted average number of shares - basic and diluted	250,283,424	75,696,316	238,824,859	75,717,653

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## GreenSpace Brands Inc

### Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

	Share Capital			Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Number	Amount \$	Contributed Surplus \$			
Balance, March 31, 2019	75,358,939	69,261	1,983	(39,244)	86	32,086
Stock-based compensation	-	-	61	-	-	61
Share issuance to settle liabilities	690,825	-	-	-	-	-
Net loss for the nine month period	-	-	-	(6,487)	-	(6,487)
Cumulative translation adjustment	-	-	-	-	(306)	(306)
<b>Balance, December 31, 2019</b>	<b>76,049,764</b>	<b>69,261</b>	<b>2,044</b>	<b>(45,731)</b>	<b>(220)</b>	<b>25,354</b>
Balance, March 31, 2020	231,333,134	78,845	1,988	(72,946)	173	8,060
Stock-based compensation (note 11(b))	-	-	23	-	-	23
Share issuance to settle liabilities (note 10(g) and 11(a))	8,333,334	372	-	-	-	372
Share issuance (note 11(a))	153,345,000	6,504	-	-	-	6,504
Warrant issuance (note 11(c))	-	-	583	-	-	583
Net loss for the nine month period	-	-	-	(6,865)	-	(6,865)
Cumulative translation adjustment	-	-	-	-	(89)	(89)
<b>Balance, December 31, 2020</b>	<b>393,011,468</b>	<b>85,721</b>	<b>2,594</b>	<b>(79,811)</b>	<b>84</b>	<b>8,588</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# GreenSpace Brands Inc

## Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### Condensed Consolidated Interim Statements of Cash Flows

	Nine months ended	
	December 31, 2020	December 31, 2019
		*Reclassified (note 20)
	\$	\$
<b>Cash flow used in operating activities</b>		
Net loss from continuing operations	(6,865)	(6,275)
Items not affecting cash:		
Estimated credit losses	(367)	1,644
Depreciation and amortization (note 6, 7 and 8)	832	2,235
Deferred income recovery	-	(537)
Unrealized foreign exchange gain	(979)	(201)
Stock-based compensation	23	60
Gain on change in fair value of derivative	-	(54)
Inventory provision (note 5)	915	-
Interest incurred on lease liability (note 8)	108	4
Interest accrued on loans payable	1,292	646
Accretion expense (note 10)	27	14
Changes in non-cash working capital (note 15)	2,233	(3,651)
<b>Total cash utilized in continuing operating activities</b>	<b>(2,781)</b>	<b>(6,115)</b>
<b>Total cash utilized in discontinued operating activities (note 20)</b>	<b>-</b>	<b>1,050</b>
<b>Total cash utilized in operating activities</b>	<b>(2,781)</b>	<b>(5,065)</b>
<b>Cash flow from (used in) investing activities</b>		
Additions to property, plant and equipment (note 6)	(4)	(61)
Additions to intangible assets	-	(221)
Restricted cash (note 13(a) and (c))	(222)	-
<b>Total cash from (utilized) in continuing investing activities</b>	<b>(226)</b>	<b>(282)</b>
<b>Total cash from discontinued investing activities (note 20)</b>	<b>-</b>	<b>7,077</b>
<b>Total cash from investing activities</b>	<b>(226)</b>	<b>6,795</b>
<b>Cash flow from financing activities</b>		
Repayment of loans payable	(4,045)	(2,415)
Additions to loans payable	6,184	1,000
Shares issued to settle liabilities, net	372	-
Proceeds from issuance of shares and warrants, net (note 11)	7,087	-
Lease payments (note 8)	(253)	(20)
<b>Total cash provided by continuing financing activities</b>	<b>9,345</b>	<b>(1,435)</b>
<b>Total cash provided by discontinued financing activities (note 20)</b>	<b>-</b>	<b>-</b>
<b>Total cash provided by financing activities</b>	<b>9,345</b>	<b>(1,435)</b>
Foreign exchange gain on foreign cash and cash equivalents	(89)	(295)
<b>Increase in cash and cash equivalents</b>	<b>6,249</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, end of the period</b>	<b>6,249</b>	<b>-</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

\* The nine-month period ending December 31, 2019 balances have been reclassified to conform with the presentation adopted for the March 31, 2020 audited financial statements.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 1. Nature of Operations and Going Concern

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On April 13, 2015, Aumento Subco, a wholly-owned subsidiary of Aumento Capital IV Corporation (“Aumento” or the “Corporation”) and Life Choices Natural Foods Corp. (“Life Choices”) entered into a definitive agreement (the “Definitive Agreement”). Pursuant to the terms of the Definitive Agreement, on April 30, 2015, Life Choices, Aumento and Aumento Subco completed a three-cornered amalgamation (the “Amalgamation”) whereby Life Choices and Aumento Subco amalgamated to form a new entity named Life Choices Natural Food Corp. (referred to herein as “Amalco”). After the Amalgamation, the property of each of Life Choices and Aumento Subco became the property of Amalco, and Amalco became liable for the obligations of each of Life Choices and Aumento Subco. Amalco continues to carry on the business and operations of Life Choices as a wholly-owned subsidiary of the Corporation.

Prior to closing the Amalgamation, the Corporation’s name was changed to GreenSpace Brands Inc. (“GreenSpace” or the “Company”).

GreenSpace is an organic and natural food company whose principal business is to create natural food products and brands for sale into the North American natural food marketplace. The Company’s main brands as of March 31, 2020 include, Love Child Organics, Central Roast and Go Veggie.

The Corporation was incorporated under the Ontario Business Corporations Act and domiciled in Ontario, Canada on June 11, 2013.

The head office of the Company is 176 St. George Street, Toronto, Ontario, Canada M5R 2M7.

