GREENSPACE BRANDS INC.

Management's Discussion and Analysis

For the years ended March 31, 2021 and 2020

GreenSpace Brands Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
For the year ended March 31, 2021.

This Management's Discussion and Analysis ("MD&A") is a review of the consolidated financial condition and results of operations of GreenSpace Brands Inc. ("the Company") for the year ended March 31, 2021. The MD&A is intended to help readers understand the Company's business and the key factors underlying its financial results. It should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes for the year ended March 31, 2021 which have been filed with applicable regulatory authorities and are available on SEDAR at www.sedar.com.

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

This MD&A has been prepared as of [July 20, 2021].

CORPORATE OVERVIEW

The Company is in the business of developing, marketing, and selling premium, convenient, organic, plant-based and natural foods in Canada and the United States. Consumers are increasingly focused on healthier choices when it comes to their eating habits, looking for clean labels, organic products and plant-based products that better fit their healthier lifestyles. The Company's product assortment focuses on satisfying the needs of consumers as they transition through their different need states and life-stages, with a focus on organic and plant-based foods and snacks. The Company sources natural ingredients largely from ethically operated suppliers and combines these ingredients into tasty and nutritious food and snack products.

Throughout its history the Company has acquired or internally developed and brought to market several brands and has sold and discontinued several other brands, all in the natural food space. Brands reflected in these consolidated financial statements include:

LOVE CHILD ORGANICS

On October 19, 2015, the Company completed the acquisition of Love Child (Brands) Inc. ("Love Child"), operating as LOVE CHILD ORGANICS. LOVE CHILD ORGANICS is a Canadian-based developer and producer of 100% organic, natural and nutritionally-rich food products for infants, toddlers and children. LOVE CHILD ORGANICS always seeks to go "beyond organic" in the products it develops. Specifically, it has a strong focus on using clean, simple ingredients, avoids the use of refined sugars and preservatives, and includes recognized superfood ingredients in the majority of its product range. LOVE CHILD ORGANICS' core target market is the parents of infants, toddlers and small children, aged six months to six years, who are increasingly prioritizing organic, nutritious food for their children.

CENTRAL ROAST

CENTRAL ROAST began operations in 2011 and was acquired by the Company in two transactions in 2016. Its products can now be found in many of the major grocery retailers across Canada. CENTRAL ROAST offers its products in various functional categories each consisting of different mixes of nuts, seeds, popcorns and other snacks. During the year ended March 31, 2021, CENTRAL ROAST was engaged in the production and sale of branded products which include tubs, large and small bags, single-serve bags, and scoop bulk bags in a range of product lines. Subsequently, in the first quarter ending June 2021, Management rationalised its SKU offerings to focus on its best-selling resealable large bags as part of its simplification initiative.

GO VEGGIE

Over 40 years ago, Galaxy Nutritional Foods, Inc. ("Galaxy") created the cheese alternative category for health-conscious consumers and is proud to remain one of America's leading providers of great-tasting dairy-free/lactose free products. The Company acquired all the outstanding shares of Galaxy on January 24, 2018. Today, under Galaxy's GO VEGGIE brand, the Company continues to innovate and offer consumers healthier plant-based, lactose-free and soy-free choices in a wide variety of formats across the United States and for export markets.

LIFE CHOICES, CEDAR and KIJU

Life Choices offered premium convenience meat products to Canadian consumers, featuring grass-fed and/or pasture-raised meat without the use of added hormones and antibiotics. The Cold Press Corp. owns the CEDAR brand which was engaged in the development and selling of the CEDAR cold press juices. Sales for Life Choices and CEDAR had been suspended in the third quarter ended December 31, 2019, and the first quarter ended June 30, 2020, respectively. Nothing But Nature Inc. ("Nothing But Nature") owned the Kiju brand. The business assets of Nothing But Nature (including the Kiju brand) were sold to Zurban Beverages Inc. on May 21, 2019 and the operation was discontinued during the year ended March 31, 2020.

OPERATING STRATEGY

With its more focused brand portfolio, the Company set a new **Vision** of **"We make organic and plant-based snacks more delicious".** This Vision and the Company's new Strategic Plan were reviewed and approved by the Board of Directors in May 2021. The new Strategic Plan is intended to enable the Company, over time, to align its efforts towards expanding into the fast-growing and profitable organic and plant-based snack industry. Approximately two-thirds of the Company's current revenue comes from healthy snack categories. Over time the Company will focus efforts on profitably growing these healthy snack categories and snack occasions where consumer and retailer momentum and interest are building rapidly.

