GREENSPACE BRANDS INC.

Management's Discussion and Analysis

For the three and nine-month periods ended December 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 three and nine-month periods ended December 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 three and nine-month period ended December 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. 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 February 28, 2022.

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 small 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 a number of 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 included tubs, large and small bags, single-serve bags, and scoop bulk bags in a range of product lines. Subsequently, in the first quarter ended 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 for accounting purposes, 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 implemented a new Strategic Plan and set a new **Vision** of **"We make organic and plant-based snacks more delicious".** The Strategic Plan is intended to enable the Company to better 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. Over time this is expected to enable investments 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 this Focused Growth Strategy 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.

YEAR TO DATE CONSOLIDATED RESULTS

The following is a table and description of the three and nine-month periods ended December 31, 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 December 31				For the nine months ended December 31			
	2021	2020 Reclassified	Inc/(Dec)	Inc/(Dec)	**2021**	2020 Reclassified	Inc/(Dec)	Inc/(Dec)
	$	$	$	%	**$**	$	$	%
Gross revenue	**4,661**	6,889	(2,228)	(32.3%)	**14,205**	24,594	(10,389)	(42.2%)
Less: rebates and discounts	**(978)**	(1,374)	396	(28.8%)	**(2,711)**	(4,309)	1,598	(37.1%)
Less: listing fees	-	-	-		**(15)**	(332)	317	(95.5%)
Net revenue	**3,683**	5,515	(1,832)	(33.2%)	**11,479**	19,953	(8,474)	(42.5%)
Cost of goods sold	**2,863**	5,129	(2,266)	(44.2%)	**9,354**	16,660	(7,306)	(43.9%)
Gross profit	**820**	386	434	112.4%	**2,125**	3,293	(1,168)	(35.5%)
Gross profit percentage	**22.3%**	7.0%			**18.5%**	16.5%		
Adjusted gross profit[1]	**820**	386	434	112.4%	**2,140**	3,625	(1,485)	(41.0%)
Adjusted gross profit percentage	**22.3%**	7.0%			**18.6%**	17.9%		
General and administrative	**80**	566	(486)	(85.9%)	**109**	1,331	(1,222)	(91.8%)
Storage and delivery	**506**	593	(87)	(14.7%)	**1,409**	1,977	(568)	(28.7%)
Salaries and benefits	**840**	1,113	(273)	(24.5%)	**2,807**	3,804	(997)	(26.2%)
Advertising and promotion	**26**	166	(140)	(84.3%)	**167**	544	(377)	(69.3%)
Professional fees	**159**	394	(235)	(59.6%)	**447**	1,180	(733)	(62.1%)
Stock-based compensation	**93**	20	73	365.0%	**195**	23	172	747.8%
Amortization of intangible assets	**88**	168	(80)	(47.6%)	**266**	506	(240)	(47.4%)
Loss before underlying items	**(972)**	(2,634)	1,662	(63.1%)	**(3,275)**	(6,072)	2,797	(46.1%)
Interest expense	**598**	1,140	(542)	(47.5%)	**2,130**	2,490	(360)	(14.5%)
Accretion expense	**40**	9	31	344.4%	**192**	27	165	611.1%
Restructuring (gain) expense	**26**	-	26		**(572)**	-	(572)	
Other (income) expense	**6**	(204)	210	(102.9%)	**(155)**	(157)	2	(1.3%)
Foreign exchange (gain) loss	**(65)**	(418)	353	(84.4%)	**95**	(1,675)	1,770	(105.7%)
Loss before income taxes	**(1,577)**	(3,161)	1,584	(50.1%)	**(4,965)**	(6,757)	1,792	(26.5%)
Net loss from continuing operations	**(1,577)**	(3,161)	1,584	(50.1%)	**(4,965)**	(6,757)	1,792	(26.5%)
Net gain (loss) from discontinued operations	**35**	(61)	96	(157.4%)	**11**	(108)	119	(110.2%)
Net loss	**(1,542)**	(3,222)	1,680	(52.1%)	**(4,954)**	(6,865)	1,911	(27.8%)
EBITDA[1]	**(881)**	(2,366)	1,485	(62.8%)	**(2,941)**	(5,198)	2,257	(43.4%)
As a percentage of net revenue	**(23.9%)**	(42.9%)			**(25.6%)**	(26.1%)		
Adjusted EBITDA[1]	**(782)**	(2,136)	1,354	(63.4%)	**(2,851)**	(3,533)	682	(19.3%)
As a percentage of net revenue, excluding listing fees	**(21.2%)**	(38.7%)			**(24.8%)**	(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 together with 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		Nine months ended	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
		Reclassified		Reclassified
	$	$	**$**	$
Gross profit	**820**	386	**2,125**	3,293
Add back non-recurring expenses				
Listing fees	**-**	-	**15**	332
Adjusted gross profit	**820**	386	**2,140**	3,625
Adjusted gross profit percentage	**22.3%**	7.0%	**18.6%**	17.9%

