GREENSPACE BRANDS INC.

Management's Discussion and Analysis

For the three and six-month periods ended September 30, 2021 and 2020

GreenSpace Brands Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
For the three and six-month periods ended September 30, 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 three and six-month period ended September 30, 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. 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 November 22, 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 major 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 Project FIT simplification initiatives.

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. During the third quarter ended December 31, 2019, the Company suspended sales of this brand.

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.

The Cold Press Corp. owns the CEDAR brand which was engaged in the development and selling of the CEDAR cold press juices. Sales of the CEDAR brand were suspended in the fourth quarter of the year ended March 31, 2020. During the quarter ended June 30, 2021 operations of The Cold Press Corp. were discontinued for accounting purposes.

OPERATING STRATEGY

With its more focused brand portfolio, the Company set a new **Vision** of **"We make organic and plant-based snacks more delicious".** The new Strategic Plan is intended to enable the Company, over time, to align its efforts towards expanding within 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 Profit Percentages
- Invest in Margin-Accretive Innovation
- Invest in Route-to-Market Excellence
- Invest in a Lean and Capable Organization
- Improve Financial Flexibility

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 profit percentages. These improved gross profit percentages 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.

YEAR TO DATE CONSOLIDATED RESULTS

The following is a table and description of the three and six-month periods ended September 30, 2021 and 2020 consolidated operational results for the Company's continuing operations.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in thousands of Canadian dollars)	For the three months ended September 30				For the six months ended September 30			
	2021	2020 Reclassified	Inc/(Dec)	Inc/(Dec)	2021	2020 Reclassified	Inc/(Dec)	Inc/(Dec)
	$	$	$	%	$	$	$	%
Gross revenue	**4,421**	7,382	(2,961)	(40.1%)	**9,544**	17,705	(8,161)	(46.1%)
Less: rebates and discounts	**(1,021)**	(1,560)	539	(34.6%)	**(1,733)**	(2,935)	1,202	(41.0%)
Less: listing fees	**(15)**	(192)	177	(92.2%)	**(15)**	(332)	317	(95.5%)
Net revenue	**3,385**	5,630	(2,245)	(39.9%)	**7,796**	14,438	(6,642)	(46.0%)
Cost of goods sold	**2,691**	4,630	(1,939)	(41.9%)	**6,062**	11,531	(5,469)	(47.4%)
Gross profit	**694**	1,000	(306)	(30.6%)	**1,734**	2,907	(1,173)	(40.4%)
Gross profit percentage	**20.5%**	17.8%			**22.2%**	20.1%		
Adjusted gross profit[1]	**709**	1,192	(483)	(40.5%)	**1,749**	3,239	(1,490)	(46.0%)
Adjusted gross profit percentage	**20.9%**	20.5%			**22.4%**	21.9%		
General and administrative	**(77)**	440	(517)	(117.5%)	**29**	765	(736)	(96.2%)
Storage and delivery	**432**	592	(160)	(27.0%)	**903**	1,384	(481)	(34.8%)
Salaries and benefits	**832**	1,181	(349)	(29.6%)	**1,967**	2,691	(724)	(26.9%)
Advertising and promotion	**406**	157	249	158.6%	**530**	378	152	40.2%
Professional fees	**189**	665	(476)	(71.6%)	**288**	786	(498)	(63.4%)
Stock-based compensation	**49**	(3)	52	(1733.3%)	**102**	3	99	3300.0%
Amortization of intangible assets	**89**	169	(80)	(47.3%)	**178**	338	(160)	(47.3%)
Net loss before underlying items	**(1,226)**	(2,201)	975	(44.3%)	**(2,263)**	(3,438)	1,175	(34.2%)
Interest expense	**954**	700	254	36.3%	**1,532**	1,350	182	13.5%
Accretion expense	**74**	9	65	722.2%	**152**	18	134	744.4%
Restructuring (gain) expense	**599**	-	599		**(558)**	-	(558)	
Other (income) expense	**(4)**	69	(73)	(105.8%)	**(161)**	47	(208)	(442.6%)
Foreign exchange (gain) loss	**270**	(329)	599	(182.1%)	**160**	(1,257)	1,417	(112.7%)
Net loss before income taxes	**(3,119)**	(2,650)	(469)	17.7%	**(3,388)**	(3,596)	208	(5.8%)
Net loss from continuing operations	**(3,119)**	(2,650)	(469)	17.7%	**(3,388)**	(3,596)	208	(5.8%)
Net loss from discontinued operations	**(10)**	(50)	40	(80.0%)	**(24)**	(47)	23	(48.9%)
Net loss	**(3,129)**	(2,700)	(429)	15.9%	**(3,412)**	(3,643)	231	(6.3%)
EBITDA[1]	**(1,105)**	(1,921)	816	(42.5%)	**(2,020)**	(2,832)	812	(28.7%)
As a percentage of net revenue	**(32.6%)**	(34.1%)			**(25.9%)**	(19.6%)		
Adjusted EBITDA[1]	**(1,187)**	(1,171)	(16)	1.4%	**(2,029)**	(1,397)	(632)	45.2%
As a percentage of net revenue, excluding listing fees	**(34.9%)**	(20.1%)			**(26.0%)**	(9.5%)		