#### *Going concern*

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue to operate and realize its assets and discharge its liabilities in the normal course of business, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Company incurred a net loss and comprehensive loss of \$3,303 and \$6,954 (2019 - \$441 and \$6,224) for the three and nine-month periods ended December 31, 2020, and, as of that date, had an accumulated deficit of \$79,811 (March 31, 2020 - \$72,946), and its current liabilities exceeded its current assets by \$7,325 (March 31, 2020 - \$8,908). One of the Company’s long-term strategic growth objectives has been to be a consolidator in the Canadian natural and organic marketplace, and further expand its US operations. In order to do so, the strategic decision was made by management to invest in infrastructure to support those objectives.

Management's current strategy is to grow revenue and at the same time exercise careful cost control to generate profitable operations. In the event that cash flow from operations, together with the proceeds from existing and any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations. These factors may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements could be required.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 2. Statement of Compliance and Basis of Presentation

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### *Statement of Compliance*

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”), under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended March 31, 2020. The condensed interim consolidated financial statements do not include all of the disclosures included in the annual audited consolidated financial statements and the notes thereto included in the Company’s audited consolidated financial statements for the year ended March 31, 2020.

Accounting policies have been applied consistently to all years presented in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on February 25, 2021.

### *Basis of Presentation*

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. All amounts in these consolidated financial statements are expressed in thousands of Canadian dollars, unless otherwise noted.

### *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly- owned subsidiaries, Life Choices Natural Food Corp., 1706817 Ontario Ltd., The Everyday Fundraising Group, Grandview Farms Sales Ltd., Love Child (Brands) Inc., GSB Investment Corp., Central Roast Inc., 2047480 Ontario Inc. (formerly known as Nothing But Nature Inc.), GSB Beverage Inc., The Cold Press Corp., Roam Eggs Ltd. (formerly known as Rolling Meadows Dairy Ltd.) and Galaxy Nutritional Foods, Inc. from their respective dates of acquisition. All inter-company balances and transactions have been eliminated.

## 3. Significant Accounting Judgments, Estimates and Assumptions

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The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from these estimates. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements are:

*Expected credit loss:* Management assesses the credit worthiness and the financial position of all customers to arrive at and provide for an expected credit loss on receivables.

### *Determination of share-based payments*

The estimation of share-based payments (including warrants and stock options) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of the Company’s share price over the period of the expected life of the applicable



# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 3. Significant Accounting Judgments, Estimates and Assumptions - Continued

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warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

*Determination of useful lives and residual values of long-lived assets:* Depreciation and amortization of property, plant and equipment, and definite lived intangible assets are dependent upon estimates of useful lives, residual values, and depreciation rates. The depreciation and amortization methods are judgments based on the Company's assessment of the pattern of use of the assets. The estimate of useful lives and residual values are based on the Company's intended use of the assets.

*Provisions for Inventory:* Management makes estimates of the future customer demand for the Company's products when establishing appropriate provisions for inventory. In making these estimates, management considers the product life of inventory and the profitability of recent sales of inventory. In many cases, the products sold by the Company turns over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. Management ensures that systems are in place to highlight and properly value inventory that may be approaching "best before" dates. To the extent that actual losses on inventory differ from those estimated, both inventory and net loss will be affected.

*Intangible assets valuation:* The values associated with intangible assets involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life intangible assets recognized in future periods. The carrying value of the intangible asset is reviewed each reporting period to determine whether there is any indication of impairment. The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. The recoverable amount is defined as the higher of value in use, or fair value less cost of disposal. The determination of recoverable amount involves management estimates and determination of cash generating units ("CGU"). The Company performed an impairment assessment as of March 31, 2020.

*Goodwill impairment:* Goodwill is tested for impairment annually or more frequently if there is any indication of impairment. If the carrying amount of a goodwill exceeds its recoverable amount, the goodwill is impaired, and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss. The assessment of fair value requires the use of estimates and assumptions related to future operating performance and discount rates; differences in these estimates and assumptions could have a significant impact on the consolidated financial statements.

For the purpose of the annual impairment test, the Company applied the value in use method in completing its analysis. Using a five year (and related terminal value) discounted future cash flow model, the Company created a range of outcomes in determining the recoverable amount. The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in margins.

*Adoption of IFRS 16 – Leases:* Estimates and judgments related to the adoption of IFRS 16 – Leases, including measurement of lease liabilities, right-of-use assets, discount rates and lease term expectations used are outlined in note 8.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies

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

The Galaxy VTB loan previously classified under Related Party loans has been reclassified to Loans Payable as the lender is now at arms-length.

The Company has entered into a factoring with recourse assignment agreement effective September 22, 2020. The accounts receivable balances continue to be recognized in the Condensed Consolidated Interim Statements of Financial Position. The Company retains the risk and reward associated to the cash flows and the Company is continuously involved in the collection of the receivables (Note 9). The amounts owed to the factor are recognized within loans payable in the Condensed Consolidated Interim Statements of Financial Position (Note 10). Any gains, losses or transaction costs associated to the factor are recognized in the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss.

### 5. Inventory

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Inventory consists of:

	<b>December 31</b>	March 31
	<b>2020</b>	2020
	\$	\$
Raw materials	<b>500</b>	597
Packaging	<b>1,211</b>	1,283
Finished goods	<b>1,088</b>	2,473
Total	<b>2,799</b>	4,353

Included in cost of goods sold for the three and nine-month periods ended December 31, 2020 is a provision for inventory in continuing operations amounting to \$617 and \$915 respectively (2019 - \$174 and \$264).