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		Nine months ended	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
		Reclassified		Reclassified
	$	$	**$**	$
Net loss from continuing operations for the year	**(1,577)**	(3,161)	**(4,965)**	(6,757)
Interest and accretion expense	**638**	1,149	**2,322**	2,517
Depreciation and amortization	**91**	268	**334**	874
Foreign exchange (gain) loss	**(65)**	(418)	**95**	(1,675)
Other (income) expense	**6**	(204)	**(155)**	(157)
Restructuring (gain) loss, net	**26**	-	**(572)**	-
EBITDA	**(881)**	(2,366)	**(2,941)**	(5,198)
Add back non-cash and non-recurring expenses				
Stock based compensation	**93**	20	**195**	23
Fines and penalties for shorts	**6**	55	**(140)**	253
Listing fees	**-**	-	**15**	332
Professional fees	**-**	155	**20**	644
Severance	**-**	-	**-**	413
Adjusted EBITDA	**(782)**	(2,136)	**(2,851)**	(3,533)

Gross Revenue

Gross revenue from continuing operations was $4.7 million, a 32.3% decline compared to the same quarter in the prior year and a 5.4% increase versus the prior three-month period ended September 30, 2021. Over the nine-month period ended December 31, 2021, gross revenue from continuing operations was $14.2 million, a 42.2% decline compared to the prior year. Gross revenue was lower compared to prior year largely due to:

- In the prior fiscal year and into Q1 of the current fiscal year, certain customers decided to stop doing business with the Company or to reduce their product assortment given poor customer service levels in Fiscal 2021. Improvements in service levels over the last three quarters have resulted in some of these customers relisting certain products. Management and our sales team will continue to pursue discussions with the remaining customers to relist the Company's products at some point in the future.
- Portfolio simplification, which was initiated as part of the previously announced Project FIT initiative, has reduced active stock keeping units ("SKUs") across the business by approximately 60% this year. While this initiative has already and may continue to 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.
- The suspension or de-prioritization of certain private label businesses in the prior fiscal year resulted in lower revenues on a comparative basis. These private label businesses added complexity and distracted resources from building the Company's core brands while poorly contributing to the Company's operating profit.
- The negative impact of these changes to the Company's sales were partially offset by the positive effects of price increases taken by the Company.

Gross Profit Percentage

The Company's gross profit percentage for the three-month period ended December 31, 2021 increased to 22.3% of net revenue, a 15.3 percentage point improvement from 7.0% in the prior year and a 13.3 percentage point improvement versus the restated prior three-month period ended September 30, 2021. For the nine-month period ended December 31, 2021, the Company's gross profit percentage increased to 18.5% of net revenue from 16.5% in the prior year. This 2.0 percentage point improvement compared to the prior year is largely attributable to:

- **Better Net Pricing:** In addition to taking price increases, the Company planned to and has almost eliminated listing fees from customers this year as it focused on improving inventory levels and customer fill rates on its core portfolio of products. In aggregate, improved net pricing during the nine-months ended December 31, 2021 increased gross profit percentage by 1.4 percentage points**.**
- **Better Portfolio Mix**: As part of Project FIT, the Company is prioritizing the growth of higher-margin items within the portfolio while discontinuing lower-margin items and, as a result, was able to improve its product mix by 0.8 percentage points over the nine-month period ended December 31, 2021.
- **Better Inventory Management:** During the nine-month period ended December 31, 2021, the Company was able to reduce slow-moving and obsolete inventory provisions charged to cost of goods sold to $0.5 million from $1.0 million in the same period of the prior year. This $0.5 million improvement increased the Company's gross profit percentage for the nine-month period ended December 31, 2021 by 0.6 percentage points.
- **One-Time Former Customer Termination Costs:** During the nine-month period ended December 31, 2021 the Company received $0.1 million in deductions from a former customer for termination costs which that customer believes are for the Company's account. These non-recurring deductions had the effect of reducing the Company's gross profit percentage by 0.8 percentage points for the nine-month periods ended December 31, 2021.