Aligned with its Vision and to enable the achievement of its profitable growth ambitions, the strategic plan articulates a **"Focused Growth Strategy**" that consists of the following seven foundational tenets:

- Focus on Core Brand Snacking
- Reduce Costs and Complexity
- Improve Gross Margins
- Invest in Margin-Accretive Innovation
- Invest in Route-to-Market Excellence
- Invest in a Lean and Capable Organization
- Improve Financial Flexibility

Incoming Management has prioritized aggressive actions to reduce costs and complexity as part of its multi-year transformation agenda. Reductions in complexity are expected to yield savings in variable and fixed costs and improve gross margins. These improved gross margins are expected to enable investments over time into margin-accretive innovation, expansion within current and new distribution channels (utilizing anticipated route-to-market excellence) and enable smart investments to build a lean and capable organization. Management believes that the Focused Growth Strategy application will result in significantly improved business performance over time. Significant steps have already been undertaken and announced by Management to improve business performance in congruence with its Focused Growth Strategy approach.

FULL YEAR CONSOLIDATED RESULTS

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

Consolidated Statements of Operations and Comprehensive Loss

(expressed in thousands of Canadian dollars)	For the year ended March 31			
	2021	2020	Inc/(Dec)	Inc/(Dec)
	$	$	$	%
Gross revenue	**29,369**	49,067	(19,698)	(40.1%)
Less: rebates and discounts	**(5,302)**	(7,318)	2,016	(27.5%)
Less: listing fees	**(376)**	(678)	302	(44.5%)
Net revenue	**23,691**	41,071	(17,380)	(42.3%)
Cost of goods sold	**20,890**	33,771	(12,881)	(38.1%)
Gross profit	**2,801**	7,300	(4,499)	(61.6%)
Gross profit percentage	**11.8%**	17.8%		
Adjusted gross profit[1]	**3,177**	7,978	(4,801)	(60.2%)
Adjusted gross profit margin	**13.2%**	19.1%		
General and administrative	**2,054**	5,458	(3,404)	(62.4%)
Storage and delivery	**2,537**	4,226	(1,689)	(40.0%)
Salaries and benefits	**5,072**	5,145	(73)	(1.4%)
Advertising and promotion	**662**	1,457	(795)	(54.6%)
Professional fees	**1,097**	1,111	(14)	(1.3%)
Stock-based compensation	**171**	5	166	3320.0%
Amortization of intangible assets	**675**	1,355	(680)	(50.2%)
Net loss before underlying items	**(9,467)**	(11,457)	1,990	(17.4%)
Interest expense	**3,420**	2,795	625	22.4%
Accretion expense	**169**	40	129	322.5%
Loss on goodwill impairment	**6,346**	12,306	(5,960)	(48.4%)
Loss on intangible asset impairment	**3,645**	9,230	(5,585)	(60.5%)
Loss on property, plant and equipment impairment	**102**	564	(462)	(81.9%)
Loss on right of use asset impairment	**-**	861	(861)	(100.0%)
Restructuring expense	**-**	195	(195)	(100.0%)
Other income	**(475)**	(596)	121	(20.3%)
Foreign exchange (gain) loss	**(1,938)**	1,008	(2,946)	(292.3%)
Net loss before income taxes	**(20,736)**	(37,860)	17,124	(45.2%)
Deferred income tax recovery	**-**	(3,801)	3,801	(100.0%)
Net loss from continuing operations	**(20,736)**	(34,059)	13,323	(39.1%)
Net loss from discontinued operations	**(43)**	357	(400)	(112.0%)
Net loss	**(20,779)**	(33,702)	12,923	(38.3%)
EBITDA[1]	**(8,389)**	(9,569)	1,180	(12.3%)
As a percentage of net revenue	**(35.4%)**	(23.3%)		
Adjusted EBITDA[1]	**(6,645)**	(7,255)	610	(8.4%)
As a percentage of net revenue, excluding listing fees	**(27.6%)**	(17.4%)		

[1] *See non-IFRS measures*

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

The Company's 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 and provides this additional information in this MD&A. Non-IFRS measures include:

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

EBITDA adds back certain non-cash items to net income or loss from continuing operations and is used by management to measure operating performance. The Company defines EBITDA as earnings or loss before interest and accretion expense, income taxes expensed or recovered, depreciation and amortization, foreign exchange gains or losses, and other income and expense, including gains or losses on the sale of business or assets and asset and goodwill impairment charges. The Company's method of calculating EBITDA may differ from the method used by other issuers and, accordingly, the Company's EBITDA calculation may not be comparable to similarly titled measures used by other issuers.

