# GREENSPACE BRANDS INC. REPORTS FISCAL 2022 RESULTS, HIGHLIGHTING IMPROVEMENTS IN GROSS PROFIT PERCENTAGE AND ADJUSTED EBITDA VERSUS PRIOR YEAR

TORONTO, July 15, 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 annual audited Consolidated Financial Statements for the year ended March 31, 2022, its related Management Discussion and Analysis and its Chief Executive Officer and Chief Financial Officer certifications.

SUMMARY RESULTS OF FISCAL 2022:

- **Gross Revenue** from continuing operations was $18.3 million, representing a (37.8%) decrease compared to the same prior-year period.[1] This year-over-year decline is largely attributable to: i) the decision by certain customers, primarily during the prior fiscal year, to stop doing business with the Company or to reduce their product assortment due to poor customer service levels at that time, resulting from the Company's then working capital constraints. With improvements in customer service levels, 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; and ii) the portfolio simplification initiated as part of the Project FIT initiative, which has reduced active stock keeping units ("SKUs") across the business by approximately 69%.
- **Gross Profit Percentage** increased 4.1 percentage points to 17.0% compared to 12.9% in the prior year[1], largely attributable to better net pricing and mix, driven in part by price increases, reduced listing fees and the prioritization of higher-margin items within the portfolio. Although the gross profit percentage improved in the year ended March 31, 2022, the extent of the improvement fell short of management's expectations largely due to higher clearance costs on aged inventories. With the simplification of its operating model and improved forecasting and replenishment disciplines firmly embedded across the organization, Management expects to reduce aged inventory clearance costs, which is expected to drive gross profit percentage improvements in the coming year.
- **Selling, General and Administrative ("SG&A") expenses** of $6.6 million improved by 43.0% or $5.1 million compared to $11.7 million in the prior year[1]with significant reductions in general and administrative expenses, salaries and benefits, storage and delivery expenses and professional fees. These improvements reflect the Company's progress on significantly reducing SG&A expenses as it executes its Project FIT initiatives.
- **Net Loss** of ($10.2) million, compared with ($20.8) million in prior year[1], primarily reflects significantly reduced SG&A expenses (by $5.1 million), lower non-cash impairment charges (by $6.2 million) and a restructuring gain (of $0.6 million) partially offset by increased interest and accretion expense (by $0.6 million) and lower foreign exchange gains (by $0.7 million).

[1] Twelve-month period ended March 31, 2022 compared to twelve-month period ended March 31, 2021.

- **Adjusted EBITDA** of ($3.8) million was improved 41.1% or $2.6 million compared to the prior year[1], reflecting the matters described above.

"This past year 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 with large retailers and continued momentum from Project FIT cost savings initiatives. Better inventory levels are supporting our efforts to improve pricing, build consumption with customer promotions, expand margin-accretive innovations and accelerate our route-to-market excellence initiatives. To address inflationary pressures across our industry, we have announced a series of additional pricing actions to retail and foodservice customers. Overall, Management is optimistic that Fiscal 2023 will see continued adjusted EBITDA improvements with improved topline growth and better gross profit percentages."

**OUTLOOK:**

Management believes that its new Vision, Strategic Plan and implementation of its Focused Growth Strategy will lead to improvements in adjusted EBITDA that 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 distribution with certain strategic customers and has been able to make inroads into launching margin-accretive new products and new channel growth across e-commerce platforms. 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. 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 to help finance the future growth opportunities available to the Company.

**ABOUT GREENSPACE BRANDS INC.:**

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

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

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING 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 2023 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; 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 non-IFRS measures, "EBITDA" and 'adjusted EBITDA". These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore not necessarily comparable to similar measures presented by other companies. Rather, these measures are 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, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. These non-IFRS measures are 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.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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