It is important to note that the quarter ended December 31, 2021 was the first quarter in which the Company enjoyed the full impact of the Project FIT initiatives. While the provisions for slow-moving and obsolete inventory were $0.5 million for the nine-month period ended December 31, 2021, virtually none of this arose in the three-month period ended December 31, 2021. Had this level of performance been in effect throughout the nine-month period ended December 31, 2021, the Company's gross profit percentage would have been 23.1% - a further improvement of 4.6 percentage points. To be clear, while Project FIT has been able to reduce controllable costs the Company will need to be able to recover other cost increases by way of increasing prices in order to protect margins going forward.

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

Overall, SG&A expenses for the three-month period ended December 31, 2021 have decreased by 40.3% to $1.7 million compared to $2.9 million in the same quarter in the prior year. SG&A expenses for the nine-month period ended December 31, 2021 have decreased by 42.0% to $5.1 million compared to $8.9 million in the same nine-month period in the prior year. The decrease in SG&A expenses is primarily attributable to the following:

- General and administrative expenses for the nine-month period ended December 31, 2021 decreased by $1.3 million or 91.9% to $0.1 million primarily due to lower customer fines and penalties as service levels improved markedly and savings attributable to the Company's restructuring as part of its Project FIT initiative, combined with aggressive efforts to recover aged receivables with trade customers.

- Storage and delivery expenses for the nine-month period ended December 31, 2021 decreased by $0.6 million or 28.7% to $1.4 million. This is primarily a result of the volume decline compared to the prior year, partially offset by the higher storage costs associated with the increased levels of inventory necessary for better customer service and by costs that increased due to inflationary pressures within our industry. Management believes the Company's focus on streamlining its product portfolio and driving Project FIT initiatives across its warehousing network should mitigate these inflationary pressures over time.
- Salaries and benefits expense for the nine-month period ended December 31, 2021, declined by 26.2% or $1.0 million to $2.8 million, primarily reflecting the streamlined organization model under Project FIT and $0.41 million in non-recurring CEO severance payments expensed last year. Total full-time employee ("FTE") headcount has reduced from 43 to 24 FTEs over the nine-month period ended December 31, 2021.
- Advertising and promotional expenses for the nine-month period ended December 31, 2021 declined 69.3% or $0.4 million to $0.2 million as the Company prioritized building customer service levels and gross profit percentage on core SKUs.
- Professional fees for the nine-month period ended December 31, 2021 declined by $0.7 million or 62.1% to $0.4 million, primarily as Management sought cost savings, particularly in legal fees.

Interest and Accretion Expense

Interest and accretion expense for the three-month period ended December 31, 2021 decreased by $0.5 million or 44.5% to $0.6 million primarily due to lower debt renewal charges incurred than in the prior year. Similarly, during the nine-month period ended December 31, 2021, interest and accretion expense decreased by $0.2 million or 7.7% to $2.3 million primarily due to lower debt renewal charges incurred compared to the same period last year.

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 its active stock keeping units by 60%, intended to simplify and focus its 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 periods ended September 30, 2021 and December 31, 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 periods ended September 30, 2021 and December 31, 2021, the Company continued to streamline its management structure and certain costs and recoveries relating to these transitions were recorded as part of this Restructuring. As mentioned above, Total FTE headcount has reduced from 43 FTEs at the start of the current fiscal year to 24 FTEs as at December 31, 2021.

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 nine-month period ended December 31, 2021, the Company realized other income of $0.2 million primarily due to government grants of $0.1 million, royalty income received of $0.1 million (2020 - $0.1 million) related to the sale of Rolling Meadow Dairy products to Organic Meadow Limited Partnership in 2019 and a $0.09 million loss on the issuance of shares to settle liabilities.