Adjusted EBITDA further adjusts EBITDA by adding back income or expenses of a non-cash, non-recurring, unusual or one-time nature. Adjusted EBITDA is a measure used by management, the food and beverage industry and investors as an indicator of the Company's operating performance and ability to incur and service debt. The Company also uses Adjusted EBITDA as an executive compensation and valuation metric. Management believes Adjusted EBITDA to be an important indicator of normal operating performance since it removes the impact of certain non-recurring items that are not indicative of ongoing operating performance thereby giving investors greater transparency in assessing the Company's results of operations. The Company's method of calculating Adjusted EBITDA may differ from the method used by other issuers and, accordingly, the Company's Adjusted EBITDA calculation may not be comparable to similarly titled measures used by other issuers.

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

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

	Year ended	
	March 31, 2021	March 31, 2020
	$	$
Gross profit	**2,801**	7,300
Add back non-recurring expenses		
Listing fees	**376**	678
Adjusted gross profit	**3,177**	7,978
Adjusted gross profit margin	**13.2%**	19.1%

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

	Year ended	
	March 31, 2021	March 31, 2020
	$	$
Net loss from continuing operations for the year	**(20,736)**	(34,059)
Interest and accretion expense	**3,589**	2,835
Depreciation and amortization	**1,078**	2,083
Foreign exchange (gain) loss	**(1,938)**	1,008
Other income	**(475)**	(596)
Loss on goodwill impairment	**6,346**	12,306
Loss on intangible asset impairment	**3,645**	9,230
Loss on property, plant and equipment impairment	**102**	564
Loss on right of use asset impairment	**-**	861
Deferred income tax recovery	**-**	(3,801)
EBITDA	**(8,389)**	(9,569)
Add back non-cash and non-recurring expenses		
Stock based compensation	**171**	5
Fines and penalties for shorts	**407**	1,124
Listing fees	**376**	678
Restructure expense	**-**	195
Professional fees	**377**	553
Executive severance	**413**	-
Recall expense	**-**	(241)
Adjusted EBITDA	**(6,645)**	(7,255)

Revenue

Gross revenue for the year ended March 31, 2021, decreased 40.0% ($19.7 million) and net revenue, which is gross revenue less deductions for rebates, discounts and one-time listing fees, decreased 42.3% ($17.4 million) compared to the prior year. The decrease in revenue was largely attributable to the following:

a) Working Capital: Management estimates that most of the gross and net sales decline is directly related to a shortage of working capital during the year ended March 31, 2021. Specifically:
   a. The limited working capital available to the business negatively impacted sales since the Company did not have required levels of inventory to service customer demand and participate, at historic levels, in customer-driven promotional activity for its continuing brands; and
   b. Working capital limitations and the resulting negative impact on customer service led to the decision by a limited number of customers to stop doing business with the Company.

b) Suspension of the Sales of the Cedar and Life Choices Brands: As part of its restructuring during the year ended March 31, 2020, Management decided to suspend sales of the Cedar and Life Choices brands. Taken together, the year-over-year impact of these decisions was to reduce both gross sales and net sales during the year ended March 31, 2021 (as compared to the year ended March 31, 2020) by approximately $2.36 million and $2.13 million, respectively.

c) Suspension and De-prioritization of certain Private Label businesses: The Company has also decided to suspend and de-prioritize certain private label businesses during the year ended March 31, 2021, both in Canada and the United States. These businesses added complexity and distracted resources from building the Company's core brands. This resulted in reduced gross revenue by around $2.25 million during the year ended March 31, 2021 compared to prior year.

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

The Company's adjusted gross margin for the year ended March 31, 2021, decreased to 13.2% compared to 19.1% in the prior year. This decrease is largely attributable to the following:

a) Increase in Rebates and Discounts: Rebates and discounts have increased from 14.9% of Gross Revenue in the year ended March 31, 2020 to 18.1% of Gross Revenue in the year ended March 31, 2021. This percentage increase in rebates and discounts is primarily attributable to the Manufacturer Charge Back ("MCBs") from prior years. Certain large Canadian retailers have adopted a practice of hiring third parties to audit their MCBs related to 2 or 3 years prior. Often, the audits lead to additional deductions by those retailers which may or may not be valid. During the year ended March 31, 2021, the Company received such charge backs from select Canadian retailers in the amount of approximately $0.48 million, which the Company expensed during the current year. The Company has received some particulars related to these charges and is working to determine their appropriateness. These MCBs are unrelated to the current period and may, at some point in the future, be recovered depending on the validity of the charges.