The amount of inventory recognized as an expense in cost of goods sold for continuing operations was \$4,507 and \$15,761 respectively and in discontinued operations was \$nil and \$nil respectively for the three and nine-month periods ended December 31, 2020 (2019 - \$6,568 and \$24,758 continuing; \$nil and \$811 discontinued)

## GreenSpace Brands Inc

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 6. Property, Plant and Equipment

	Furniture and Equipment	Leasehold Improvements	Computer Equipment	Software	Fixture at Customer Locations	Printing and Production Plates	Warehouse Equipment	Design	Total
<b>Cost</b>									
Balance, March 31, 2020	189	411	289	32	210	261	669	33	2,094
Additions	-	-	-	-	-	-	-	4	4
<b>Balance, December 31, 2020</b>	<b>189</b>	<b>411</b>	<b>289</b>	<b>32</b>	<b>210</b>	<b>261</b>	<b>669</b>	<b>37</b>	<b>2,098</b>
<b>Accumulated Depreciation</b>									
Balance, March 31, 2020	133	328	276	31	210	207	454	31	1,670
Additions	24	78	13	-	-	31	79	4	229
<b>Balance, December 31, 2020</b>	<b>157</b>	<b>406</b>	<b>289</b>	<b>31</b>	<b>210</b>	<b>238</b>	<b>533</b>	<b>35</b>	<b>1,899</b>
<b>Net Book Value</b>									
Balance, March 31, 2020	56	83	13	1	-	54	215	2	424
<b>Balance, December 31, 2020</b>	<b>32</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>23</b>	<b>136</b>	<b>2</b>	<b>199</b>

Depreciation expense charged to the condensed consolidated interim statements of operations and comprehensive loss for the three and nine-month periods ended December 31, 2020 was \$72 and \$229 respectively in continuing operations and \$nil and \$nil respectively from discontinued operations (2019 - \$106 and \$383 continuing; \$nil and \$2 discontinued), is included in general and administrative expenses.

## GreenSpace Brands Inc

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 7. Intangible Assets and Goodwill

Intangibles by Asset	Customer Relationships	Brand	Product Recipes	Non-Compete Agreement	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, March 31, 2020	8,029	3,978	850	680	13,537
<b>Balance, December 31, 2020</b>	<b>8,029</b>	<b>3,978</b>	<b>850</b>	<b>680</b>	<b>13,537</b>
<b>Accumulated Amortization</b>					
Balance, March 31, 2020	3,937	-	-	680	4,617
Additions	506	-	-	-	506
<b>Balance, December 31, 2020</b>	<b>4,443</b>	<b>-</b>	<b>-</b>	<b>680</b>	<b>5,123</b>
<b>Net Book Value</b>					
Balance, March 31, 2020	4,092	3,978	850	-	8,920
<b>Balance, December 31, 2020</b>	<b>3,586</b>	<b>3,978</b>	<b>850</b>	<b>-</b>	<b>8,414</b>

## GreenSpace Brands Inc

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 7. Intangible Assets and Goodwill – Continued

Intangibles by Cash Generating Unit:	Central Roast Inc.	Love Child (Brands) Inc.	Galaxy Nutritional Foods, Inc.	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, March 31, 2020	6,306	3,290	3,941	13,537
<b>Balance, December 31, 2020</b>	<b>6,306</b>	<b>3,290</b>	<b>3,941</b>	<b>13,537</b>
<b>Accumulated Amortization</b>				
Balance, March 31, 2020	3,306	751	560	4,617
Amortization	184	128	194	506
<b>Balance, December 31, 2020</b>	<b>3,490</b>	<b>879</b>	<b>754</b>	<b>5,123</b>
<b>Net Book Value</b>				
Balance, March 31, 2020	3,000	2,539	3,381	8,920
<b>Balance, December 31, 2020</b>	<b>2,816</b>	<b>2,411</b>	<b>3,187</b>	<b>8,414</b>

Amortization expense charged to the consolidated statements of operations and comprehensive loss for the three and nine-month periods ended December 31, 2020 was \$168 and \$506 respectively in continuing operations and \$nil and \$nil respectively from discontinued operations (2019 - \$608 and \$1,481 continuing; \$nil and \$373 discontinued).

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 7. Intangible Assets and Goodwill – Continued

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Goodwill by Cash Generating Unit:

	December 31, 2020	March 31, 2020
	\$	\$
Love Child (Brands) Inc.	<b>2,940</b>	2,940
Galaxy Nutritional Foods, Inc.	<b>6,346</b>	6,346
Total goodwill	<b>9,286</b>	9,286

### 8. Leases

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The Company leases various properties under non-cancellable leases. These leases have varying terms, escalation clauses, renewal options and bases on which rent is payable.

As of December 31, 2020, changes in the right-of-use assets are as follows:

	\$
Balance, March 31, 2020	532
Additions	36
Depreciation	(97)
<b>Balance, December 31, 2020</b>	<b>471</b>

The weighted average right-of-use amortization term remaining as at December 31, 2020 is 6 years.

As of December 31, 2020, changes in the lease liabilities are as follows:

	\$
Balance, March 31, 2020	1,474
Additions	36
Lease payments	(253)
Interest expense on lease payments	108
<b>Balance, December 31, 2020</b>	<b>1,365</b>
Current	182
Non-Current	1,183
<b>Total</b>	<b>1,365</b>

The weighted average incremental borrowing rate is 10.2% as at December 31, 2020. The weighted average lease term remaining as at December 31, 2020 is 6 years.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 9. Accounts Receivable

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As described in note 10(k) the Company has entered into a factoring agreement which covers the majority of trade receivables.

### 10. Loans Payable

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	Note Reference	December 31 2020 \$	March 31 2020 Reclassified (note 13) \$
BDC loan payable, interest at BDC's floating base rate plus 3% per annum, repayable in payments of principal of \$1 monthly plus interest (payable monthly)	(a)	-	30
TD Equipment Finance	(b)	-	13
TD Term Loan	(c)	-	75
TD ABL Facility	(d)	-	3,927
Convertible debentures issued to Emblem Corp, maturing August 9, 2023	(e)	984	874
Primary Capital financing, maturing September 23, 2021	(f)	1,094	734
MW1 LLC - Galaxy VTB, maturing September 23, 2021	(g)	8,922	9,040
2020 Cares Act SBA - PPP, maturing May 01, 2022	(h)	249	-
CEBA Term Loan, maturing December 31, 2022	(i)	40	-
Pivot Term Loan, maturing September 22, 2021	(j)	3,500	-
Pivot Factor Facility, maturing September 22, 2021	(k)	2,383	-
		<b>17,172</b>	14,693
Less amounts due within one year		<b>15,898</b>	13,801
Loans payable - non current		<b>1,274</b>	892

