

The logo for GreenSpace Brands, featuring the words "GREEN", "SPACE", and "BRANDS" stacked vertically in a white, sans-serif font on a solid green square background.

**GREEN  
SPACE  
BRANDS**

**Consolidated Financial Statements of  
GREENSPACE BRANDS INC.**

**For the years ended March 31, 2022 and 2021**

**GreenSpace Brands Inc**  
**Consolidated Financial Statements**

**Table of Contents**

*For the years ended March 31, 2022 and 2021*

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Consolidated Statements of Financial Position	1
Consolidated Statements of Operations and Comprehensive Loss	2
Consolidated Statements of Changes in Shareholders' Equity	3
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5 – 52

To the Shareholders of GreenSpace Brands Inc.:

## Opinion

We have audited the consolidated financial statements of GreenSpace Brands Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and March 31, 2021, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022 and March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Ratan Kumar Verma.

Toronto, Ontario  
July 14, 2022

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## Consolidated Statements of Financial Position

	as at March 31 2022 \$	as at March 31 2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,241	4,030
Restricted cash (note 14)	222	222
Accounts receivable, net (note 9)	2,091	2,921
HST receivable (note 25)	545	457
Prepaid expenses	556	2,277
Inventory, net (note 5)	3,488	4,489
<b>Total current assets</b>	<b>9,143</b>	<b>14,396</b>
Property, plant and equipment, net (note 6)	51	44
Right-of-use assets (note 8)	14	443
Intangible assets, net (note 7)	2,199	4,600
Goodwill (note 7)	1,104	2,940
<b>Total assets</b>	<b>12,511</b>	<b>22,423</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 10)	2,597	6,344
Lease liability - current (note 8)	9	310
Loans from related parties (note 13)	1,093	-
Loans payable (note 11)	15,762	15,599
<b>Total current liabilities</b>	<b>19,461</b>	<b>22,253</b>
Lease liability - non-current (note 8)	5	1,010
Loans payable - non-current (note 11)	1,174	1,007
<b>Total liabilities</b>	<b>20,640</b>	<b>24,270</b>
<b>Shareholders' equity</b>		
Share capital (note 12)	92,286	88,703
Contributed surplus	3,427	3,029
Accumulated deficit	(103,945)	(93,725)
Accumulated other comprehensive income	103	146
<b>Total liabilities and shareholders' equity</b>	<b>12,511</b>	<b>22,423</b>

Commitments and contingencies (note 14)

Discontinued operations (note 24)

Subsequent events (note 25)

The accompanying notes are an integral part of these consolidated financial statements.

### Approved by the Board:

Paul Henderson

Director

Michael LeClair

Director

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## Consolidated Statements of Operations and Comprehensive Loss

	Year ended	
	March 31	March 31
	2022	2021
	\$	\$
<b>Gross revenue</b>	<b>18,250</b>	29,330
Less: rebates and discounts	(3,588)	(5,285)
Less: listing fees	(183)	(376)
<b>Net revenue</b>	<b>14,479</b>	23,669
<b>Cost of goods sold</b>	<b>12,014</b>	20,619
<b>Gross profit</b>	<b>2,465</b>	3,050
<b>Expenses</b>		
General and administrative	209	2,146
Storage and delivery	1,806	2,521
Salaries and benefits	3,489	5,068
Advertising and promotion	217	656
Professional fees	659	1,091
Stock-based compensation	265	171
Amortization of intangible assets (note 7)	355	675
<b>Total expenses</b>	<b>7,000</b>	12,328
<b>Loss from operations</b>	<b>(4,535)</b>	(9,278)
Interest expense (note 21)	2,769	3,422
Accretion expense (note 11)	1,422	169
Foreign exchange gain	(1,275)	(1,942)
Restructuring gain, net (note 23)	(571)	-
Loss on impairment of goodwill (note 7)	1,836	6,346
Loss on impairment of intangible assets (note 7)	2,046	3,645
Loss on impairment of property, plant and equipment (note 6)	-	102
Other income	(534)	(475)
<b>Loss from operations before income taxes</b>	<b>(10,228)</b>	(20,545)
<b>Net loss from continuing operations</b>	<b>(10,228)</b>	(20,545)
Net income (loss) from discontinued operations (note 24)	8	(234)
<b>Net loss</b>	<b>(10,220)</b>	(20,779)
<b>Other comprehensive income</b>		
Cumulative translation adjustment	(43)	(27)
<b>Total net loss and comprehensive loss</b>	<b>(10,263)</b>	(20,806)
<b>Net loss per share</b>		
Net loss per share - basic and diluted - continuing operations	\$ (0.02)	\$ (0.06)
Net loss per share - basic and diluted - Total	\$ (0.02)	\$ (0.06)
Weighted average number of shares - basic and diluted	467,883,445	347,596,221

The accompanying notes are an integral part of these consolidated financial statements.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### Consolidated Statements of Changes in Shareholders' Equity

	Share Capital		Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Number	Amount \$				
Balance, March 31, 2020	231,333,134	78,845	1,988	(72,946)	173	8,060
Stock-based compensation	-	-	171	-	-	171
Share issuance to settle liabilities (note 11(g))	11,111,118	566	-	-	-	566
Share issuance (note 12(a)(i) and (ii))	202,630,714	9,292	-	-	-	9,292
Warrant issuance (note 12(c))	-	-	870	-	-	870
Net loss for the period ended	-	-	-	(20,779)	-	(20,779)
Cumulative translation adjustment	-	-	-	-	(27)	(27)
Balance, March 31, 2021	445,074,966	88,703	3,029	(93,725)	146	(1,847)
Stock-based compensation	-	-	265	-	-	265
Stock-based compensation in restructuring	-	-	(15)	-	-	(15)
Share issuance to settle liabilities, net (note 12(a)(iv) and 11(g) and (j))	16,362,316	1,181	-	-	-	1,181
Share issuance, net (note 12(a)(iii) and (v))	47,955,000	2,402	-	-	-	2,402
Warrant issuance (note 12(c))	-	-	148	-	-	148
Net loss for the period ended	-	-	-	(10,220)	-	(10,220)
Cumulative translation adjustment	-	-	-	-	(43)	(43)
<b>Balance, March 31, 2022</b>	<b>509,392,282</b>	<b>92,286</b>	<b>3,427</b>	<b>(103,945)</b>	<b>103</b>	<b>(8,129)</b>

The accompanying notes are an integral part of these consolidated financial statements.



# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## Consolidated Statements of Cash Flows

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
<b>Cash flow used in operating activities</b>		
Net loss from continuing operations	(10,228)	(20,545)
Items not affecting cash:		
Loss on disposal of property, plant and equipment (note 6)	13	-
Loss on impairment of goodwill (note 7)	1,836	6,346
Loss on impairment of intangible assets (note 7)	2,046	3,645
Loss Impairment of property, plant and equipment (note 6)	-	102
Decrease in the provision for estimated credit losses (note 9)	(612)	(428)
Restructuring gain on the disposal of right of use assets (note 8)	(859)	-
Restructuring gain on sale of property, plant and equipment (note 6)	(384)	-
Depreciation and amortization (note 6, 7 and 8)	428	1,120
Unrealized foreign exchange (gain) loss	(1,288)	(1,099)
Stock-based compensation	265	171
Stock-based compensation recovery in restructuring (note 23)	(15)	-
Gain on loan modification (note 11)	(335)	-
Increase (decrease) in the provision for slow moving and obsolete inventories (note 5)	(37)	(313)
Interest incurred on lease liability (note 8)	34	143
Interest incurred on related party loans (note 13)	62	-
Interest accrued on loans payable (note 11)	2,254	2,427
Accretion expense (note 11)	1,422	169
Gain (loss) on shares issued to settle liabilities (note 12)	96	(97)
Changes in non-cash working capital (note 16)	1,718	(122)
<b>Total cash utilized in continuing operating activities</b>	<b>(3,584)</b>	<b>(8,481)</b>
<b>Total cash utilized in discontinued operating activities (note 24)</b>	<b>(259)</b>	<b>2,395</b>
<b>Total cash utilized in operating activities</b>	<b>(3,843)</b>	<b>(6,086)</b>
<b>Cash flow from (used in) investing activities</b>		
Additions to property, plant and equipment (note 6)	(53)	(4)
Proceeds of sales of property, plant and equipment (note 6)	384	-
Disposals of property, plant and equipment (note 6)	-	3
<b>Total cash from (utilized) in continuing investing activities</b>	<b>331</b>	<b>(1)</b>
<b>Total cash from investing activities</b>	<b>331</b>	<b>(1)</b>
<b>Cash flow from financing activities</b>		
Repayment of loans payable (note 11)	(14,486)	(14,628)
Additions to loans payable (note 11)	13,919	15,468
Forgiveness of loans payable (note 11)	-	(256)
Share issuance costs - loans payable (note 11)	(125)	(270)
Proceeds from issuance of shares and warrants, net (note 12)	2,550	10,162
Lease payments (note 8)	(92)	(332)
<b>Total cash provided by continuing financing activities</b>	<b>1,766</b>	<b>10,144</b>
<b>Total cash provided by financing activities</b>	<b>1,766</b>	<b>10,144</b>
Foreign exchange gain on foreign cash and cash equivalents	(43)	(27)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,789)</b>	<b>4,030</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>4,030</b>	<b>-</b>
<b>Cash and cash equivalents, end of the period</b>	<b>2,241</b>	<b>4,030</b>

The accompanying notes are an integral part of these consolidated financial statements.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 1. Nature of Operations and Going Concern

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On April 13, 2015, Aumento Subco, a wholly-owned subsidiary of Aumento Capital IV Corporation (“Aumento” or the “Corporation”) and Life Choices Natural Foods Corp. (“Life Choices”) entered into a definitive agreement (the “Definitive Agreement”). Pursuant to the terms of the Definitive Agreement, on April 30, 2015, Life Choices, Aumento and Aumento Subco completed a three-cornered amalgamation (the “Amalgamation”) whereby Life Choices and Aumento Subco amalgamated to form a new entity named Life Choices Natural Food Corp. (referred to herein as “Amalco”). After the Amalgamation, the property of each of Life Choices and Aumento Subco became the property of Amalco, and Amalco became liable for the obligations of each of Life Choices and Aumento Subco. Amalco continues to carry on the business and operations of Life Choices as a wholly-owned subsidiary of the Corporation.

Prior to closing the Amalgamation, the Corporation’s name was changed to GreenSpace Brands Inc. (“GreenSpace” or the “Company”).

GreenSpace is an organic and natural food company whose principal business is to create, distribute and sell natural food products and brands for sale into the North American natural food marketplace. The Company’s main brands as of March 31, 2022 include, Love Child Organics, Central Roast and Go Veggie.

The Corporation was incorporated under the Ontario Business Corporations Act and domiciled in Ontario, Canada on June 11, 2013.

The head office of the Company is 2087 Dundas Street East, Suite 106, Mississauga, Ontario, Canada L4X 2V7.

#### *Going concern*

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue to operate and realize its assets and discharge its liabilities in the normal course of business, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Company incurred a net loss and comprehensive loss of \$10,263 for the year ended March 31, 2022 (2021 - \$20,806), and as of that date, had an accumulated deficit of \$103,945 (March 31, 2021 - \$93,725), and its current liabilities exceeded its current assets by \$10,318 (March 31, 2021 - \$7,857).

Management's current strategy is to grow revenue and at the same time exercise careful cost control and cost reductions to generate profitable operations. In the event that cash flow from operations, together with the proceeds from existing and any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations. These factors may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements could be required (see note 25).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 2. Statement of Compliance and Basis of Presentation

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### *Statement of Compliance*

The Company has prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on July 14, 2022.

### *Basis of Presentation*

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. All amounts in these consolidated financial statements are expressed in thousands of Canadian dollars, unless otherwise noted.

### *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Life Choices Natural Food Corp., 1706817 Ontario Ltd., The Everyday Fundraising Group, Grandview Farms Sales Ltd., Tend Botanicals Inc., Love Child (Brands) Inc., GSB Investment Corp., Central Roast Inc., 2047480 Ontario Inc. (formerly known as Nothing But Nature Inc.), GSB Beverage Inc., The Cold Press Corp., Roam Eggs Ltd. (formerly known as Rolling Meadows Dairy Ltd.) and Galaxy Nutritional Foods, Inc. from their respective dates of acquisition. All inter-company balances and transactions have been eliminated.