[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 and Management believes adjusted gross profit is a useful supplemental measure. 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, restructuring 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 a 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.

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

	Three months ended		**Six months ended**	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
		Reclassified		Reclassified
	$	$	**$**	$
Gross profit	**694**	1,000	**1,734**	2,907
Add back non-recurring expenses				
Listing fees	**15**	192	**15**	332
Adjusted gross profit	**709**	1,192	**1,749**	3,239
Adjusted gross profit percentage	**20.9%**	20.5%	**22.4%**	21.9%

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.

	Three months ended		**Six months ended**	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
		Reclassified		Reclassified
	$	$	**$**	$
Net loss from continuing operations for the year	**(3,119)**	(2,650)	**(3,388)**	(3,596)
Interest and accretion expense	**1,028**	709	**1,684**	1,368
Depreciation and amortization	**121**	280	**243**	606
Foreign exchange (gain) loss	**270**	(329)	**160**	(1,257)
Other (income) expense	**(4)**	69	**(161)**	47
Restructuring (gain) loss, net	**599**	-	**(558)**	-
EBITDA	**(1,105)**	(1,921)	**(2,020)**	(2,832)
Add back non-cash and non-recurring expenses				
Stock based compensation	**49**	(3)	**102**	3
Fines and penalties for shorts	**(146)**	100	**(146)**	198
Listing fees	**15**	192	**15**	332
Professional fees	**-**	461	**20**	489
Severance	**-**	-	**-**	413
Adjusted EBITDA	**(1,187)**	(1,171)	**(2,029)**	(1,397)

Gross Revenue

Gross Revenue from continuing operations was $4.4 million, a 14% decline versus the prior reported quarter ending June 30, 2021 and a 40% decline compared to the same quarter in the prior year. Over the six-month period ending September 30, 2021, Gross Revenue from continuing operations was $9.5 million, a 46% decline compared to the prior year. Revenue was lower compared to prior year largely due to:

- The decision by select customers in the prior fiscal year, to stop doing business with the Company or to reduce their product assortment given poor customer service levels in the prior fiscal year. With improvements in customer service levels over the last quarter, some of these customers have chosen to relist certain products and the remaining customers will be reapproached at the next available opportunity.
- The suspension or de-prioritization in the prior fiscal year of certain private label businesses resulted in lower revenues compared to the prior year. These private label businesses added complexity and distracted resources from building the Company's core brands.
- Portfolio simplification which was initiated as part of the previously announced Project FIT initiative that will reduce active stock keeping units ("SKUs") across the business by approximately 60% this year. While this initiative to reduce SKUs may result in some revenue softness in the short term, it is Management's view that this effort will enable the Company to focus on its best-selling SKUs, ultimately increasing revenue while improving gross profit percentages, lowering inventory holding costs and reducing waste.