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

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### 10. Loans Payable - Continued

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a) **BDC Loans**

The BDC loan was for \$100 bearing interest at BDC's floating base rate plus 3% per annum, blended principal and interest payable monthly and the loan was scheduled to mature on February 23, 2022. During the quarter ended September 30, 2020 the BDC loan was fully repaid which has removed the associated personal guarantee from the Company's former Chief Executive Officer ("CEO"). (See note 12(c))

b) **TD Equipment Finance**

As part of the acquisition of Central Roast, the Company retained a leasing loan agreement with TD Equipment Finance. The machinery lease contract was repayable in monthly instalments of \$3, including interest calculated at 3.85% and matured on August 15, 2020 and at that time was fully repaid.

c) **TD Term Loan**

To finance the acquisition of an HVAC system at the Central Roast warehouse, the Company entered into a term loan with TD for \$300. The term loan was repayable in monthly principal instalments of \$8, plus interest calculated at prime plus 1% and was set to mature in December 2020. On September 22, 2020 the remaining balance was fully repaid.

d) **TD ABL Financing**

On October 7, 2016, the Company finalized the terms on a \$7,500 revolving senior secured asset-based lending facility with The Toronto-Dominion Bank ("ABL Facility"). The ABL Facility had a three-year term and bore interest at bank prime plus 3%.

The Company incurred a total of \$100 in transaction costs related to the ABL Facility. All transaction costs were amortized to net loss as accretion expense over the three-year term. The maximum availability under the ABL facility was subject to a borrowing base calculation determined as a percentage of the Company's accounts receivable, inventory less priority payables and availability reserves.

After closing the ABL Facility, the Company refinanced the majority of its short-term loan obligations under a long-term, cost effective borrowing facility. The remaining initial proceeds from the new ABL Facility were used to finance working capital.

During the year ended March 31, 2018, the ABL Facility revolving commitment increased from \$7,500 to \$10,000 upon inclusion of assets from The Cold Press Corp., and from \$10,000 to \$12,000 upon inclusion of assets from Galaxy Nutritional Foods, Inc. In May 2018, the revolving commitment increased from \$12,000 to \$13,000. In August 2019, the revolving commitment decreased to \$8,000. In October 2019, the ABL Facility was extended until February 28, 2020. In February 2020, the ABL Facility was extended until June 30, 2020 and was presented as current as the bank had not formally extended the ABL facility beyond that date.

The ABL Facility was secured by substantially all of the assets of the Company and contained a standard fixed charge coverage financial covenant of 1.1:1. Effective March 31, 2017, the fixed charge coverage covenant was amended to allow the Company to add back unfinanced capital expenditures, debt repayments or listing fees that were financed with equity in calculating the covenant. On September 22, 2020 the ABL Facility was fully repaid.



# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

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(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 10. Loans Payable - Continued

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e) **Convertible Debentures**

On August 9, 2018, the Company issued \$1,000 in principal amount of unsecured convertible debentures in conjunction with its partnership with Emblem Corp. The debentures will mature on August 9, 2023, bear interest at 6% per annum which is due the earlier of conversion date or maturity and will automatically convert into common shares of the Company upon satisfaction of certain conditions (each, a “Milestone” assigned \$500 in principal) at a conversion price equal to the lesser of: (i) \$1.05 and (ii) the twenty (20) day volume-weighted average price of the common shares on the date the applicable Milestone is achieved, provided that the conversion price shall not be less than \$0.94 and that the automatic conversion will be deferred if the market price is less than \$0.752 on the day immediately prior to the date the Milestone is met. (see note 13(d))

During the three and nine-month periods ended December 31, 2020, the Company recorded accretion expense of \$9 and \$27 (2019 - \$nil and \$14) and interest expense of \$83 and \$83 (2019 - \$nil and \$nil) respectively, with a corresponding increase in the amount of this convertible debenture.

f) **Primary Capital Financing**

On December 24, 2018, the Company entered into a loan agreement with Primary Capital Inc. as administrative and collateral agent for a syndicate of lenders, providing for a \$4,000 term debt facility. The Loan is comprised of an initial principal amount of \$2,000, before transaction costs, and an additional \$2,000 available on standby which may be drawn at any time within the first six months of the Loan at the option of the Company, in two tranches of \$1,000 each. In connection with the loan, the Company has agreed to issue common shares to the lenders. As of March 31, 2020, the Company has received the initial principal of \$2,000 and two additional draws of \$1,000 each.

The terms of the original loan allowed the Company to prepay at any time at the option of the Company without penalty or premium. The loan carries an initial coupon of 1% per month, increasing to 1.5% per month after six months or if the first \$1,000 on standby is advanced. If the second \$1,000 on standby is advanced, the loan will bear interest at a rate of 2% per month. The Loan carries an equity incentive of 346,667 shares to be issued to the lenders upon advance of the initial principal amount, an additional 160,000 shares to be issued to the lenders upon advance of each standby tranche, and 346,666 shares to be issued to the lenders six months after advance of the initial principal amount if any amounts remain outstanding under the loan. As at March 31, 2020, the Company has issued 1,013,333 (March 31, 2019 – 506,667) common shares to the lenders.

The loan matured on December 24, 2019 and was extended to December 23, 2020 on February 18, 2020. As part of this extension, the holder agreed and converted approximately \$3,563 of debt (\$3,266) and interest (\$297) into equity on March 12, 2020 with 54,821,832 shares issued, leaving approximately \$734 in debt at a 12% coupon rate at March 31, 2020. Under the terms of the extension, the Company may prepay any portion of the debt without notice, penalty or bonus at any time however 10% of the debt is due in June 2020 but this prepayment was not made. Further to a review of the extensions, accrued interest recorded in accounts payable and accrued liabilities has been capitalized to the loan balance and the loan balance inclusive of capitalized interest was \$964 at June 30, 2020.