b) During the year ended March 31, 2021, the Company incurred multiple one-off charges (including but not limited to write off for slow moving and obsolete stocks, book to physical inventory differences, purchase commitments with suppliers for subsequently discontinued SKUs, cancellation charges, and stock destruction and incineration charges) which amounted to approximately $2.6 million. These charges are not expected to recur during the year ending March 31, 2022.

c) Supply chain constraints and shortages during the Covid lockdowns led to an overall increase in commodity prices, including the cost of certain raw materials and the cost of inbound and outbound freight. Given its challenges satisfying customer demand, during the year ended March 31, 2021, the Company did not increase prices to its customers to recover these costs. This decision accounts for much of the residual decrease in the Company's gross margin.

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

Overall, SG&A expenses for the year ended March 31, 2021 have decreased by 33.6% to $11.6 million compared to $17.4 million in the prior year. This decrease in SG&A spend is attributable to the following:

General and administrative ("G&A") expenses for the year ended March 31, 2021 decreased by $3.4 million or 62.4% to $2.05 million primarily resulting from:

a) Recovery for expected credit losses in the year ended March 31, 2021 amounting to $0.30 million compared to an expected credit losses expense of $1.90 million in the prior year.
b) Lower depreciation expense on property, plant and equipment, and right of use assets ($0.31 million)
c) Lower product donation costs ($0.20 million)

Storage and delivery expenses for both the years ended March 31, 2021 and 2020 was 8.6% of gross revenue.

Salaries and benefits expense for the year ended March 31, 2021 are consistent with the prior year, increasing marginally by 1.4% or $0.07 million. However, salaries and benefits expense for the year ended March 31, 2021 included a one-time non-recurring charge of $0.41 million relating to the severance of the former CEO. Had it not been for this severance expense, the salaries and benefits expense would have been lower by 9.4% compared to prior year.

Advertising and promotional expenses for the year ended March 31, 2021, declined 54.6% and were 2.3% of gross revenue compared to 3.0% in the prior year. As previously noted, the lack of adequate working capital for operations adversely impacted the Company's ability to have sufficient levels of inventory to service customer demand and participate, at historic levels, in customer-driven promotional activity of our brands. As such, Management decided to curtail advertising and promotional spending, since the Company would be unable to satisfy any additional demand created. Once working capital targets are attained and inventory levels of the Company are restored to appropriate levels, Management expects advertising and promotional spending to be progressively increased to support its brands as circumstances dictate.

Professional fees expenses for the year ended March 31, 2021 decreased $0.01 million and were 3.7% of gross revenue as compared to 2.3% in the prior year.

Interest and Accretion Expense

The Company incurred interest and accretion expense of $3.59 million during the year ended March 31, 2021, as compared to $2.84 million during the prior year. This increase is attributable to (a) the shares granted to MW1 for the loan extension ($0.566 million) rather than paying the prescribed 10% repayment in January 2021; and (b) the capitalised interest on Primary loan extension ($0.076 million) rather than paying the prescribed 10% repayment in January 2021.

Foreign Exchange (Gain) Loss

During the year ended March 31, 2021 the Company generated a foreign exchange gain of $1.94 million as compared to a foreign exchange loss of $1.0 million during the prior year which is in large part attributable to the appreciation of the Canadian dollar during the year ended March 31, 2021. This gain primarily consists of (i) the revaluation of the USD denominated TD Bank ABL facility amounting to $0.78 million (prior year loss of $0.59 million); and (ii) the USD denominated Galaxy VTB revaluation amounting to $1.1 million (prior year loss of $0.27 million).

Discontinued Operations

On May 21, 2019, the Company completed the sale of the assets within the Nothing But Nature ("NBN") business and for the years ended March 31, 2021 and 2020, the Company accounted for all activities of that business as a discontinued operation.

Impairment of Intangible Assets, Goodwill and Property, Plant and Equipment

As a result of annual impairment testing, several assets were identified as impaired and written down in the final quarter of the year ended March 31, 2021. Specifically, the impairment pertains to continuing businesses for which write-downs were required under IAS 36. This included goodwill, intangible assets and property, plant and equipment at Central Roast and Galaxy. No impairment was required for the Love Child business during the year ended March 31, 2021.

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

For the year ended March 31, 2021, the Company reported negative Adjusted EBITDA of $6.65 million compared to negative Adjusted EBITDA of $7.26 million in the same period in the prior year.