Gross Profit Percentage

The Company's gross profit percentage for the three-month period ended September 30, 2021 increased to 20.5% of net revenue up from 17.8% in the same period in the prior year. For the six-month period ended September 30, 2021, the Company's gross profit percentage increased to 22.2% of net revenue up from 20.1% in the same period in the prior year. Over the six-month period ended September 30, 2021, the increase in gross profit percentage of 2.1 percentage points versus prior year is largely attributable to the following:

- **Better Portfolio Mix**: As part of Project FIT, the Company is prioritizing its growth on higher-margin items within the portfolio. The Company has improved mix over the six-month period ended September 30, 2021 by discontinuing lower margin items and increasing sale of higher margin items across its branded portfolio, resulting in gross margin enhancement of 1.7 percentage points.

- **Aggressive Cost Savings:** The Company has experienced increases in certain input costs and inbound freight as a result of inflationary pressures experienced across our industry. However, for the six-months ended September 30, 2021, these inflationary pressures were more than offset by aggressive cost savings as part of Project FIT together with favourable foreign exchange resulting in a 2.9 percentage point increase to gross margin. The Company has been proactively managing inflationary pressures by pre-building certain inventories for core products, driving productivity and cost savings as part of Project FIT initiatives.

- **Lower Overall Net Pricing:** The Company has been able to increase list prices on its key branded businesses with most North American retailers during the quarter ended September 30, 2021. However, after a significant hiatus in promotion activity in 2020 and early 2021, the Company has been able to invest more proactively in promotion activities with certain strategic retailers, in order to improve their confidence and commitment to the Company's branded products. The Company also chose to temporarily invest in more promotions to help ensure a successful implementation of list price increases mentioned above. Significantly, the Company did not experience a similar level of listing fees from customers this year as it focused on improving inventory levels and customer fill rates. Overall, while the Company saw improved net pricing for its Canadian business over the period, this was more than offset by lower net pricing for the United States, resulting in a decrease to overall net pricing of 2.5 percentage points.

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

Overall, SG&A expenses for the three-month period ended September 30, 2021 have decreased by 39.6% to $1.8 million compared to $3.0 million in the same quarter in the prior year. SG&A expenses for the six-month period ended September 30, 2021 have decreased by 36.4% to $3.8 million compared to $6.0 million in the same six-month period in the prior year. Over the first-half of the Fiscal Year, the decrease in SG&A expenses is primarily attributable to the following:

- General and administrative expenses for the six-month period ended September 30, 2021 decreased by $0.7 million or 96.2% to $0.03 million primarily due to lower depreciation expense on property, plant and equipment, and right of use assets, combined with an aggressive effort to recover aged receivables with trade customers across the business.

- Storage and delivery expenses for the six-month period ended September 30, 2021 decreased by 34.8% to $0.9 million compared to $1.4 million in the prior year. This decrease is primarily attributable to the volume decline compared to the prior year. Note that storage and delivery expenses have increased given inflationary pressures within the industry, however, the Company's focus on streamlining its product portfolio and driving Project FIT initiatives across its warehousing network are expected to meaningful address these inflationary pressures over time.

- Salaries and benefits expense for the six-month period ended September 30, 2021, declined 26.9% versus the prior year, primarily because of the non-recurring CEO severance payments expensed in the six-month period ended September 30, 2020 and other cost savings as the Company implements its streamlined Organization model as part of Project FIT. Total Full Time Employee (FTE) headcount has reduced from 43 to 28 FTEs over the six-month period ended September 30, 2021.

- Advertising and promotional expenses for the six-month period ended September 30, 2021 increased 40.2% and were 5.6% of gross revenue compared to 2.1% in the prior year. This increase is consistent with Management's earlier expectations that advertising and promotional spending will increase to support its brands as gross profit percentages improve across the business.

- Professional Fees for the six-month period ended September 30, 2021 declined 63.4% versus the prior year primarily as the Company drove cost savings, particularly across legal fees.