## 3. Significant Accounting Judgments, Estimates and Assumptions

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The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from these estimates. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements are:

*Goodwill impairment:* Goodwill is tested for impairment annually or more frequently if there is any indication of impairment. If the carrying amount of a goodwill exceeds its recoverable amount, the goodwill is impaired, and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss. The assessment of fair value requires the use of estimates and assumptions related to future operating performance and discount rates; differences in these estimates and assumptions could have a significant impact on the consolidated financial statements.

For the purpose of the annual impairment test, the Company applies the value in use method in completing its analysis. Using a five year (and related terminal value) discounted future cash flow model, the Company creates a range of outcomes in determining the recoverable amount. The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in margins.

*Expected credit loss:* Management assesses the credit worthiness and the financial position of all customers to arrive at and provide for an expected credit loss on receivables.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 3. Significant Accounting Judgments, Estimates and Assumptions - Continued

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#### *Determination of share-based payments*

The estimation of share-based payments (including warrants and stock options) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model most commonly used by the Company is the Black-Scholes valuation model at the date of the grant. However, when there is a presence of an accelerator attached to share-based payments issued, the Binomial valuation model is used. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of the Company's share price over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

*Determination of useful lives and residual values of long-lived assets:* Depreciation and amortization of property, plant and equipment, and definite lived intangible assets are dependent upon estimates of useful lives, residual values, and depreciation rates. The depreciation and amortization methods are judgments based on the Company's assessment of the pattern of use of the assets. The estimate of useful lives and residual values are based on the Company's intended use of the assets.

*Provisions for Inventory:* Management makes estimates of the future customer demand for the Company's products when establishing appropriate provisions for inventory. In making these estimates, management considers the product life of inventory and the profitability of recent sales of inventory. In many cases, the products sold by the Company turn over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. Management ensures that systems are in place to highlight and properly value inventory that may be approaching "best before" dates. To the extent that actual losses on inventory differ from those estimated, both inventory and net loss will be affected.

*Intangible assets valuation:* The values associated with intangible assets involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on definite life intangible assets recognized in future periods. The carrying value of intangible assets is reviewed each reporting period to determine whether there is any indication of impairment. The Company assesses impairment by comparing the recoverable amount of an intangible asset with its carrying value. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units ("CGUs"). The recoverable amount is defined as the higher of value in use, or fair value less costs of disposal. The determination of recoverable amount involves management estimates and determination of CGUs.

*Leases:* The Company exercises judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease-by-lease basis. The Company considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leaseholds, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if the Company is reasonably certain to exercise that option.

The critical assumptions and estimates used in determining the present value of future lease payments require the Company to estimate the incremental borrowing rate. Management determines the incremental borrowing rate on a weighted average basis of the Company's debt structure.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies

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The Company's accounting policies are consistently applied to all the periods presented unless otherwise noted below.

#### a) Revenue recognition

The Company recognizes gross revenue from the sale of goods when significant risks and rewards of ownership of the goods are transferred to the customer, it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably, which generally arises on delivery or in accordance with specific terms and conditions agreed with customers. Consideration given to customers such as value incentives, rebates, early payment discounts, one-time listing fees and other discounts are recorded as reductions in revenue.

The Company earns royalty revenue as a result of the January 31, 2019 sale of the Rolling Meadow Dairy brand and business to Organic Meadow Limited Partnership. The royalties are recognized on an accrual basis to other income and are measured in accordance with the substance of the asset purchase agreement.

#### b) Functional currency and foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each entity within the consolidated group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using the functional currency. All of the Company and its subsidiaries functional currency is Canadian dollar, except for Galaxy Nutritional Foods, Inc., which uses United States dollar as the functional currency.

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the consolidated statement of financial position date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in the consolidated statement of operations and comprehensive loss. Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial statements of subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollar as follows: all asset and liability accounts are translated at the reporting date exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income (loss) and recorded in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the statement of operations and comprehensive loss and recognized as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the reporting date rate.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss) in the translation reserve.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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#### c) Financial instruments

##### **Classification**

Classification determines how financial assets and financial liabilities are accounted for in consolidated financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 approach for the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements. The new model also results in a single impairment model being applied to all financial instruments.

##### **Financial Assets**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (loss) (“FVOCI”), and fair value through profit or loss (“FVTPL”).

##### *Financial assets at amortised cost*

The Company’s financial assets at amortised cost includes accounts receivable. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in operations when the asset is derecognised, modified or impaired.

##### *Financial assets designated as fair value through profit or loss*

Financial assets measured at FVTPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations and comprehensive loss.

##### *Fair value through other comprehensive income (loss)*

Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income (loss). Income arising in the form of interest, dividends, or similar, is recognized through profit and loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

##### **Financial Liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

##### **Other financial liabilities**

This category includes all other financial liabilities, all of which are recognized at amortized cost.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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#### Financial Instruments

The Company's classifies its financial instruments under IFRS 9 as follows:

	Classification	Measurement
<b>Financial Assets</b>		
Accounts receivables	Amortized cost	Amortized cost
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loans from related parties	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost
Long-term debt	Amortized cost	Amortized cost

#### Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses ("ECL") for accounts receivable based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the accounts receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Accounts receivable are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

For financial assets carried at amortized cost, the Company recognizes loss allowances for ECLs on such financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 36 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1), at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the accounts receivable to be in default if they are 60 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider, such as borrower specific information (i.e. change in credit assessment). Such factors include consideration relating to whether the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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Significant increases in credit risk are assessed based on changes in probability of default of a financial asset subsequent to initial recognition. The Company uses past due information to determine whether credit risk has increased significantly since initial recognition. Financial assets are considered to have experienced a significant increase in credit risk and are reclassified to Stage 2 if a contractual payment is more than 30 days past due as at the reporting date.