On September 18, 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 extensions shall be as follows: (i) the Company shall pay to Primary an extension fee in the amount of \$57 (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 \$19 (which shall be added to the total indebtedness of the Primary loan) in the event that the Company fails to make a 10% prepayment

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

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### 10. Loans Payable - Continued

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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 \$38 (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.

During the three and nine-month periods ended December 31, 2020, the amount of \$38 and \$105 of capitalized interest was added to the principal.

**g) MW1 LLC – Galaxy Vendor Take Back (“Galaxy VTB”)**

The Galaxy VTB of \$8,922 (March 31, 2020 - \$9,040) is with a remaining principal amount of USD \$5,246 (March 31, 2020 – USD \$5,246) bearing interest at a rate of 8.5% per annum until July 1, 2019 and 12% thereafter. The loan matured on January 24, 2020 and was extended to December 23, 2020. Under the terms of the extension, the Company may prepay any portion of the debt without notice, penalty or bonus, at any time however 10% of the debt was due in June 2020 but not paid.

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 5, 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.

On October 30, 2020, as required by the VTB Amending Agreement the Company issued 8,333,334 common shares to MW1 LLC at \$0.06 per share for a total consideration of \$500. The fair market value on that date was \$0.045 per share for a \$125 gain on the issuance of shares for the modification of the Galaxy VTB.

**h) Cares Act SBA US loan**

On May 1, 2020, the Company applied for and received a US\$195 loan under the United States Paycheck Protection Program (“PPP”). Under the terms of agreement, the loan is subject to 1% per annum after the six months. The Company may apply for the loan to be fully forgiven any time after July 1, 2020 and up to ten months after the covered period where by 75% of the loan is used for qualifying expenses. The loan is repayable on May 1, 2022 if forgiveness is not granted.

**i) Canadian Emergency Business Account (CEBA) Loan**

In April 2020, the Company applied for and received a \$40 loan under the Canadian Emergency Business Account (“CEBA”). Under the terms of the agreement the loan is interest free during the initial term and 5% thereafter. The initial terms end December 31, 2022 and the extended terms ends December 31, 2025. If the Company repays the loan on or before December 31, 2022, 25% (\$10) will be forgiven.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 10. Loans Payable - Continued

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j) **Pivot Term Loan**

On September 22, 2020, the Company entered into a non-revolving term loan facility with Pivot Financial Inc. in the aggregate amount not to exceed \$3,500 which was drawn down in full on September 22, 2020 subject to 14% per annum interest rate, compounded daily and payable monthly with a maturity date of September 22, 2021.

Under the terms of the facility, the Company may at any time before maturity request for extension from the lender provided that no default or event of default has occurred and is continuing. If an extension is requested, the lender in its sole discretion can grant an extension at an interest rate and duration of their choosing. If extension occurs, the Company will pay the lender 1% (plus HST) of the principal outstanding on or before the extension date. The Company may after six-months from September 22, 2020 repay to the lender the whole or any part of the outstanding amounts owed (not less than \$50), including interest. Should prepayment occur anytime before six-months from September 22, 2020, the Company will pay the lender a prepayment fee of 5.0% of the amount being repaid. Should prepayment occur prior to nine-months from September 22, 2020, the Company will pay the lender a prepayment fee of 2.5% of the amount being repaid. The Pivot Term Loan is secured by substantially all of the assets of the Company and contains a fixed charge coverage financial covenant of 1:1 which is to be first applied for the Company's quarter ending December 31, 2020 and builds thereafter each quarter, then becomes a rolling 12-month covenant.

On January 7, 2021, the Company entered into an amending agreement with Pivot Financial Inc, whereby the date at which the fixed coverage financial covenant of 1:1 is first applied is modified to the Company's quarter ending June 30, 2021.

k) **Pivot Factor Facility**

On September 22, 2020, the Company entered into a factoring facility under which, as agreed by each of the lender and the Company, certain accounts receivable may be assigned to the lender for a price consisting of the face value of the account less a discount of 1.0% provided the balance is paid within the first thirty days it was assigned to the lender. After thirty days the discount is increased by 0.033% for each day the account remains outstanding. The specified trade receivables are pledged as security for the arrangement with full recourse against the Company.

### 11. Share Capital

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a) Authorized: Unlimited number of common shares

During the three-month period ended December 31, 2020 the Company has closed a private placement financing of 150,000,000 units at a price of \$0.05 per unit (the "Offering Price") for gross proceeds of \$7,500 (the "Offering"). The Company intends to use the net proceeds of the Offering for working capital and general corporate purposes.

Each unit consists of one common share in the capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant will be exercisable to acquire one common share at an exercise price of \$0.08 (the "Exercise Price") for a period of 24 months from the closing of the Offering (the "Expiry Date"), subject to acceleration provisions. If at any time between the date that is four months and one day from the closing of the Offering and the Expiry Date, the daily volume weighted average trading price of the common shares on the TSX Venture Exchange is greater than \$0.15 for the preceding ten consecutive trading days, the Company has the option to accelerate the exercise of the Warrants at the Exercise Price by delivering a notice to holders of the Warrants. In such instance, the Warrants will be exercisable until not-

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

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### 11. Share Capital - Continued

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less than the 30th day following the delivery of the Acceleration Notice.

The Offering was made through a syndicate of agents led by PI Financial Corp., and including Canaccord Genuity Corp. and Richardson Wealth Limited (collectively, the “Agents”). In connection with the Offering, the Agents received, as compensation: (i) cash commission of \$187; (ii) an aggregate of 3,345,000 Units (in lieu of cash consideration amounting to \$167); and (iii) 7,084,880 non-transferrable compensation options exercisable at any time between the date that is four months and one day from the closing of the Offering to 18 months from the closing of the Offering to acquire an aggregate of 7,084,880 common shares at an exercise price of \$0.05. All securities issued or issuable under the Offering will be subject to a statutory hold period lasting four months and one day following the closing of the Offering.