Foreign Exchange (Gain) Loss

During the nine-month period ended December 31, 2021 the Company incurred a foreign exchange loss of $0.1 million compared to a gain of $1.7 million in the prior year. The current year change reflects the degree of depreciation of the Canadian dollar 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 denominated liabilities. The drivers for change are primarily from (i) the revaluation of the USD denominated portion of the Pivot factor facility amounting to a $0.02 loss (ii) the revaluation of the USD denominated TD Bank ABL facility amounting to $nil (2020 - $0.77 million gain); and (iii) the revaluation of the USD denominated Galaxy VTB amounting to an $0.08 million loss (2020 – $0.97 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 the remaining packaging inventories (which had previously been written off in their entirety) of The Cold Press Corp. relating to the CEDAR brand. For the three and nine-month periods ended December 31, 2021 and 2020, the Company accounted for all activities of that business as a discontinued operation.

Net Loss:

During the three and nine-month periods ended December 31, 2021 the Company reported a net loss from continuing operations of $1.6 million and $5.0 million respectively compared to a net loss of $3.2 million and $6.8 million respectively in the prior year. The reductions in net loss from continuing operations for the nine-months ended December 31, 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 and interest and accretion 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 nine-month periods ended December 31, 2021, the Company reported negative EBITDA of $0.9 million and $2.9 million respectively which represent 62.8% and 43.4%% improvements from the prior year. Compared to the previous quarter ended September 30, 2021, EBITDA is improved by $0.2 million over this latest three-month period ended December 31, 2021. These EBITDA improvements are primarily a result of the ongoing implementation of the Company's Focused Growth Strategy and Project FIT initiatives, which delivered improvements in gross profit percentage and significantly lower Selling, General and Administrative expenses. Over the nine-month period ended December 31, 2021, the EBITDA improvement of $2.3 million compared to prior year is largely attributable to: (i) a $3.7 million reduction in SG&A expenses; less (ii) a $1.2 million reduction in gross profit; and (iii) a $0.5 million lower add-back for depreciation and amortization expense.

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 nine-month periods ended December 31, 2021, the Company reported negative adjusted EBITDA of $0.8 million and $2.9 million respectively compared to negative adjusted EBITDA of $2.1 million and $3.5 million respectively in the prior year. Adjusted EBITDA continued to improve quarter-over-quarter with a further $0.4 million improvement versus the three-month period ended September 30, 2021.

CASH FLOWS

Summary Statement of Cash Flows

(expressed in thousands of Canadian dollars)

	Nine months ended December 31,	
	2021	2020
		Reclassified
	$	$
Cash provided by (used for)		
Operating activities	**(4,549)**	(2,631)
Investing activities	**363**	(4)
Financing activities	**3,121**	8,973
FX gain on foreign cash and cash equivalents	**(10)**	(89)
Net increase (decrease) in cash	**(1,075)**	6,249
Cash - beginning the of the period	**4,030**	-
Cash – end of the period	2,955	**6,249**

Cash flow from operating activities consumed $4.5 million for the nine-month period ended December 31, 2021 (2020 – $2.6 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 $3.1 million for the nine-month period ended December 31, 2021 (2020 - $9.0 million). It is important to note that the Company has significantly improved inventory for its key businesses compared to prior 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 cash flow 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 nine-months ending December 31 2021, The Company was able to renegotiate payment terms with a number of suppliers and contract manufacturers. Further efforts are underway by the Company 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

On October 8, 2021, Pender Growth Fund Inc. ("Pender"), a significant shareholder, acquired a portion of the Company's debt obligation to Primary Capital Inc. As a result of this transaction, Pender now holds $1.031 million of assignment rights and interest within the Primary loan which has been reclassified as a loan from a related party. During the three and nine-month periods ended December 31, 2021, the Company recorded interest expense of $0.031 million, with a corresponding increase in the loan from related party.

Until October 31, 2021 the Company leased office space from a shareholder of the Company. The Company paid rent of $0.006 million and $0.042 million respectively during the three and nine-month periods ended December 31, 2021 (2020 – $0.02 million and $0.08 million).