CASH FLOWS

Summary Statement of Cash Flows
(expressed in thousands of Canadian dollars)

	Year ended March 31,	
	2021	2020
	$	$
Cash provided by (used for)		
Operating activities	**(6,086)**	(9,333)
Investing activities	**(1)**	6,966
Financing activities	**10,144**	2,285
Foreign exchange gain (loss) on foreign cash and cash equivalents	**(27)**	82
Net increase (decrease) in cash	**4,030**	-
Cash - beginning the of the period	**-**	-
Cash – end of the period	**4,030**	**-**

Cash flow from operating activities consumed $6.1 million for the year ended March 31, 2021 (2020 – $9.3 million). This is primarily due to the negative effects of lower than required levels of working capital in the business, which resulted in lower sales since the Company had insufficient levels of inventory which led to significant customer shortages as well as fines and penalties from customers due to the Company's inability to meet customer expectations. As noted in the comments below, Management believes that after two rounds of successful private placement and the resulting improvement in inventory levels will directly and positively impact the sales and operating results of the Company.

Cash flow from investing activities decreased by $7.0 million primarily due to the sale of the Nothing But Nature Inc. business that occurred during the year ended March 31, 2020.

Cash flow from continuing financing activities generated $10.1 million (2020 - $2.3 million) during the year ended March 31, 2021 primarily on account of (i) successful private placement as on December 23, 2020 and March 30, 2021 generating net cash inflow of $7.1 million and $3.1 million respectively; and (ii) net increase in loans amounting to $1.9 million which includes capitalized interest and the refinancing completed during the year.

LIQUIDITY AND CAPITAL RESOURCES

The Company monitors its capital structure and makes necessary adjustments to meet its objectives having regard for market conditions and for the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, taking on debt, or disposing of assets. Management and the Board of Directors review the capital structure on an ongoing basis.

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

Throughout the fiscal year ended March 31, 2021, it was clear to Management that the Company needed more working capital if it was to meet customer demands and commitments to suppliers. In recent years, including in the year ended March 31, 2021, the Company had been using its available working capital as a means of financing its ongoing business – or, put another way, some of the historic operating losses were being financed by reducing working capital. In so doing, prepaid expenses and inventory levels decreased during the year – both of which made it difficult for the business to effectively service its customers.

During the year ended March 31, 2020, because of the Company's inability to pay certain bills when due, certain suppliers began demanding payment with order. This had the effect of reducing the Company's cash and increasing its prepaid expenses. In fact, notionally, inventory was being paid for weeks before, rather than weeks after, it was received. This trend continued during the year ended March 31, 2021 (and subsequently, including up to the date of this Management Discussion and Analysis), putting the Company at a significant disadvantage relative to its competitors who are able to obtain more favorable credit terms from suppliers. As noted above in the discussion on Revenue and General and Administrative expenses, the lower levels of inventory have resulted in short shipments and fines and penalties from customers for failing to meet delivery and other commitments. In certain cases, it also resulted in the loss of customers.

In the final quarter of the year ended March 31, 2020, the Company completed an initial private placement which netted approximately $6.1 million. This capital raise was not enough given the severity of the situation. Accordingly, on August 20, 2020, the Company announced its plans for another private placement which was intended to further improve its working capital. During the year ended March 31, 2021, the Company raised a total net amount of $10.2 million in cash through two rounds of private placements which has moved the Company closer to its working capital targets. The Company is using these proceeds to rebuild its inventory through pre-payments to suppliers as well as settling a portion of its past-due payables.

Management believes that with the appropriate level of working capital and continued re-evaluation of various operating models for its sourcing and supply chain activities, it can improve its levels of sales and with further improvements to its operations, it can produce positive EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

OFF-BALANCE SHEET ARRANGEMENTS

In October 2016, the Company issued a standby letter of credit for $0.2 million to one of its Canadian suppliers for extended credit terms. In September 2020, the stand-by letter of credit was replaced by a $0.2 million cash-backed letter of credit. During the same month, the Company secured the available credit limit of the corporate credit cards with $0.022 million with cash. The cash associated with the 'cash-backed' letter of credit and the corporate credit cards are recorded on the Consolidated Statement of Financial Position as restricted cash.

In October 2018, the Company issued a standby letter of credit for $0.1 million (US$0.071 million) to the State of Rhode Island department of labour for its social benefits. In September 2020 this standby letter of credit was returned and cancelled.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company leases office space from a shareholder of the Company. The Company paid rent of $0.096 million during the year ended March 31, 2021 (2020 – $0.13 million)

The Company has an outstanding balance of $nil on March 31, 2021 (March 31, 2020 - $0.096 million) due to the former CEO for unpaid compensation included in accounts payable and accrued liabilities. On March 12, 2020, 461,538 shares were issued at $0.065 per share as consideration totalling $0.03 million reducing the balance outstanding in the prior year.