Interest and Accretion Expense

Interest and accretion expense were $0.9 million and $1.6 million respectively during the three and six-month periods ended September 30, 2021, which are modestly unfavourable to prior year at $0.7 million and $1.4 million respectively.

Restructuring (Gain) Expense

On May 12, 2021, the Company announced a restructuring initiative it referred to as Project FIT, designed to reduce costs and enhance shareholder value. During the three-month period ended June 30, 2021, the Company aggressively began this restructuring with the following previously announced actions:

- **Exit of Self-Manufacturing at Central Roast**: The Company transitioned its Central Roast operation from self-manufacturing to one of relying on third-party contract manufacturers and warehouses to produce, warehouse and distribute to customers those products in its portfolio. This action resulted in the Company exiting its long-term lease and selling its production and warehousing equipment – both of which resulted in gains to the business which were recorded in Restructuring. Additionally, during the same three-month period ended June 30, 2021, the Company terminated those employees involved in the Company's self-manufacturing and warehousing activities for its Central Roast business, recording a Restructuring provision for severance, which was paid out in full prior to June 30, 2021.

- **Portfolio Simplification:** The Company began the initiative of reducing it's active stock keeping units by 60%, intended to simplify and focus it's business going forward. To the extent that it is required to incur a loss on the disposal of any of these discontinued stock keeping units, the Company plans, to the extent appropriate, to account for those provisions as part of this Restructuring. During the three-month period ended September 30, 2021, the Company continued its restructuring initiatives with costs incurred relating to the reduction of stock keeping units.

- **Organization Optimization**: The Company previously announced that its organization structure will be optimized and spans of control will increase. During the three-month period ended September 30, 2021, the Company streamlined its management structure and certain costs of the transition were recorded as part of this Restructuring.

The Company intends to undertake additional restructuring initiatives through the balance of the year with respect to Project FIT and intends that any associated costs relating to these actions will also be accounted for as part of this Restructuring.

Other Income

During the six-month period ended September 30, 2021, the Company realized other income of $161 primarily due to government grants of $115, royalty income received of $84 (2020 - $62) related to the sale of Rolling Meadow Dairy products to Organic Meadow Limited Partnership in 2019 and a $40 of loss on the issuance of shares to settle liabilities.

Foreign Exchange (Gain) Loss

During the six-month period ended September 30, 2021 the Company incurred a foreign exchange loss of $0.2 million compared to a gain of $1.3 million in the prior year. The current year change reflects the degree of depreciation of the Canadian dollar and whereas the prior year change reflects the degree of appreciation of the Canadian dollar – both, relative to the United States ("US") dollar with respect to US dollar liabilities. The drivers for change are primarily from (i) the revaluation of the USD denominated TD Bank ABL facility amounting to $nil (2020 - 0.75 million gain); and (ii) the revaluation of the USD denominated Galaxy VTB amounting to $0.13 million loss (2020 – $0.55 million gain).

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.

During the three-month period ended June 30, 2021, the Company disposed of its remaining packaging inventories (which had previously been written off in their entirety) held by The Cold Press Corp. with previously sold products under the CEDAR brand. For the three and six-month periods ended September 30, 2021 and 2020, the Company accounted for all activities of that business as a discontinued operation.

Net Loss:

During the three and six-month periods ended September 30, 2021 the Company reported a net loss of $3.0 million and $3.3 million respectively compared to a net loss of $2.7 million and $3.6 million in the prior year. The Net Loss for the six-months ended September 30, 2021 was improved compared to the same period in the prior year as the combined effects of higher gross profit percentage, significantly lower Selling, General and Administrative expenses and restructuring gains from the successful transition of the CENTRAL ROAST production model more than offset lower Revenue and significantly less foreign exchange gains than were reported in the prior year.

EBITDA:

For the three and six-month periods ended September 30, 2021, the Company reported negative EBITDA of $1.1 million and $2.0 million respectively which represents 64.1% and 28.7% improvements from the prior year. These EBITDA improvements versus prior year are due to the ongoing implementation of the Company's Focused Growth Model and Project FIT initiatives.