Under the terms of employment between the Company and the former 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 nine-month periods ended December 31, 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**		**Nine months ended**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Salary, severance and director fees	**220**	325	**958**	1,427
Share based compensation	**44**	39	**175**	44

FIRST AND SECOND QUARTER FINANCIAL ADJUSTMENT

(expressed in thousands of Canadian dollars)	For the three months ended June 30				For the three months ended September 30				For the six months ended September 30			
	Filed	Adj	Revised		Filed	Adj	Revised		Filed	Adj	Revised	
	2021	2021	2021	2020	2021	2021	2021	2020	2021	2021	2021	2020
	$	$	$	$	$	$	$	$	$	$	$	$
Gross revenue	5,123	-	5,123	10,323	4,421	-	4,421	7,382	9,544	-	9,544	17,705
Less: rebates and discounts	(712)	-	(712)	(1,375)	(1,021)	-	(1,021)	(1,560)	(1,733)	-	(1,733)	(2,935)
Less: listing fees	-	-	-	(140)	(15)	-	(15)	(192)	(15)	-	(15)	(332)
Net revenue	4,411	-	4,411	8,808	3,385	-	3,385	5,630	7,796	-	7,796	14,438
Cost of goods sold	3,371	41	3,412	6,901	2,691	388	3,079	4,630	6,062	429	6,491	11,531
Gross profit	1,040	(41)	999	1,907	694	(388)	306	1,000	1,734	(429)	1,305	2,907
Gross profit percentage	23.6%		22.6%	21.7%	20.5%		9.0%	17.8%	22.2%		16.7%	20.1%
Adjusted gross profit[1]	**1,040**	**(41)**	**999**	**2,047**	**709**	**(388)**	**321**	**1,192**	**1,749**	**(429)**	**1,320**	**3,239**
Adjusted gross profit percentage	**23.6%**		**22.6%**	**22.9%**	**20.9%**		**9.4%**	**20.5%**	**22.4%**		**16.9%**	**21.9%**
General and administrative	106	-	106	325	(77)	-	(77)	440	29	-	29	765
Storage and delivery	471	-	471	792	432	-	432	592	903	-	903	1,384
Salaries and benefits	1,135	-	1,135	1,510	832	-	832	1,181	1,967	-	1,967	2,691
Advertising and promotion	124	(41)	83	221	406	(348)	58	157	530	(389)	141	378
Professional fees	99	-	99	121	189	-	189	665	288	-	288	786
Stock-based compensation	53	-	53	6	49	-	49	(3)	102	-	102	3
Amortization of intangible assets	89	-	89	169	89	-	89	169	178	-	178	338
Loss before underlying items	(1,037)	-	(1,037)	(1,237)	(1,226)	(40)	(1,266)	(2,201)	(2,263)	(40)	(2,303)	(3,438)
Interest expense	578	-	578	650	954	-	954	700	1,532	-	1,532	1,350
Accretion expense	78	-	78	9	74	-	74	9	152	-	152	18
Restructuring (gain) expense	(1,157)	-	(1,157)	-	599	(40)	559	-	(558)	(40)	(598)	-
Other (income) expense	(157)	-	(157)	(22)	(4)	-	(4)	69	(161)	-	(161)	47
Foreign exchange (gain) loss	(110)	-	(110)	(928)	270	-	270	(329)	160	-	160	(1,257)
Loss before income taxes	(269)	-	(269)	(946)	(3,119)	-	(3,119)	(2,650)	(3,388)	-	(3,388)	(3,596)
Net loss from continuing operations	(269)	-	(269)	(946)	(3,119)	-	(3,119)	(2,650)	(3,388)	-	(3,388)	(3,596)
Net gain (loss) from discontinued operations	(14)	-	(14)	3	(10)	-	(10)	(50)	(24)	-	(24)	(47)
Net loss	(283)	-	(283)	(943)	(3,129)	-	(3,129)	(2,700)	(3,412)	-	(3,412)	(3,643)
EBITDA[1]	(915)	-	(915)	(911)	(1,105)	(40)	(1,145)	(1,921)	(2,020)	(40)	(2,060)	(2,832)
As a percentage of net revenue	(20.7%)		(20.7%)	(10.3%)	(32.6%)		(33.8%)	(34.1%)	(25.9%)		(26.4%)	(19.6%)
Adjusted EBITDA[1]	(842)	-	(842)	(226)	(1,187)	(40)	(1,227)	(1,171)	(2,029)	(40)	(2,069)	(1,397)
As a percentage of net revenue, excluding listing fees	(19.1%)		(19.1%)	(2.5%)	(34.9%)		(36.1%)	(20.1%)	(26.0%)		(26.5%)	(9.5%)

Cost of goods sold was understated in the six-month period ended September 30, 2021 by $0.43 million while advertising and promotion expense and restructuring gain was overstated and understated by$0.39 million and $.04 million respectively. The net result of these adjustments is an overall $nil change to the reported net loss and an increase of $0.04 million to the reported negative EBITDA and negative Adjusted EBITDA.