In addition to the cash commission mentioned above, other expenses incurred relating to the issuance of shares amounted to \$225.

Common shares issued and fully paid:

	Number	Amount
		\$
Balance, March 31, 2020	231,333,134	78,845
Share issuance for debt settlement, net (note 10(g))	8,333,334	372
Share issuance, net	153,345,000	6,504
<b>Balance, December 31, 2020</b>	<b>393,011,468</b>	<b>85,721</b>

b) Compensation Stock options:

The Company has established a stock option plan for its employees, directors, officers and technical consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Company’s Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire one year after termination of employment but only to the extent that such options have vested as at the termination date. During the three-month period ended December 31, 2020, the expiration period was noted to be one year and as a result 525,337 stock options which were previously deemed to be expired have been reinstated.

Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Company entering into a Qualifying Transaction will be subject to escrow restrictions.

On November 30, 2020, the Company issued 2,442,000 incentive stock options to employees, convertible into 2,442,000 common shares of the Company at an exercise price of \$0.055 per stock option.

On December 11, 2020 Company issued a further 15,500,014 incentive stocks options to Directors and Officers of the Company, convertible to 15,500,014 common shares of the Company at an exercise price of \$0.06 per stock option.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

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### 11. Share Capital - Continued

As of December 31, 2020, the Company had 18,863,694 compensation stock options, convertible into 18,863,694 common shares of the Company.

The fair value of each tranche of those options issued during the three-month period ended December 31, 2020, is measured at the date of grant using the Black-Scholes pricing model. This calculation resulted in a charge to the Condensed Consolidated Interim Statement of Operations and Comprehensive Loss for the three-month period ended December 31, 2020, of \$20 (2019 – \$21) with the offset recorded in contributed surplus on the condensed consolidated interim statements of changes in shareholders' equity.

#### c) Warrants:

As a result of the Offering referred to in Note 11(a), warrants were issue as follows:

	December 31, 2020		March 31, 2020	
	Number	Amount \$	Number	Amount \$
Options with an exercise price of \$0.05 and expiry of 18 months – issued to Agents	7,084,880	72	-	-
Warrants with an exercise price of \$ 0.08 and expiry of 24 months, with an acceleration price of \$0.15				
Issued to Investors	150,000,000	555	-	-
Issued to Agents	3,345,000	12	-	-
Warrants issuance cost		(56)		
<b>Total Contributed Surplus</b>	<b>160,429,880</b>	<b>583</b>	<b>-</b>	<b>-</b>

The estimation of the value of the warrants and agent stock options requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The models used by the Company for the valuation of warrants and agent stock options are as follows:

- Warrants are valued using the Binomial Option Pricing Model at the date of the grant. Due to the acceleration provisions attached to the warrant which is triggered when the weighted average trading price of the common shares on the TSX Venture Exchange is greater than \$0.15 for the preceding ten consecutive trading days, management believes that the Binomial Option Pricing Model is the appropriate model for the measurement of the fair value of the warrants; and
- Agent stock options are valued using the Black-Scholes valuation model at the date of the grant.

As of December 31, 2020, the Company had 18,863,694 compensation stock options, 7,084,880 agent stock options and 153,345,000 warrants convertible into 179,293,574 common shares of the Company.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

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## 12. Related Party Balances and Transactions

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### *Transactions with Related Parties*

- a) The Company leases office space from a shareholder of the Company. The Company paid rent of \$18 and \$78 respectively during the three and nine-month periods ended December 31, 2020 (2019 – \$32 and \$104)
- b) The Company has an outstanding balance of \$nil on December 31, 2020 (March 31, 2020 - \$96) due to the former CEO for unpaid compensation included in accounts payable and accrued liabilities.
- c) The Company's former CEO had provided a personal guarantee to BDC loans (note 10(a)). During the three-month period ended September 30, 2020, the BDC loan to which this guarantee related was fully repaid eliminating this personal guarantee.
- d) 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 with the remaining balance of \$391 as at December 31, 2020.
- e) Under the terms of employment between the Company and the Executive Chairman and Interim CEO ("Interim CEO"), the Board of Directors agreed to pay the Interim CEO (a) the additional amount of \$77 for the period up to July 17, 2020 where this amount is unpaid and recognized in accounts payable and accrued liabilities. \$65 of this amount was expensed in the first quarter ended June 30, 2020 and the balance of \$12 was expensed in the second quarter ended September 30, 2020; and (b) effective July 17, 2020, the Interim CEO's salary was increased (for the period of time he serves in this position) where the amount of this increase is also unpaid and recognized in accounts payable and accrued liabilities, which at December 31, 2020 amounted to \$90. Both amounts set out in (a) and (b) above shall be paid at such time as the Board of Directors deems it appropriate.
- f) Prior to August 22, 2019, the Company was introduced to Pivot Financial Inc. ("Pivot") as a potential lender to the Company. At that time, it was made clear to the Company, that the individual who made this introduction would be entitled to a referral fee from Pivot, should the Company use the services of Pivot. Subsequently, that individual became a director of the Company. On September 22, 2020, the Company entered into a lending agreement with Pivot (see note 10) and a referral fee in the amount of \$40 was paid to the director by Pivot from the closing fees paid to Pivot by the Company.
- g) 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 in (d), (e), and (f) above:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Salary and director fees	325	99	1,427	380

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 13. Commitments and Contingencies

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#### *Commitments*

- a) In October 2016, under its new ABL Facility, the Company issued a stand-by letter of credit for \$200 to one of its Canadian suppliers for extended credit terms. During the three-month period ending September 30, 2020 the stand-by letter of credit was replaced by a \$200 cash-backed letter of credit recorded on the Condensed Consolidated Interim Statements of Financial Position as restricted cash.
- b) In October 2018, under its new ABL Facility, the Company issued a stand-by letter of credit for US\$71 to the State of Rhode Island department of labour for its social benefits. During the three-month period ending September 30, 2020 the stand-by letter of credit was cancelled.
- c) During the three-month period ending September 30, 2020, the Company secured the available credit limit of the corporate credit cards with \$20 in cash and an additional \$2 in cash for credit reserve against the corporate credit cards. This \$22 in cash is recorded on the Condensed Consolidated Interim Statement of Financial Position as restricted cash.
- d) During the year ended March 31, 2019, the Company issued convertible debentures and shares of \$1,000 and \$1,000, respectively. As a result, Emblem Corp. will earn a 4% royalty on all hemp-based product sales and a 7% royalty on all cannabidiol (“CBD”) based product sales. The Company has not made any hemp-based product sales or cannabis-based CBD product sales; therefore, no royalties have been paid or accrued as of December 31, 2020.