The Company defines default as the earlier of when a contractual loan payment is more than 60 days past due or when a loan becomes insolvent as a result of customer bankruptcy. Loans that have experienced a default event are considered to be credit-impaired and are reclassified as Stage 3 loans.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### d) Prepaid expenses

Prepaid expenses consist of prepaid rent, retainers paid with respect to professional services and prepayments made to certain suppliers of inventory and contract manufacturing services.

#### e) Inventory

Inventory comprising of raw materials, packaging materials and finished goods is valued at the lower of average cost and net realizable value. Net realizable value is the estimated selling price, in the ordinary course of business, less appropriate selling costs.



# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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f) Property, plant and equipment

Property, plant and equipment is recorded at cost. Depreciation is provided annually at rates and methods over their estimated useful lives as follows, except in the year of acquisition, when one half of the rate is used. Management reviews the estimates of useful lives of the assets every year and adjusts them on a prospective basis, if needed.

<b>Asset category</b>	<b>Depreciation method</b>	<b>Estimated useful life</b>
Printing and production plates	Declining balance	5 years
Furniture and equipment	Declining balance	5 years
Warehouse equipment	Declining balance	5 years
Computer equipment	Declining balance	3 years
Software	Declining balance	5 years
Leasehold improvement	Straight line	3 – 7 years
Fixtures at customer locations	Straight line	4 years
Design	Straight line	5 years

g) Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses (note 7). Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The amortization method estimated useful lives and residual values are reviewed each financial year-end or more frequently if required and are adjusted as appropriate.

A summary of useful lives is as follows:

Customer relationships	8 - 10 years
Brand	Indefinite
Product recipes	Indefinite
Non-compete agreement	3 years

Intangibles with indefinite useful lives are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangibles may be impaired.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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#### h) Accounting for business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of the assets transferred and liabilities assumed by the Company and liabilities incurred by the Company to former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs are recognized in the consolidated statement of operations as incurred. At the acquisition date, the identifiable assets acquired, liabilities and contingent liabilities assumed are recognized at their fair values, except for deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 Income taxes.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated statement of operations and comprehensive loss as a bargain purchase gain.

#### i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the statement of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect both accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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#### j) Loss per share

The loss per share calculation is based on the weighted average number of common shares issued and outstanding during the year. The diluted loss per share is calculated using the treasury stock method. The treasury stock method assumes that outstanding stock options, warrants, broker units and similar instruments with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the year.

The if-converted method, which applies to convertible securities, assumes that all such instruments have been converted in determining diluted earnings per share if they are in-the-money except where such conversion would be anti-dilutive. As at March 31, 2022 and 2021, potential dilutive instruments such as exercise of warrants, exercise of stock options, conversion of debt to equity that could potentially dilute basic loss per share in the future, were not included in the calculation of diluted loss per share because they are anti-dilutive as the Company is in a net loss position.

#### k) Stock-based compensation

The Company measures equity-settled stock-based payments to employees and others, providing similar services, at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is calculated using the Black-Scholes option valuation model and is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of equity instruments that will be expected to vest and is credited to contributed surplus.

#### l) Segment reporting

The Company's CEO was identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's management system.

The Company has determined that it only has one operating segment, which is creating natural food products and brands for sale into the Canadian and US natural food industry. For the years ending March 31, 2022 and 2021 the majority of the Company's assets and the Company's revenues were located and earned in Canada. For the year ended March 31, 2022, more than 10% (2021 – more than 10%) of revenue was earned in the US (note 19).

#### m) Leases

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are based on the term of the lease. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- i. fixed payments, including in-substance fixed payments
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- iii. amounts expected to be payable under a residual value guarantee; and
- iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the interest rate implicit in the lease. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Company presents ROU assets within property, plant and equipment and lease liabilities separately in the consolidated statements of financial position.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

#### n) Discontinued operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. In accordance with *IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"* ("IFRS 5"), discontinued operations are reported as a separate element of net income or loss on the consolidated statement of operations and comprehensive loss for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statement of financial position. Comparative periods are not restated on the consolidated statement of financial position. Assets held for sale are not depreciated and are measured at the lower of carrying value and fair value less costs to sell.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 4. Significant Accounting Policies - Continued

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o) Accounts receivable factoring

The Company has entered into a factoring with recourse assignment agreement effective September 22, 2020. The accounts receivable balances continue to be recognized in the Consolidated Statements of Financial Position. The Company retains the risks and rewards associated with the cash flows and the Company is continuously involved in the collection of the receivables (note 9). The amounts owed to the factor are recognized within loans payable in the Consolidated Statements of Financial Position (note 11). Any gains, losses or transaction costs associated to the factor are recognized in the Consolidated Statements of Operations and Comprehensive Loss.

p) Government grants

The Company classifies forgivable loans from government agencies as a government grant when there is reasonable assurance that the Company will meet the terms for forgiveness on the loan. If this threshold is not met, the Company classifies forgivable loans as loans payable.

Government grants and assistance are recognized as other income in the period where there is reasonable assurance that the grant or assistance has become receivable and all conditions, if any, have been or will be satisfied.

q) New accounting standards

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

r) Standards issued but not yet effective

*Classification of liabilities as current or non-current (Amendments to IAS 1)*

In January 2020, IASB issued Classification of Liabilities as “Current” or “Non-current”, which amends IAS 1. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

*Cost of Fulfilling a contract (Amendments to IAS 37)*

In May 2020, amendments to IAS 37, clarified which costs should be included in determining the cost of fulfilling a contract when assessing whether a contract is onerous. In assessing whether a contract is onerous, cost of fulfilling a contract comprise both of (i) incremental costs and (ii) an allocation of other direct costs. The amendments are effective for annual periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. Early adoption is permitted. The Company is still assessing the impact of adopting these amendments on its financial statements.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 5. Inventory

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Inventory consists of:

	<b>March 31</b>	March 31
	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Raw materials	<b>355</b>	852
Packaging	<b>1,413</b>	1,321
Finished goods	<b>1,944</b>	2,739
Provision for slow moving and obsolete inventories	<b>(224)</b>	(423)
<b>Total</b>	<b>3,488</b>	4,489

Included in cost of goods sold from continuing operations for the year ended March 31, 2022 is a provision for slow moving and obsolete inventories of \$691 (2021 – \$823). During the year ended March 31, 2022, within continuing operations, the Company disposed of \$728 of inventory (2021 - \$nil) which had been fully provided for and within discontinued operations, disposed of \$162 of inventory (2021 - \$nil) which had been fully provided for. Taken together, in the current year both inventory and the provision for slow moving and obsolete inventories declined by \$890 (2021 - \$nil) due to these disposals of previously provided for inventory.