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

For the three and six-month periods ended September 30, 2021, the Company reported negative adjusted EBITDA of $1.2 million and $2.0 million respectively compared to negative adjusted EBITDA of $1.2 million and $1.4 million respectively in the prior year. Adjusted EBITDA over the most-recent three-month period is consistent with prior year results.

CASH FLOWS

Summary Statement of Cash Flows

(expressed in thousands of Canadian dollars)

	Six months ended September 30, 2021	2020 Reclassified
	$	$
Cash provided by (used for)		
Operating activities	**(2,674)**	(1,833)
Investing activities	**363**	(4)
Financing activities	**1,767**	2,341
FX gain on foreign cash and cash equivalents	**(8)**	(8)
Net increase (decrease) in cash	**(552)**	496
Cash - beginning the of the period	**4,030**	-
Cash – end of the period	**3,478**	**496**

Cash flow from operating activities consumed $2.7 million for the six-month period ended September 30, 2021 (2020 – $1.8 million). The private placements that occurred in December 2020 and March 2021 allowed the Company to normalize relationships and settle past-due obligations with many of its key suppliers and invest in inventory to increase customer fill rates and resume promotion activities with retailers. Cash flow from investing activities reflects the gain from asset sales regarding Central Roast's property, plant, and equipment. Cash flow from financing activities reflects the September 2021 private placement net proceeds and the net change to loans payable to generate $1.8 million for the six-month period ended September 30, 2021 (2020 - $2.3 million).

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. The Company's budget is updated periodically, as required and based on experience.

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 used the proceeds to begin rebuilding its inventory through pre-payments to suppliers as well as settling a portion of its past-due payables. During the six-months ending September 30 2021, Management was able to renegotiate payment terms with a number of suppliers and contract manufacturers. Further efforts are underway by Management to continue to improve payment terms with its supplier base. The Company was also able to raise an additional net $2.5 million through a Bought Deal Offering in September 2021, with net proceeds to be used for working capital, investments in innovation, geographic and channel expansion, and general corporate purposes.

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 adjusted 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 in 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.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company leases office space from a shareholder of the Company. The Company paid rent of $0.018 million and $0.036 million respectively during the three and six-month periods ended September 30, 2021 (2020 – $0.03 million and $0.06 million). Subsequent to the quarter end, as part of Project Fit, Management decided not renew this lease with a shareholder of the Company, and instead entered into a new lower-cost lease agreement for administrative use office space.

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. During the three-month period ended June 30, 2021, at the instruction of the Board of Directors, both amounts set out in (a) and (b) above were paid in full.

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 three and six-month periods ended September 30, 2021 key Management includes the CEO, the former Interim CEO, the former CFO, the current CFO, the Brand Presidents of Love Child and Go Veggie, the General Manager of Central Roast, the VP of Sales and the directors (2020 – 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). 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)	**Three months ended**		**Six months ended**	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Salary, severance and director fees	**432**	323	**737**	1102
Share based compensation	**87**	1	**132**	5

SUBSEQUENT EVENTS

Pivot Term Loan
On October 01, 2021, the Company increased the Pivot Term Loan by way of a single drawdown in the amount of $1,500.

Related Party Debt
On October 05, 2021, Pender Growth Fund Inc. ("Pender"), a significant shareholder of the Company, announced that it had entered into a purchase and sale agreement to acquire a portion of the Company's debt, resulting in an indirect related party liability through the Company's debt obligations to Primary. On October 08, 2021, Pender completed this purchase and as a result of this transaction, Pender has acquired $1,031 of assignment rights and interest within the Primary loan.

Lease Agreement – Office Space
On October 06, 2021, the Company entered into a lease agreement for administrative use office space commencing on November 01, 2021 for a 12-month term ending on October 31, 2022 for an annual net rent of $10. The lease carries with it one 12-month renewal at the Company's option. Ongoing annual operating costs of this new office space are expected to be significantly favourable versus the previous office space.