#### *Contingencies*

The Company may become involved in certain claims and litigation arising out of the ordinary course and conduct of business where certain claims are made against or by the Company. Management assesses such claims and, if they are considered likely to result in a loss and the amount of loss is quantifiable, provisions for loss are made, based on management’s assessment of the most likely outcome. Management does not provide for claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated or where the litigation may result in a contingent gain.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

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### 14. Expenses by Nature

The table below summarizes the expenses by nature for continuing operations (note 20):

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019 Reclassified (note 20) \$	December 31, 2020	December 31, 2019 Reclassified (note 20) \$
Raw materials and consumables used	4,507	6,832	15,761	25,022
Storage and delivery	596	471	1,990	2,644
Salaries and benefits	1,113	1,077	3,808	3,405
Advertising and promotion	171	378	550	1,058
Professional fees	394	194	1,180	636
Stock-based compensation	20	21	23	60
Amortization of intangible assets	168	608	506	1,854
General and administrative	679	224	1,646	3,956
Inventory provision	617	(90)	915	-
	<b>8,265</b>	<b>9,715</b>	<b>26,379</b>	<b>38,635</b>

The table below summarizes the expenses by nature for discontinued operations:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019 Reclassified (note 20) \$	December 31, 2020	December 31, 2019 Reclassified (note 20) \$
Raw materials and consumables used	-	-	-	811
Storage and delivery	-	-	-	229
Advertising and promotion	-	-	-	22
General and administrative	-	-	-	173
Inventory provision (recovery)	-	-	-	(36)
	-	-	-	1,199

### 15. Changes in Non-Cash Working Capital

The table below summarizes the changes in non-cash working capital for continuing operations:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019 Reclassified (note 20) \$	December 31, 2020	December 31, 2019 Reclassified (note 20) \$
HST receivable	63	(79)	(80)	(299)
Accounts receivable, net	1,564	1,270	1,645	(1,885)
Prepaid expenses	(579)	(410)	789	(597)
Inventory	706	210	639	(175)
Accounts payable and accrued liabilities	(569)	(260)	(763)	(652)
HST payable	(71)	51	3	(43)
	<b>1,114</b>	<b>782</b>	<b>2,233</b>	<b>(3,651)</b>

The table below summarizes the changes in non-cash working capital for discontinued operations (note 20):



# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

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### 15. Changes in Non-Cash Working Capital - Continued

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019 Reclassified (note 20)	December 31, 2020	December 31, 2019 Reclassified (note 20)
	\$	\$	\$	\$
HST receivable	-	-	-	21
Accounts receivable, net	-	-	-	744
Prepaid expenses	-	-	-	151
Inventory	-	-	-	311
Accounts payable and accrued liabilities	-	-	-	42
	-	-	-	1,269

### 16. Financial Risk Management

#### (a) Concentration Risk

The Company currently has a reliance on a small number of large customers for revenue. Management will continue to monitor this reliance.

For the three and nine-month periods ended December 31, 2020, the Company had 2 and 2 respectively (2019 – 1 and 1) customers representing over 10% each of total revenue for an aggregate of approximately 14% and 13% respectively (2019 - 23% and 22%).

#### (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relates to its accounts receivable. The Company's credit risk is reduced by a broad customer base and a review of customer credit profiles. As at December 31, 2020, the Company had an expected credit loss provision of \$1,165 (March 31, 2020 - \$1,532).

#### (c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivables in a timely manner and by maintaining sufficient cash on hand through equity financing, loans from related parties and loans payable. Significant commitments in years subsequent to December 31, 2020 are as follows:

	Carrying value \$	Contractual cash flows \$	Payable in 1 year \$	2-5 years \$	Thereafter \$
Accounts payable and accrued liabilities	6,099	6,099	6,099	-	-
Loans payable	17,172	17,187	15,898	1,289	-
Leases	1,365	1,815	312	1,244	259
	<b>24,636</b>	<b>25,101</b>	<b>22,309</b>	<b>2,533</b>	<b>259</b>

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 16. Financial Risk Management - Continued

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#### (d) Market Risk

##### i. Interest Rate Risk

Interest rate risk was removed because the Company fully repaid the loans payable with variable interest rates during the three-month period ending September 30, 2020.

##### ii. Foreign Currency Risk

The Company is exposed to some foreign currency risk as some of the product ingredients are denominated in U.S. dollars and Euros. Additionally, the Galaxy VTB loan, the Cares Act SBA US loan and a portion of the Pivot factor facility are USD denominated. Accordingly, the Company's results are affected, and may be affected in the future, by exchange rate fluctuations of the U.S. dollar and Euro. Currently the Company manages foreign currency risk by forecasting its requirements and where possible and appropriate, incorporating the forecasted impact of the U.S. and Euro exchange rates fluctuations into customer prices.

#### (e) Emerging Risk

The recent outbreak of the coronavirus (COVID-19) may affect our business and operations. Since the outbreak of the pandemic in early 2020, management has been closely evaluating the potential impact on the Company's business and has been taking measures to mitigate its effects. As the Company has an elaborate international supply chain, including its own processing and packaging facility, focus has been placed on worker and staff safety and business continuity. However, as the pandemic continues and as official governmental guidelines evolve, the extent of disruption cannot be fully anticipated and its full impact on the business and its financial condition is uncertain.