The amount of inventory recognized as an expense in cost of goods sold for continuing operations was \$11,323 and in discontinued operations was (\$19) for the year ended March 31, 2022 (2021 – \$20,067 and \$3 respectively).

The amount of salaries recognized as an expense in cost of goods sold for continuing operations was \$33 for the year ended March 31, 2022 (2021 - \$126).

## GreenSpace Brands Inc

### Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 6. Property, Plant and Equipment

	Furniture and Equipment	Leasehold Improvements	Computer Equipment	Software	Fixture at Customer Locations	Printing and Production Plates	Warehouse Equipment	Design	Total
<b>Cost</b>									
Balance, March 31, 2020	189	411	289	32	210	261	669	33	2,094
Additions	-	-	-	-	-	-	-	4	4
Disposals	(2)	-	-	-	-	-	(1)	-	(3)
Impairment (note 7)	(3)	-	-	-	-	(11)	(88)	-	(102)
Balance, March 31, 2021	184	411	289	32	210	250	580	37	1,993
Additions	-	-	-	-	29	24	-	-	53
Disposals	(149)	(397)	(65)	(31)	(190)	(192)	(580)	-	(1,604)
<b>Balance, March 31, 2022</b>	<b>35</b>	<b>14</b>	<b>224</b>	<b>1</b>	<b>49</b>	<b>82</b>	<b>-</b>	<b>37</b>	<b>442</b>
<b>Accumulated Depreciation</b>									
Balance, March 31, 2020	133	328	276	31	210	207	454	31	1,670
Additions	31	83	13	-	-	41	105	6	279
Balance, March 31, 2021	164	411	289	31	210	248	559	37	1,949
Additions	9	-	-	-	1	2	21	-	33
Disposals	(139)	(397)	(65)	(30)	(190)	(190)	(580)	-	(1,591)
<b>Balance, March 31, 2022</b>	<b>34</b>	<b>14</b>	<b>224</b>	<b>1</b>	<b>21</b>	<b>60</b>	<b>-</b>	<b>37</b>	<b>391</b>
<b>Net Book Value</b>									
Balance, March 31, 2021	20	-	-	1	-	2	21	-	44
<b>Balance, March 31, 2022</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>51</b>

Depreciation expense charged to the consolidated statements of operations and comprehensive loss for the year ended March 31, 2022 was \$33 in continuing operations (2021 - \$279), and is included in general and administrative expenses.

During the year ended March 31, 2022, the Company disposed of \$13 (2021 - \$nil) of property, plant and equipment for proceeds of \$nil (2021 - \$nil), resulting in a loss of \$13 (2021 - \$nil) on the disposal of property, plant and equipment which is included in general and administrative expenses.

During the year ended March 31, 2022, the Company, in conjunction with its Project Fit restructuring initiative, recorded a restructuring gain on the disposal of certain fully-depreciated manufacturing equipment of its Central Roast operation in the amount of \$384 (see note 23).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 7. Intangible Assets and Goodwill

	Customer Relationships			Brand			Product Recipes		Non-Compete	Total			
	Love Child (Brands) Inc.	Central Roast Inc.	Galaxy Nutritional Foods, Inc.	Love Child (Brands) Inc.	Central Roast Inc.	Galaxy Nutritional Foods, Inc.	Love Child (Brands) Inc.	Galaxy Nutritional Foods, Inc.	Central Roast Inc.	Love Child (Brands) Inc.	Central Roast Inc.	Galaxy Nutritional Foods, Inc.	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>													
Balance, March 31, 2020	1,360	4,079	2,590	1,730	1,547	701	200	650	680	3,290	6,306	3,941	13,537
Impairment and write downs	-	(4,079)	(740)	-	(1,547)	(199)	-	(186)	(680)	-	(6,306)	(1,125)	(7,431)
Balance, March 31, 2021	1,360	-	1,850	1,730	-	502	200	464	-	3,290	-	2,816	6,106
Impairment and write downs	-	-	(1,850)	-	-	(502)	-	(464)	-	-	-	(2,816)	(2,816)
<b>Balance, March 31, 2022</b>	<b>1,360</b>	<b>-</b>	<b>-</b>	<b>1,730</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>3,290</b>	<b>-</b>	<b>-</b>	<b>3,290</b>

#### Accumulated Amortization

Balance, March 31, 2020	751	2,626	560	-	-	-	-	-	680	751	3,306	560	4,617
Additions	170	246	259	-	-	-	-	-	-	170	246	259	675
Impairment and write downs	-	(2,872)	(234)	-	-	-	-	-	(680)	-	(3,552)	(234)	(3,786)
Balance, March 31, 2021	921	-	585	-	-	-	-	-	-	921	-	585	1,506
Additions	170	-	185	-	-	-	-	-	-	170	-	185	355
Impairment and write downs	-	-	(770)	-	-	-	-	-	-	-	-	(770)	(770)
<b>Balance, March 31, 2022</b>	<b>1,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,091</b>	<b>-</b>	<b>-</b>	<b>1,091</b>

#### Net Book Value

Balance, March 31, 2021	439	-	1,265	1,730	-	502	200	464	-	2,369	-	2,231	4,600
<b>Balance, March 31, 2022</b>	<b>269</b>	<b>-</b>	<b>-</b>	<b>1,730</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>2,199</b>	<b>-</b>	<b>-</b>	<b>2,199</b>

Amortization expense charged to the consolidated statements of operations and comprehensive loss for the year ended March 31, 2022 was \$355 in continuing operations (2021 - \$675).



# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 7. Intangible Assets and Goodwill – Continued

At March 31, 2022 and 2021 the Company performed impairment testing that resulted in write-downs of goodwill and/or intangible assets of Love Child (Brands) Inc. and Galaxy Nutritional Foods, Inc. (2022) and of Galaxy Nutritional Foods, Inc. and Central Roast Inc. (2021).