MW1 LLC Share Issuance
On October 18, 2021, as required by the VTB Amending Agreement, the Company issued 5,555,550 common shares to MW1 LLC. The fair market value as represented by the closing price of the common shares of the Company on October 18, 2021, was $0.07 per share for the modification of the Galaxy VTB.

MW1 LLC Prepayment
On November 01, 2021, as required by the 2021 VTB Amending Agreement, the Company remitted an amount equivalent to $400 converted into $USD323 for a principal prepayment towards the Galaxy VTB relating to the net cash proceeds option exercised by MW1 LLC.

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.

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, the renewal or refinancing of existing debt, interest rates on debt refinancing or renewal, 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.

In addition to the new operating strategy and vision described above, 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. On July 21, 2021 the Company updated its outlook with respect to Project FIT, identifying that it had plans in place for savings in excess of $2.0 million and was raising its target for savings by an additional $1.0 million. Currently, one of the most meaningful risks to the business would be an inability to successfully implement this operating strategy and successfully complete Project FIT. While Management remains confident with its progress, there can be no certainty in this regard.

Management is rebuilding required levels of inventory and improving customer service levels across all three of the branded businesses it operates. During the six-month period ended September 30 2021, considerable progress had already been made, leading to the resumption of promotional activities with retailers which is expected to improve sales going forward. 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 profitability through better product mix, price increases and enhanced cost management. While Management remains confident with respect to these initiatives, execution risk remains a key consideration.

GreenSpace has been able to rebuild credibility with much of its supplier base and renegotiate payment terms with a number of key suppliers across its ingredient and manufacturing network. In addition, Management has successfully been able to implement a number of price increases across its customer base. While rebuilding customer sales momentum may take time after the working capital challenges of the year ended March 31, 2021, Management believes 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, though there can be no certainty in this regard.

OUTSTANDING SHARE DATA

As of September 30, 2021, the Company had:

- 503,836,732 common shares issued and outstanding;
- 214,885,430 share purchase warrants convertible into 214,885,430 common shares of the Company; and
- 26,172,338 compensation stock options, convertible into 26,172,338 common shares of the Company.

OUTLOOK

This section (and throughout this MD&A) 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.

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, Operating Plan and Organization Model were developed and approved by the Board of Directors in May 2021.

With respect to the Strategic and Operating Plan, 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 the 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 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 improving customer service levels across all three of its branded businesses, leading to the resumption of widespread promotional activities with retailers which is expected to improve revenue as the year progresses. The Company has been able to regain distribution with certain strategic customers and has been able to accelerate its new channel growth across e-commerce platforms, as well as new customer channels. Aligned with its Focused Growth Strategy, Management has prioritized improvements in gross profit and overall profitability through better product mix, price increases and enhanced cost management.

In May 2021, the Company announced the launch of Project FIT, a multi-prong initiative that was 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 ongoing SG&A costs are on-track for the second half of the current fiscal year. In July 2021, the Company announced that it has achieved its original expectation of Project FIT for annualized cost savings in excess of $2.0 million and 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.

GreenSpace has been able to begin rebuilding credibility with its supplier base and renegotiate payment terms with a number of key suppliers across its ingredient and manufacturing network. While rebuilding customer revenue momentum may take time after the working capital challenges of the two years 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. Additional restructuring costs aligned with the Project FIT initiative are expected to come in the current fiscal quarter, which Management believes will lower fixed costs over subsequent quarters and beyond. 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.

FORWARD-LOOKING STATEMENTS

This news release includes certain information and contains statements that may constitute "forward-looking information" and "forward-looking statements", respectively, under applicable securities law. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan,", "goal", "believe", "project", "estimate", "expect", "strategy", "likely", "may", "should", "will", and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding guidance relating to fiscal year 2022 EBITDA and expected operating results, such as revenue growth and earnings. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are 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 statements contained in this press release are 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. Except as required by applicable securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

ADDITIONAL INFORMATION

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