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, raw material and packaging availability, 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. While Management remains confident with its progress, there can be no certainty in this regard.

Management has rebuilt required levels of inventory and improved customer service levels across all three of its branded businesses. During the nine-month period ended December 31 2021, the Company, with certain strategic retailers, resumed promotional activities which is expected to improve sales going forward and has regained some distribution. In addition, the Company has accelerated its new channel growth across a number of important e-commerce platforms. Aligned with this Focused Growth Strategy, Management has prioritized improvements in profitability through better product mix, price increases and enhanced cost management. Currently, one of the most meaningful risks to the business is the inability to successfully implement this Focused Growth Strategy. While Management remains confident with respect to these initiatives, there can be no certainty in this regard.

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 towards the end 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 December 31, 2021, the Company had:

- 509,392,282 common shares issued and outstanding;
- 214,885,430 share purchase warrants convertible into 214,885,430 common shares of the Company; and
- 24,391,516 compensation stock options, convertible into 24,391,516 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.

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 the implementation of its Focused Growth Strategy, developed in April 2021 and approved in May 2021, are already contributing to improvements in adjusted EBITDA as well as to more effective and efficient business operations. These improvements, which will continue to benefit future periods, include:

- **Simplification of the business** including a 60% reduction in the number of active stock-keeping units sold by the

Company, thereby increasing its focus on higher-margin items. Moving the Central Roast business from self-manufacturing and self-warehousing to contract manufacturing and use of third-party warehousing enabled Management to exit an underutilized production facility and realize a gain from the sale of its production and warehousing equipment. On an ongoing basis, these simplification initiatives will materially improve the Company's cost base and use of cash.

- **Streamlining the organizational model** as part of Project FIT, which together with the restructuring of the Central Roast production staff, resulted in the reduction of FTE from 43 to 24 over the nine-month period ended December 31, 2021. As a consequence, salary and benefit costs during the nine-month period ended December 31, 2021 declined by $1.0 million and further benefits are expected over time.
- **Cost reductions across the business** with emphasis on reducing product costs, particularly ingredients and packaging costs, and significant reduction of SG&A expenses as mentioned above.
- **Increasing inventory levels** enabling the Company to materially improve customer service levels and re-initiate promotional activities with certain strategic retailers, both of which have positively impacted the Company's retailer relationships and gross revenue momentum. Within the context of recent Canadian transport disruptions, the business has faced some near-term supply constraints on certain ingredients; however, the impacts from these disruptions are expected to be short-lived with inventories expected to normalize to target levels.
- **Reduction of expected credit losses** achieved through the collections of past-due accounts receivable amounts.
- **Reduction of the Company's required investment in prepaid expenses** as relationships with key suppliers improve.
- **Implementation of price increases** improved gross profit percentage during the nine-month period ended December 31, 2021. Additional price increases have been announced to trade customers and these additional price increases will offset inflationary pressures and will serve to protect gross profit percentage over subsequent quarters.

Management believes that as a consequence of these achievements, the Company's cost structure is now better positioned to achieve profitability once its higher gross revenue targets are achieved. In this vein, Management developed and is working to execute its Focused Growth Strategy, which is driving the Company to: continue promotional activities with key customers; introduce margin-accretive new products designed to expand brands across new consumption occasions; reintroduce its products to retailers who reduced their support to the Company as a consequence of historically poor service levels; smartly expand into new channels and new geographies; and optimize consumer pricing and the value of its brands over time in order to achieve revenue growth. While Management remains optimistic about its ability to increase the Company's gross revenue through these initiatives within its Focused Growth Strategy, there can be no certainty in that regard.

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.