GREENSPACE BRANDS INC. REPORTS FISCAL 2021 RESULTS, RAISES GUIDANCE ON PROJECT FIT COST SAVINGS INITIATIVE

TORONTO, July 21, 2021 /CNW/ - GreenSpace Brands Inc. ("GreenSpace" or the "Company") (TSXV: JTR), a leader within the organic and plant-based food industry, announces that it has filed its annual audited Consolidated Financial Statements for the year ended March 31, 2021, its related Management Discussion and Analysis and its Chief Executive Officer and Chief Financial Officer certifications. The Company also announces that it has achieved its expectation of Project FIT annualized cost savings in excess of $2.0 million. Management is now targeting an additional $1.0 million in savings, amounting to $3.0 million in total, on an annualized basis starting in the second half of its current fiscal year.

SUMMARY RESULTS OF FISCAL 2021:

- Gross revenue from continuing operations of $29.4 million, representing a (40%) decrease over the prior year due to: (i) working capital constraints, such that the Company did not have the required levels of inventories to service customer demand and participate, at historic levels, in customer driven promotional activity of our continuing brands; (ii) the decision by a limited number of customers to stop doing business with the Company as a consequence of the working capital constraints; (iii) the cessation of the Life Choices and Cedar businesses part way through the prior year; and (iv) the suspension or de-prioritization of certain private label businesses.
- Adjusted Gross Profit Margin of 13.2% compared to 19.1% for the prior year, primarily due to: (i) higher rebates and discounts largely attributable to retailers' Manufacturer Charge Backs (MCB's) from prior years, (ii) multiple one-off charges which included write-offs for slow moving and obsolete inventory, cancellation charges and inventory disposition costs; and (iii) supply chain constraints and shortages during the Covid lockdowns that led to certain cost increases, including those of certain raw materials and freight which were absorbed by the Company.
- Adjusted EBITDA was ($6.6) million, compared to ($7.3) million last year, with the impact of lower gross margin partially offset by significant reductions in General & Administrative expenses compared to prior year.
- Non-cash impairment charges on Fixed Assets, Right-Of-Use Assets, Intangible Assets and Goodwill amounted to ($10.1) million, compared with ($23.0) million in the prior year.
- Net Loss of ($20.8) million, compared with ($33.7) million in prior year, primarily related to non-cash impairment charges.

"The fiscal year ended March 31, 2021 was a challenging one for the business, with working capital constraints negatively impacting inventory and customer service levels. However, with two private placements completed late in the fiscal year, we are quickly normalizing key supplier payment terms, restoring inventory levels, delivering significantly improved customer service levels, and resuming customer promotional activity across all three of our core brands. Since April, we are making solid progress on our transformation efforts, embedding our new

Focused Growth Strategy across all aspects of the business, and ensuring a heightened focus on driving profitable growth," said Shawn Warren, President and CEO of GreenSpace Brands Inc.

MANAGEMENT RAISES GUIDANCE ON PROJECT FIT SAVINGS:
In May 2021, the Company announced the launch of Project FIT, a multi-pronged initiative expected to deliver cost savings in excess of $2.0 million annually starting in the second half of the year ending March 31, 2022. As part of Project FIT, the transition of CENTRAL ROAST to a contract manufacturer model was completed in June 2021 and robust efforts to lower SG&A costs are underway. The Company's multi-year program on Supply Chain reinvention, announced in May 2021, is progressing well. Given the progress the Company has made on its Project FIT initiative, Management has achieved its expectation of annualized cost savings in excess of $2.0 million ahead of schedule. Management is now targeting an additional $1.0 million of savings, amounting to $3.0 million in total, on an annualized basis starting in the second half of its current fiscal year.

OUTLOOK:
Management believes that its new Vision, Strategic Plan and implementation of its Focused Growth Strategy will lead to significant improvements in adjusted EBITDA starting in the second-half of the year ending March 31, 2022 and continuing into subsequent years.

Management is rebuilding required levels of inventory and improving customer service levels across all three branded businesses. Considerable progress has already been made, leading to the resumption of promotional activities with retailers which is expected to improve sales. In the current fiscal year, the Company has been able to regain distribution with certain strategic customers. In addition, the Company has been able to accelerate its new channel growth across a number of important e-commerce platforms. Aligned with its Focused Growth Strategy, Management has prioritized improvements in gross margins through better product mix, price increases and enhanced cost management.

GreenSpace has been able to rebuild credibility with its supplier base and renegotiate payment terms with a number of key suppliers across its ingredient and manufacturing network, enabling improvements in the Company's cash conversion cycle. While rebuilding customer sales momentum may take time after the working capital challenges of the year just ended, 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 the current fiscal year. Management believes that the rapid implementation of its Focused Growth Strategy will drive improvements in the operation over time, produce positive adjusted EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

ABOUT GREENSPACE BRANDS INC.:
GreenSpace is a North American organic and plant-based food business that develops, markets and sells premium food products to consumers within the fast-growing natural and organic food categories. GreenSpace owns LOVE CHILD ORGANICS, a producer of 100% organic food for

infants and toddlers made with natural and nutritionally-rich ingredients, CENTRAL ROAST, a clean snacking brand featuring a wide assortment of organic nut and seed mixes and GO VEGGIE, one of the pioneers and leaders in the US plant-based dairy market. All brands are wholly-owned and are sold in a variety of online, natural and retail grocery locations.

For more information, visit **www.greenspacebrands.ca** and GreenSpace's filings are also available at **www.SEDAR.com.**

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:
This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, certain of which are beyond the control of GreenSpace, including, but not limited to, 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; and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in the Company's disclosure documents. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

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