### 17. Capital Management

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Management defines capital as the Company's share capital and long-term debt. The Company manages its capital structure and makes adjustments to it, based on the funds available, in order to support its sales, expenses, working capital and any required capital expenditures. The Company is subject to externally imposed capital requirements through the Pivot Term Loan and Pivot Factor Facility (note 10)

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 permitted 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.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 18. Segmented Information

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The Company markets its services primarily in Canada and the United States.

Sales attributed to geographic location for the three and six-month periods ended December 31, 2020 and 2019 are as follows:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019 Reclassified (note 20)	December 31, 2020	December 31, 2019 Reclassified (note 20)
	\$	\$	\$	\$
Canada	3,847	6,874	14,133	25,072
United States	3,042	4,411	10,500	14,167
	6,889	11,285	24,633	39,239

All of the Company's assets as of December 31, 2020 and March 31, 2020 are located in Canada and the United States, as detailed below:

Current Assets	December 31, 2020	March 31, 2020
	\$	\$
Canada	11,340	7,393
United States	3,523	4,540
	14,863	11,933

  

Long-Term Assets	December 31, 2020	March 31, 2020
	\$	\$
Canada	8,643	9,434
United States	9,727	9,728
	18,370	19,162

### 19. Restructuring

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During the six-month period ended September 30, 2019, the Company recorded a restructuring charge (including severance for affected employees) of \$195 in its Condensed Consolidated Interim Statement of Operations and Comprehensive Loss, of which \$nil remains in accounts payable and accrued liabilities as at December 31, 2020 (2019-\$ nil).

### 20. Discontinued Operations

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On May 21, 2019, the Company completed the sale to Zurban Beverages, of assets within the Nothing But Nature business relating to the Kiju brand of Organic juice and iced tea, for up to \$8,000. The acquisition of the business was for gross initial consideration of \$7,500 which comprised of \$6,577 in cash paid to the Company, an additional \$500 of cash held in escrow (payable to the Company at the end of the escrow period), \$423 in accounts payable reduction of amounts owed by the Company to Zurban Beverage, and an additional revenue based earn-out of \$500.

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 20. Discontinued Operations - Continued

On August 1, 2019 the Company and Zurban Beverages agreed to release the \$500 held in escrow. Subsequent to March 31, 2020, the Company determined that there was no additional amount due on this earn-out. The Kiju branded business represented approximately 3% of the revenue of the Company for the year ended March 31, 2020 (2019 – 10%).

The Company recognized a gain on the sale as follows:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	\$	\$	\$	\$
Gross proceeds	—	—	—	7,500
Less:				
Inventory	—	—	—	(998)
Intangible assets	—	—	—	(4,552)
Goodwill	—	—	—	(1,381)
Reserve for escrow amount	—	—	—	—
Reserve for accounts receivable held by the Company related to the period before May 21, 2019	—	—	—	—
Gain on sale of the assets of Nothing But Nature Inc. business	—	—	—	569

As a result of this sale, the Nothing But Nature business is classified as a discontinued operation in accordance with IFRS 5 for the years ended March 31, 2020 and 2019.

Consolidated statements of operations and comprehensive loss from discontinued operations for the three and nine-month periods ended December 31, 2020 and 2019 are comprised of the following:

# GreenSpace Brands Inc

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 20. Discontinued Operations - Continued

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	\$	\$	\$	\$
<b>Gross revenue</b>	—	—	—	1,314
Less: rebates and discounts	—	—	—	(296)
Less: listing fees	—	—	—	(3)
<b>Net revenue</b>	—	—	—	1,015
<b>Cost of goods sold</b>	—	—	—	775
<b>Gross profit</b>	—	—	—	240
<b>Expenses</b>				
General and administrative	—	—	—	173
Storage and delivery	—	—	—	229
Advertising and promotion	—	—	—	22
<b>Total expenses</b>	—	—	—	424
<b>Loss from discontinued operations</b>	—	—	—	(184)
Interest expense	—	—	—	1
Gain on sale of the assets of the Nothing But Nature Inc business	—	—	—	(569)
Loss on disposal of property, plant and equipment	—	—	—	27
<b>Gain from discontinued operations before income taxes</b>	—	—	—	357
<b>Gain from discontinued operations</b>	—	—	—	357

## GreenSpace Brands Inc

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended December 31, 2020 and 2019

(unaudited and expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 20. Discontinued Operations - Continued

Cash flows from discontinued operations for the six-month period ended December 31, 2020 and 2019 are comprised of the following:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	\$	\$	\$	\$
<b>Cash flow provided by discontinued operating activities</b>				
Loss from discontinued operations	—	—	—	357
Items not affecting cash:				
Gain on sale of the assets of the Nothing But Nature Inc business	—	—	—	(569)
Loss on disposal of property, plant and equipment	—	—	—	27
Depreciation and amortization	—	—	—	2
Inventory provision	—	—	—	(36)
Changes in non-cash working capital (note 15)	—	—	—	1,269
<b>Total cash provided by discontinued operating activities</b>	—	—	—	1,050
<b>Cash flow provided by discontinued investing activities</b>				
Proceeds from the sale of the assets of the Nothing But Nature Inc business	—	—	—	7,077
<b>Total cash provided by discontinued investing activities</b>	—	—	—	7,077
<b>Cash flow provided by discontinued financing activities</b>	—	—	—	—
<b>Total cash provided by discontinued financing activities</b>	—	—	—	—
<b>Change in net cash from discontinued operations</b>	—	—	—	8,127

## 21. Subsequent Events

### *MW1 LLC Share Issuance*

On January 5, 2021, as required by the VTB Amending Agreement (see note 10(g)), the Company issued 2,777,784 common shares to MW1 LLC at \$0.06 per share for a total consideration of \$167. The fair market value as represented by the closing price of the common shares of the Company on January 5, 2021, was \$0.07 per share for a \$28 loss on the issuance of shares for the modification of the Galaxy VTB.