The Company's former CEO had provided a personal guarantee to the Business Development Bank of Canada ("BDC") for the BDC loans. In September 2020, the BDC loan to which this guarantee related was fully repaid eliminating this personal guarantee.

On April 30, 2020, the Company announced that Matthew von Teichman was stepping down as the CEO effective July 17, 2020 and stepping down from the Board of Directors effective immediately. Under the terms of the resignation agreement, Matthew von Teichman is entitled to $0.413 million 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 $0.327 million as at March 31, 2021.

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 $0.077 million for the period up to July 17, 2020 where this amount is unpaid and recognized in accounts payable and accrued liabilities, which was expensed during the year ended March 31, 2021; 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 March 31, 2021 amounted to $0.144 million. Both amounts set out in (a) and (b) above were to be paid at such time as the Board of Directors deemed it appropriate. These amounts were paid subsequent to March 31, 2021.

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 and a referral fee in the amount of $0.04 million was paid to the director by Pivot from the closing fees paid to Pivot by the Company.

Key management includes the Company’s directors and officers. For the year ended March 31, 2021, key management includes the former CEO, the Interim CEO, the CFO, the Controller, the Brand Presidents of Love Child and Go Veggie, the General Manager of Central Roast and the directors (2020 – the former CEO, the Interim CFO for Q1, and the former COO for Q1 and Q2 and the directors). Compensation awarded to key management includes salary, severance, director fees and share based payments. The following table presents key management compensation and includes the effect of the agreement above:

(expressed in thousands of Canadian dollars)	**Year ended**	
	March 31, 2021	March 31, 2020
Salary, severance and directors fees	**1,747**	464
Share based payments	**140**	-
	1,887	464

SUBSEQUENT EVENTS

Canadian Emergency Business Account (CEBA) Loan
On April 14, 2021, this remaining 25% ($0.01 million) was forgiven and the loan fully settled. The forgiveness of this government grant was applied towards the balance outstanding as at March 31, 2021.

Executive Chairman and Interim CEO Pay
On April 16, 2021 and April 23, 2021, the accrued and outstanding payments owed to the Executive Chairman and Interim CEO as noted above (See ‘Transactions between Related Parties’) were paid in full.

Lease Surrender
On May 11, 2021, the Company entered into a lease surrender agreement with an effective surrender date of June 30, 2021 in respect of its manufacturing and warehousing facility for the Central Roast operation. Subsequent to June 30, 2021, the Company will, for the Central Roast business, use third-party contract manufacturers to produce its product and a third-party warehouse service provider to store its inventory and ship its products to customers. As a further consequence of this agreement, the Company was relieved of the net liability associated with this lease.

Pivot Term Loan
On May 25, 2021, the Company entered into an amending agreement with Pivot Financial Inc and where the fixed coverage financial covenant of 1:1 was removed.

Pivot Factor Facility
On May 25, 2021, the Company entered into an amending agreement with Pivot Financial Inc, whereby the purchase limit was increased from $4.0 million to $5.25 million and the repurchase requirement changed from 90 days to 120 days.

Cares Act SBA US loan
On July 14, 2021, the Cares Act SBA US loan of $0.2 million was fully forgiven and the loan settled. The forgiveness of this government grant was applied towards the balance outstanding as at March 31, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The preparation of these consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and judgements, particularly those related to the determination of expected credit loss on accounts receivable, provisions for inventory, business combinations, intangible assets valuation and goodwill impairment. Management bases its estimates on historical experience and on various other assumptions, which are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used.

Critical accounting estimates and judgements are described in greater detail in the Company's audited annual consolidated financial statements for the year ended March 31, 2021.

CHANGES IN ACCOUNTING POLICIES / FUTURE ACCOUNTING POLICY CHANGES

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

FINANCIAL INSTRUMENTS

Derivative Liability

Subsequent to initial recognition, derivative liability is stated at fair value with any gains or losses arising on remeasurement being recognized in the statement of operations and comprehensive loss. Fair value is determined in using a Monte Carlo valuation model.