Below is a continuity of goodwill for the years ended March 31, 2022 and 2021:

Balance, March 31, 2020	\$	9,286
Impairment of goodwill - Galaxy Nutritional Foods, Inc.		(6,346)
Balance, March 31, 2021	\$	2,940
Impairment of goodwill - Love Child (Brands) Inc.		(1,836)
<b>Balance, March 31, 2022</b>	<b>\$</b>	<b>1,104</b>

Goodwill by Cash Generating Unit:

	March 31, 2022	March 31, 2021
	\$	\$
Love Child (Brands) Inc.	1,104	2,940
Total goodwill	1,104	2,940

The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in margins. The values of these assumptions reflect past experience.

The after tax weighted average cost of capital was determined to be 17.7% (March 31, 2021 – 14.4% to 15.2%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on the Company's financing arrangements and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using rates of return derived from the Company's after-tax weighted average cost of capital considering specific risks related to each CGU. At March 31, 2022 the after-tax discount rate used in the recoverable amount calculations was 17.7% (March 31, 2021 – 14.4% to 15.2%). The pre-tax discount rate was 22.5% to 23.4% (March 31, 2021 – 19.1% to 20.2%).

The Company included five years of cash flows in its discounted cash flow models for each CGU, including revenue growth rates of (13.0%) to 45.0% (March 31, 2021 – (46%) to 50%). The cash flow models were extrapolated beyond five years using estimated average long-term growth rate of 2.3% to 2.9% (March 31, 2021 – 2.1% to 2.3%).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 7. Intangible Assets and Goodwill – Continued

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The Company did not complete impairment testing for Central Roast Inc. at March 31, 2022 as the CGU was fully impaired at March 31, 2021. Since the recoverable amount of the CGU was less than the carrying amount at March 31, 2021 the Company recorded impairments on: intangibles of \$2,754, property, plant and equipment of \$102, goodwill of \$nil, and right of use assets of \$nil.

The Company completed impairment testing for Galaxy Nutritional Foods, Inc. at March 31, 2022 and 2021. Since the recoverable amount of the CGU was less than the carrying amount in both years the Company recorded impairments on goodwill of \$nil (2021 – \$6,346) and on intangibles of \$2,046 (2021 – \$891).

The Company completed impairment testing for Love Child (Brands) Inc. at March 31, 2022 and 2021. Since the recoverable amount of the CGU was less than the carrying amount at March 31, 2022, the Company recorded impairments on goodwill of \$1,836 (2021 - \$nil).

A 1% change in the discount rate for Central Roast Inc. would change the impairment recorded by \$nil (March 31, 2021 – \$nil), Love Child (Brands) Inc. by \$271 (March 31, 2021 - \$nil) and Galaxy Nutritional Foods Inc. by \$nil (March 31, 2021 – \$217).

A 1% change in the growth rate for each forecasted year for Central Roast Inc. would change the impairment recorded by \$nil (March 31, 2021 - \$nil), Love Child (Brands) Inc. by \$419 (March 31, 2021 - \$nil) and Galaxy Nutritional Foods Inc. by \$nil (March 31, 2021 - \$538).

A 1% change in the forecasted working capital requirement for Central Roast Inc. would change the impairment recorded by \$nil (March 31, 2020 - \$nil), Love Child (Brands) Inc. by \$201 (March 31, 2021 - \$nil) and Galaxy Nutritional Foods Inc. by \$nil (March 31, 2021 - \$152).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 8. Leases

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The Company leases various properties under non-cancellable leases. These leases have varying terms, escalation clauses, renewal options and bases on which rent is payable.

On May 11, 2021 the Company entered into a warehouse lease surrender agreement and exited a long-term lease with an effective surrender and lease exit date of June 30, 2021. As a result, the Company generated a gain of \$859 and recorded it as a restructuring gain during the year ended March 31, 2022 for the disposal of its right-of-use asset and discharge of the associated lease liability (note 23).

On October 6, 2021, the Company entered into a lease agreement for administrative use office space commencing on November 1, 2021 for a 12-month term ending on October 31, 2022 that carries with it a 12-month renewal option expected to be exercised.

The following table reflects the continuity of cost and accumulated depreciation of the Company's right-of-use assets:

<b>Cost</b>	<b>\$</b>
Balance, March 31, 2020	800
Additions	35
Impairment	-
Balance, March 31, 2021	835
Additions	17
Impairment	-
Disposals	(835)
<b>Balance, March 31, 2022</b>	<b>17</b>
<b>Accumulated Depreciation</b>	<b>\$</b>
Balance, March 31, 2020	268
Additions	124
Impairment	-
Balance, March 31, 2021	392
Additions	40
Impairment	-
Disposals	(429)
<b>Balance, March 31, 2022</b>	<b>3</b>
<b>Net Book Value</b>	<b>\$</b>
Balance, March 31, 2021	443
<b>Balance, March 31, 2022</b>	<b>14</b>

The right-of-use amortization term remaining as at March 31, 2022 is 1-2 years.

## GreenSpace Brands Inc

### Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 8. Leases - Continued

Below is a continuity of the lease liabilities for the years ended March 31, 2022 and 2021:

	\$
Balance, March 31, 2020	1,474
Additions	35
Lease payments	(332)
Interest expense on lease payments	143
Balance, March 31, 2021	1,320
Additions	17
Lease payments	(92)
Interest expense on lease payments	34
Disposals	(1,265)
<b>Balance, March 31, 2022</b>	<b>14</b>

The weighted average incremental borrowing rate is 11.5% as at March 31, 2022. The weighted average lease term remaining as at March 31, 2022 is 1-2 years.

