# GREENSPACE REPORTS Q3 FISCAL 2022 RESULTS HIGHLIGHTING IMPROVEMENT IN GROSS REVENUE, GROSS PROFIT PERCENTAGE AND ADJUSTED EBITDA VERSUS Q2 FISCAL 2022

TORONTO, February 28, 2022 /CNW/ - GreenSpace Brands Inc. ("GreenSpace" or the "Company") (TSXV: JTR), a leader within the organic and plant-based food industry, announces that it has filed its Condensed Consolidated Interim Financial Statements for the three-month and nine-month periods ended December 31, 2021 and its related Management Discussion and Analysis.

**SUMMARY OF Q3 FISCAL 2022 COMPARED TO Q2 FISCAL 2022:**

The three-month period ended December 31, 2021, reflects planned improvement in the Company's performance, when compared to the three-month period ended September 31, 2021 as Management continues to implement its Focused Growth Strategy. Specifically:

- **Gross Revenue** from continuing operations was $4.7 million, an increase of 5.4% compared to the prior quarter[1]. This increase was largely attributable to the Company's Love Child Organics brand and the impact of price increases taken by the Company.
- **Gross Profit Percentage** increased to 22.3% from 9.0% in the prior quarter[1]. These improvements are primarily attributed to better inventory management and the positive impact of price increases.
- **Adjusted EBITDA[2]** of negative $0.8 million represented a 36.2% improvement from the negative $1.2 million in the prior quarter.[1]

**SUMMARY OF NINE-MONTH PERIOD ENDED DECEMBER 31, 2021 COMPARED PRIOR YEAR[3]:**

- **Gross Revenue** from continuing operations over the nine-month period ended December 31, 2021 was $14.2 million, a 42.2% decrease compared to the same prior-year period.[3] This year-over-year decline is largely attributable to:
    - The decision by certain customers, primarily during the prior fiscal year, to stop doing business with the Company or to reduce their product assortment. These decisions were attributed to the result of poor customer service levels during the prior year, resulting from the Company's then, working capital constraints. With improvements in customer service levels, particularly over the last two quarters, some of these customers have chosen to relist certain products and the Company will continue to seek to expand its customer base amongst former and new customers.

---

[1] Q3 Fiscal 2022 compared to restated Q2 Fiscal 2022

[2] EBITDA adds back certain non-cash items to net income or loss from continuing operations and is used by Management to measure operating performance. Adjusted EBITDA further adjusts EBITDA by adding back income or expenses of a non-cash, non-recurring, unusual or one-time nature. Refer to Company's Management Discussion and Analysis.

[3] Nine-month period ended December 31, 2021 compared to nine-month period ended December 31, 2020.

- The portfolio simplification initiated as part of the previously announced Project FIT initiative, which will reduce active stock keeping units ("SKUs") across the business by approximately 60% this year, resulted in some revenue softness in the short term. In the long term it will enable the Company to focus on its best-selling SKUs, ultimately increasing revenue, improving gross profit percentages, lowering inventory holding costs and reducing waste.
- The Company's decision to suspend or de-prioritize certain private label businesses in the United States and Canada in the prior fiscal year which contributed to lower Gross Revenue on a comparative basis. These private label businesses added complexity, contributed negligibly to the Company's operating profit and distracted resources from building the Company's core brands.

- **Gross Profit Percentage** increased to 18.5% in the nine-month period ended December 31, 2021, compared to 16.5% in the prior year[3], largely attributable to better net pricing, better portfolio mix and better inventory management, partially offset by termination costs associated with a former customer.
- **Selling, General and Administrative ("SG&A") expenses** of $5.1 million for the nine-month period ended December 31, 2021, improved by 42.0% or $3.7 million compared to $8.9 million in the prior year[3]. These improvements reflect the Company's progress on significantly reducing SG&A expenses as it executes its previously announced Project FIT initiatives.
- **Adjusted EBITDA** of negative $2.9 million for the nine-month period ended December 31, 2021 improved 19.3% or $0.7 million compared to the prior year[3], primarily due to the Company's efforts to significantly reduce SG&A expenses.

"Since May we have been implementing our new Focused Growth Strategy across the business and heightening our drive towards profitable growth," said Shawn Warren, President and CEO of GreenSpace Brands Inc. "We are seeing encouraging progress with stronger service levels, broader retailer support, new distribution wins and continued momentum from Project FIT cost savings initiatives. Better inventory levels are supporting our efforts to improve pricing, build consumption with customer promotions, launch margin-accretive innovations and accelerate our route-to-market excellence initiatives. To address inflationary pressures across our industry, we have announced additional pricing actions to retail and foodservice customers. Overall, Management is optimistic that Fiscal 2023 will see continued adjusted EBITDA improvements as a consequences of the Company's Project FIT initiatives and its Focused Growth Strategy."

**OUTLOOK:**

Management believes that its new Vision, Strategic Plan and implementation of its Focused Growth Strategy will lead to improvements in adjusted EBITDA for the current fiscal year and that this will continue into subsequent years. The Company has improved customer service levels across all three of its branded businesses, leading to the resumption of widespread promotional activities with select retailers. The Company has been able to regain some distribution with certain strategic customers and has been able to make inroads into 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 percentage and overall profitability through better product mix, price increases and enhanced cost management at all levels.

GreenSpace has been able to rebuild credibility with its supplier base and renegotiate payment terms with a number of key suppliers across its ingredient and manufacturing network. While rebuilding customer revenue momentum may take time after the working capital challenges of the previous two years, Management expects that the foundational elements have been established to deliver improvements in both topline performance and profitability. Additional restructuring costs aligned with the Project FIT initiative are expected in the final quarter of fiscal 2022 which are expected to lower fixed costs in the future. Management believes that the continued implementation of its Focused Growth Strategy will drive improvements in the operation over time and remains optimistic that this initiative will improve adjusted EBITDA and free cash flow to help finance the future growth opportunities available to the Company.

**ABOUT GREENSPACE BRANDS INC.:**

GreenSpace is a North American organic and plant-based food business that develops, markets and sells premium food products to consumers within the fast-growing natural and organic food categories. GreenSpace owns LOVE CHILD ORGANICS, a producer of 100% organic food for infants and toddlers made with natural and nutritionally-rich ingredients, CENTRAL ROAST, a clean snacking brand featuring a wide assortment of organic nut and seed mixes and GO VEGGIE, one of the pioneers and leaders in the US plant-based dairy market. All brands are wholly-owned and are sold in a variety of online, natural and retail grocery locations.

For more information, visit **[www.greenspacebrands.ca](http://www.greenspacebrands.ca)** and GreenSpace's filings are also available at **[www.SEDAR.com](http://www.SEDAR.com).**

**CAUTIONARY STATEMENT REGARDING 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 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.

**NON-IFRS FINANCIAL MEASURES AND KEY METRICS**

This news release makes reference to a non-IFRS measure, "EBITDA". This measure is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS and is therefore not necessarily comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, this measure should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. This non-IFRS measure is used to provide readers with supplemental measures of the Company's operating performance and liquidity and thus highlight trends in the Company's business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures, including industry metrics, in the evaluation of companies in the Company's industry. The Company also uses non-IFRS measures and industry metrics in order to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation.



---

**For further information, please contact:**

Shawn Warren
President and Chief Executive Officer
GreenSpace Brands Inc.
swarren@greenspacebrands.com
416-934-5034