RISKS AND UNCERTAINTIES

The Company is subject to certain risks and uncertainties that could have a material adverse effect on the Company's results of operations, business prospects, financial condition and the trading price of its common shares. These risks and uncertainties include: COVID-19, inflationary pressure including the risk of increased commodity prices, cyclicality, reduction in demand, seasonality, competition, information management, foreign exchange, labour, income tax matters, customer concentration, relationships with suppliers, product liability, capital and liquidity risk, collections from customers, interest rates, distribution agreements, lack of long-term customer sales agreements, dependence on key personnel, and growth challenges.

Currently, the most meaningful risk to the business stems from the historic lack of appropriate working capital and the damage done to relationships with customers and suppliers as a result. In recent years, including in the year ended March 31, 2021, the Company had been using its available working capital as a means of financing its ongoing business – or, put another way, some of the historic operating losses were financed by reducing working capital.

During the years ended March 31, 2020, because of the Company's failure to pay its bills when due, certain suppliers began demanding payment with order. This had the effect of reducing the Company's cash and increasing its prepaid expenses during the year. In fact, by pre-paying for inventory, inventory was being paid for weeks before, rather than weeks after, it was received. This trend has continued throughout the year ended March 31, 2021 and into the year ending March 31, 2022 (including up to the date of this MD&A) putting the Company at a significant disadvantage relative to its competitors who are able to obtain more favorable credit terms from suppliers. As noted above in the discussion on Revenue and General and Administrative expenses, the lower levels of inventory resulted in short shipments and fines from customers for failing to meet delivery and other commitments. In certain cases, it also resulted in the loss of customers.

In the final quarter of the year ended March 31, 2020, the Company completed an initial private placement which netted approximately $6.1 million. This capital raise was not enough given the severity of the situation. Accordingly, on August 20, 2020, the Company announced its plans for another private placement which is intended to resolve its working capital issues more fully. On December 23, 2020 and March 30, 2021, the Company raised a net of $7.1 million and $3.1 million, respectively, in cash through these private placements which have gone a long way toward enabling the Company to meet its working capital targets. The Company has started applying these proceeds to rebuilding its inventory through pre-payments to suppliers as well as settling a portion of its past-due payables.

Management believes that with the appropriate level of working capital and continued reevaluation of various operating models for its sourcing and supply chain activities, it can improve its levels of sales and with further improvements to its operations, it can produce positive EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

OUTSTANDING SHARE DATA

As of March 31, 2021, the Company had:

- 445,074,966 common shares issued and outstanding;
- 188,179,880 share purchase warrants convertible into 181,095,000 common shares of the Company (see below); and
- 18,706,301 Compensation Stock Options, convertible into 18,706,301 common shares of the Company.

The Company completed two successful private placements as on December 23, 2020 and March 30, 2021 generating net cash inflows of $7.1 million and $3.1 million, respectively. Details of these private placements have been described below.

Private Placement as on December 23, 2020 generating net cash inflows of $7.1 million

On December 23, 2020, the Company closed the private placement financing of 150,000,000 units (the “Units”) at a price of $0.05 per Unit (the “Offering Price”) for gross proceeds of $7.5 million (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 (the “Acceleration Notice”). In such instance, the Warrants will be exercisable only until 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 $0.187 million; (ii) an aggregate of 3,345,000 Units (in lieu of cash consideration amounting to $0.167 million); and (iii) 7,084,880 non-transferrable broker warrants 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 $0.225 million.

Private Placement as on March 30, 2021 generating net cash inflows of $3.1 million

On March 30, 2021, the Company closed a private placement financing of 49,285,714 units at a price of $0.07 per unit (the “Offering Price”) for gross proceeds of $3.45 million (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 ("Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder of the Warrant to purchase one Common Share for $0.10 (the "Exercise Price") for up to 24 months from the date of issuance thereof (the "Expiry Date"), provided that if at any time between the date that is four months and one day from the date of issuance thereof and the Expiry Date, the daily volume weighted average price of the Common Shares on the TSX Venture Exchange is greater than $0.20 for ten consecutive trading days, then the Company shall have the option to accelerate the expiry of the Warrants by delivering a notice to holders of the Warrants (the "Acceleration Notice"). In such instance, the Warrants will be exercisable only until the 30th day following the delivery of the Acceleration Notice.

The Offering was made through a syndicate of agents led by Canaccord Genuity Corp. and including PI Financial Corp. and Richardson Wealth Limited (collectively, the "Agents"). In connection with the Offering, the Agents received, as compensation: (i) cash commission of $0.22 million; and (ii) non-transferrable broker warrants exercisable at $0.07 per Common Share until the day that is 18 months from the closing date to acquire an aggregate of 3,107,143 Common Shares. All securities issued or issuable under the Offering will be subject to a statutory hold period of four months plus one day from the closing date in accordance with applicable securities legislation.