The total future minimum rental payable under the Company's leases as at March 31, 2022 are as follows:

<b>Future minimum lease payments</b>	\$
Due in less than 1 year	10
Due between 1 and 2 years	5
Due between 2 and 3 years	-
Due thereafter	-
Total lease payments	15
Amounts representing interest over the term of the leases	(1)
<b>Present value of minimum lease payments</b>	<b>14</b>

## 9. Accounts Receivable

	March 31, 2022	March 31, 2021
	\$	\$
Trade receivable	967	1,014
Trade receivable subject to factoring arrangement	1,639	3,047
Other receivable	77	93
Expected credit loss (note 17)	(592)	(1,233)
Total accounts receivable, net	2,091	2,921

## GreenSpace Brands Inc

### Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 9. Accounts Receivable - Continued

The carrying amounts of the accounts receivable include receivables which are subject to a factoring agreement (note 11(j)). Included in general and administrative expenses for the year ended March 31, 2022 is a recovery of expected credit losses from continuing operations of \$612 (2021 - \$299). During the year ended March 31, 2022, within discontinued operations, the Company wrote-off \$29 of accounts receivables (2021 - \$nil) which had been fully provided for within the expected credit loss provision. By doing so, trade receivables declined by \$29 which also resulted in a \$29 (2021 - \$nil) reduction in the expected credit loss provision.

## 10. Accounts Payable and Accrued Liabilities

	March 31, 2022	March 31, 2021
	\$	\$
Trade payables	1,539	4,292
Accrued liabilities	1,021	2,040
Accrued wages and benefits	37	12
Total	2,597	6,344

Accrued liabilities include accruals for professional fees.

## 11. Loans Payable

	Note Reference	March 31, 2022	March 31, 2021
		\$	\$
Convertible debentures issued to Emblem Corp, maturing August 9, 2023	(e)	1,174	1,008
Primary Capital financing, maturing October 01, 2022	(f)	214	1,151
MW1 LLC - Galaxy VTB, maturing September 30, 2022	(g)	9,408	9,102
Pivot Term Loan, maturing September 30, 2022	(i)	4,933	3,363
Pivot Factor Facility, maturing September 30, 2022	(j)	1,207	1,982
		16,936	16,606
Less amounts due within one year		15,762	15,599
Loans payable - non-current		1,174	1,007

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable - Continued

The changes in the carrying value of loans and borrowing are as follows:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, March 31, 2020	30	13	75	3,927	874	734	-	-	-	-	-	5,653
Additions from related party loans (note 13)	-	-	-	-	-	-	9,040	-	-	-	-	9,040
Additions	-	-	-	-	-	-	-	266	40	3,500	11,662	15,468
Transaction costs	-	-	-	-	-	-	-	-	-	(270)	-	(270)
Transfer from accrued liabilities	-	-	-	-	-	102	-	-	-	-	-	102
Interest expense	-	-	-	426	98	315	1,141	-	-	256	191	2,427
Repayment	(30)	(13)	(75)	(4,353)	-	-	-	-	(30)	(256)	(9,871)	(14,628)
Forgiveness	-	-	-	-	-	-	-	(246)	(10)	-	-	(256)
Accretion	-	-	-	-	36	-	-	-	-	133	-	169
Foreign exchange	-	-	-	-	-	-	(1,079)	(20)	-	-	-	(1,099)
Balance, March 31, 2021	-	-	-	-	1,008	1,151	9,102	-	-	3,363	1,982	16,606
Transfer to related party loans (note 13)	-	-	-	-	-	(1,031)	-	-	-	-	-	(1,031)
Additions	-	-	-	-	-	-	-	-	-	1,500	12,419	13,919
Transaction costs	-	-	-	-	-	-	-	-	-	(125)	-	(125)
Interest expense	-	-	-	-	60	94	1,208	-	-	595	297	2,254
Repayment	-	-	-	-	-	-	(400)	-	-	(595)	(13,491)	(14,486)
Accretion	-	-	-	-	106	-	1,121	-	-	195	-	1,422
Foreign exchange	-	-	-	-	-	-	(1,288)	-	-	-	-	(1,288)
Gain on loan modification	-	-	-	-	-	-	(335)	-	-	-	-	(335)
<b>Balance, March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,174</b>	<b>214</b>	<b>9,408</b>	<b>-</b>	<b>-</b>	<b>4,933</b>	<b>1,207</b>	<b>16,936</b>

**a) BDC Loans**

The BDC loan was for \$100 bearing interest at BDC's floating base rate plus 3% per annum, blended principal and interest payable monthly and the loan was scheduled to mature on February 23, 2022. On September 22, 2020 the BDC loan was fully repaid which has removed the associated personal guarantee from the Company's former Chief Executive Officer ("CEO"). (See note 13(c))

**b) TD Equipment Finance**

As part of the acquisition of Central Roast, the Company retained a leasing loan agreement with TD Equipment Finance. The machinery lease contract was repayable in monthly instalments of \$3, including interest calculated at 3.85% and was fully repaid when it matured on August 15, 2020.

**c) TD Term Loan**

To finance the acquisition of an HVAC system at the former Central Roast warehouse, the Company entered into a term loan with TD for \$300. The term loan was repayable in monthly principal instalments of \$8, plus interest calculated at prime plus 1% and was due to mature in December 2020. On September 22, 2020 the remaining balance was fully repaid.

**d) TD ABL Financing**

On October 7, 2016, the Company finalized the terms on a \$7,500 revolving senior secured asset-based lending facility with The Toronto-Dominion Bank ("ABL Facility"). The ABL Facility had a three-year term and bore interest at bank prime plus 3%.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable - Continued

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The Company incurred a total of \$100 in transaction costs related to the ABL Facility. All transaction costs were amortized to net loss as accretion expense over the three-year term. The maximum availability under the ABL facility was subject to a borrowing base calculation determined as a percentage of the Company's accounts receivable, inventory less priority payables and availability reserves.

After closing the ABL Facility, the Company refinanced the majority of its short-term loan obligations under a long-term, cost-effective borrowing facility. The remaining initial proceeds from the new ABL Facility were used to finance working capital.

During the year ended March 31, 2018, the ABL Facility revolving commitment increased from \$7,500 to \$10,000 upon inclusion of assets from The Cold Press Corp., and from \$10,000 to \$12,000 upon inclusion of assets from Galaxy Nutritional Foods, Inc. In May 2018, the revolving commitment increased from \$12,000 to \$13,000. In August 2019, the revolving commitment decreased to \$8,000. In October 2019, the ABL Facility was extended until February 28, 2020. In February 2020, the ABL Facility was extended until June 30, 2020 and was presented as current as the bank had not formally extended the ABL facility beyond that date.