In addition to the cash commission mentioned above, other expenses incurred relating to the issuance of shares amounted to $0.22 million.

Valuation methodology used for Options and Warrants

The estimation of 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 model 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 an accelerator 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 or $0.20 (as mentioned above) for the preceding ten consecutive trading days, management believes that the Black Scholes Valuation Model would not be the appropriate model for the measurement of the fair value of the Warrants, and that the Binomial Option Pricing Model accurately reflects the fair value of Warrants; and

- Agent options are valued using the Black-Scholes valuation model at the date of the grant.

OUTLOOK

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

Following the Company's announcement on August 20, 2020 with respect to undertaking a private placement, the Board of Directors put its CEO search on hold. With the December 23, 2020 announcement of a successful $7.5 million private placement, the Board of Directors revived the search for a CEO. On March 31, 2021, the Company announced the hiring of Shawn R. Warren to be the Company's President and CEO effective April 5, 2021, replacing Paul Henderson who had been serving as Interim CEO since July 17, 2020. Under the new CEO's leadership, a new Vision, Strategic Plan and Organization Model were developed and approved by the Board of Directors in May 2021.

Management believes that there are several fundamental trends occurring within both the North American food and snack landscapes that will continue to support consumer demand for the Company's brands and products. Organic and plant-based food and snack options are leading growth in their respective categories, driving significant consumer and retail customer interest. They represent tremendous growth potential for the Company as consumers' food and snack choices evolve. Consumers are increasingly seeking out food and snack options that deliver health, convenience, quality and authenticity. Management believes that its portfolio of brands is well-positioned to meet these consumer needs. In addition, changes in shopping behaviours and snacking behaviours have accelerated as a result of the COVID-19 pandemic, presenting new opportunities for the business that Management is actively pursuing.

Management believes that its new Strategic Plan and implementation of its Focused Growth Strategy, driving operational excellence across the Company, will drive significant improvements in Adjusted EBITDA over the year ahead. With two private placements successfully completed on December 23, 2020 and March 30, 2021 respectively, Management is rebuilding required levels of inventory and improving customer service levels across all three branded businesses. Considerable progress has been made to improve customer service levels to date. Improvements in inventory deployment, improvements of customer service levels and the resumption of promotion activity with retailers are expected to improve sales momentum sequentially as the fiscal year 2022 progresses ("the current fiscal year"). Management has prioritized improvements in gross margins through all available levers, including better product mix, price increases and better cost management versus historical levels.

In May 2021, the Company announced the launch of Project FIT, a multi-prong initiative that is expected to deliver cost savings in excess of $2.0 million annually starting in the second half of the current fiscal year. As part of Project FIT, the transition of Central Roast to a contract manufacturer model was completed at the end of June 2021 and efforts to lower SG&A costs are on-track for the second half of the current fiscal year.

The Company's multi-year program on Supply Chain reinvention that was announced in May 2021 is also progressing well. In addition, the Company has been able to renegotiate payment terms with a number of key suppliers across its ingredient and manufacturing network, quickly rebuilding credibility with its supplier base and enabling improvements in the Company's cash conversion cycle. While rebuilding customer sales momentum will take time after the working capital challenges of Fiscal 2021, Management expects that the foundational elements have been established to deliver improvements in both topline performance and profitability improvements, particularly moving into the second half of Fiscal 2022.

Management believes that the rapid implementation of its Focused Growth Strategy will drive improvements in the operation over time, produce positive EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements made concerning the Company's objectives, strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements, and there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause such differences include the successful completion of the Offering; entering into a definitive agreement with the Lenders; cyclical nature of the construction and agriculture industries; general and market conditions (including equity, commodity, foreign exchange and interest rate); increased funding costs and market volatility due to market illiquidity and competition for funding; operational outcomes (including technology and infrastructure); insurance; environmental conditions; capital adequacy; the general business and economic conditions in the regions in which the Company operates; the ability of the Company to execute on key priorities; the ability to implement business strategies and pursue business opportunities; the failure of third parties to comply with their obligations to the Company or its affiliates; the impact of new and changes to, or application of, current laws and regulations; critical accounting estimates and changes to accounting standards, policies, and methods used by the Company; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; and risks related to COVID-19 including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, and supply chains, and a deterioration of general economic conditions including a possible national or global recession, and as described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements or levels of dividends and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. Certain statements included in this press release may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for all purposes. All forward-looking statements in this press release are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of this press release, and except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

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