The ABL Facility was secured by substantially all of the assets of the Company and contained a standard fixed charge coverage financial covenant of 1.1:1. Effective March 31, 2017, the fixed charge coverage covenant was amended to allow the Company to add back unfinanced capital expenditures, debt repayments or listing fees that were financed with equity in calculating the covenant. On September 22, 2020 the ABL Facility was fully repaid.

#### e) Convertible Debentures

On August 9, 2018, the Company issued \$1,000 in principal amount of unsecured convertible debentures in conjunction with its partnership with Emblem Corp. The debentures, which mature on August 9, 2023, were without interest in the first year of the term and thereafter bear interest at 6% per annum which is due the earlier of conversion date or maturity. The debentures will automatically convert into common shares of the Company upon satisfaction of certain conditions (each, "Milestone" assigned \$500 in principal) at a conversion price equal to the lesser of: (i) \$1.05 and (ii) the twenty (20) day volume-weighted average price of the common shares on the date the applicable Milestone is achieved, provided that the conversion price shall not be less than \$0.94 and that the automatic conversion will be deferred if the market price is less than \$0.752 on the day immediately prior to the date the Milestone is met. Milestone 1 represents commercialization of any cannabis CBD, hemp CBD and hemp non-CBD products. Milestone 2 represents the point in time where the total cumulative sales from the products described in milestone 1 reach \$5,000. The conversion feature was recorded as a derivative liability. As at March 31, 2022 the derivative liability had a fair value of \$nil as measured with the Monte Carlo valuation model assuming: share price 0.045, exercise price \$0.94, risk-free rate of 1.49%, expected life of 1-2 years and a volatility of 26.9% (2021 - \$nil). During the year ended March 31, 2020 it was determined that the Company had a nil% probability of meeting the expected conversion date for Milestone 1 (September 30, 2019) and Milestone 2 (September 30, 2022) reducing the fair value to \$nil. As of March 31, 2022 the Company's expectations of conversion have not changed.

During the year ended March 31, 2022, the Company recorded accretion expense of \$106 (2021 - \$36) and interest of \$60 (2021 - \$98), with a corresponding increase in the amount of this convertible debenture.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable - Continued

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*f) Primary Capital Financing*

On December 24, 2018, the Company entered into a loan agreement with Primary Capital Inc. ("Primary") as administrative and collateral agent for a syndicate of lenders, providing for a \$4,000 term debt facility, comprising an initial principal amount of \$2,000, before transaction costs, and two additional standby tranches of \$1,000 each. In connection with the loan, the Company agreed to issue common shares to the lenders. As of March 31, 2020, the Company had received the initial principal of \$2,000 and two additional draws of \$1,000 each.

The terms of the original loan allowed the Company to prepay at any time at the option of the Company without penalty or premium. The loan carries an initial coupon of 1% per month, increasing to 1.5% per month after six months or if the first \$1,000 on standby was advanced. Once the second \$1,000 was advanced, the interest rate increased to 2% per month. The Loan carried an equity incentive of 346,667 shares to be issued to the lenders upon advance of the initial principal amount, an additional 160,000 shares to be issued to the lenders upon advance of each standby tranche, and 346,666 shares to be issued to the lenders six months after advance of the initial principal amount if any amounts remained outstanding under the loan.

The loan matured on December 24, 2019 and was extended to December 23, 2020 on February 18, 2020. As part of this extension, the holder agreed and converted approximately \$3,563 of debt (\$3,266) and interest (\$297) into equity on March 12, 2020 with 54,821,832 shares issued, leaving approximately \$734 in debt at a 12% coupon rate at March 31, 2020. Under the terms of the extension, the Company may prepay any portion of the debt without notice, penalty or bonus at any time, however, 10% of the debt was due in June 2020 but this payment was not made. Further to a review of the extensions, accrued interest recorded in accounts payable and accrued liabilities has been capitalized to the loan balance such that the loan balance inclusive of capitalized interest was \$964 at June 30, 2020.

On September 18, 2020, the Company entered into an agreement with Primary (the "Primary Amending Agreement") whereby the terms of the Primary loan were amended to extend the maturity date to September 23, 2021 and require a 10% prepayment of the then outstanding indebtedness owing by January 4, 2021. The Primary Amending Agreement further provided that the consideration for these extensions was as follows: (i) the Company shall pay to Primary an extension fee in the amount of \$57 (which shall be added to the total indebtedness of the Primary loan); (ii) the Company shall pay an additional extension fee in the amount of \$19 (which shall be added to the total indebtedness of the Primary loan) in the event that the Company fails to make a 10% prepayment of the outstanding amount of the Primary loan by January 4, 2021; and (iii) at Primary's option, the Company shall pay to Primary an additional extension fee in the amount of \$38 (which shall be added to the total indebtedness of the Primary loan) to be paid only in the event that the Company fails to repay the remaining principal and interest remaining on the Primary loan, in full, by September 23, 2021. In the event that this final extension fee is paid, the maturity date of the Primary loan shall be extended for an additional year on the same terms and conditions.

On September 18, 2020, as required by the Primary Amending Agreement the Company capitalized \$57 to the total indebtedness owed to Primary with a corresponding charge to interest expense.

On January 4, 2021, as required by the Primary Amending Agreement the Company capitalized \$19 to the total indebtedness owed to Primary with a corresponding charge to interest expense.

During the year ended March 31, 2022, the Company recorded interest expense of \$94 (2021 - \$315), with a corresponding increase in the total indebtedness under this facility.



# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable – Continued

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On September 22, 2021, the Company entered into an agreement with Primary (the “2021 Primary Amending Agreement”) whereby the terms of the Primary Amending Agreement were amended to extend the maturity date to be one day following the date on which all obligations are repaid in full to Pivot Financial Inc. In consideration for the extension, the Company has agreed to provide Primary with financial updates, both statutory financial statement updates and performance against plan financial updates, each fiscal quarter. The extension further provides that should the Company not repay the outstanding amount owing to Primary on or before the extended maturity date, the annual interest rate will increase to 18%.

On September 23, 2021, as required by the Primary Amending Agreement the Company capitalized \$38 to the total indebtedness owed to Primary with a corresponding charge to interest expense.

On October 8, 2021, Pender Growth Fund Inc. (“Pender”), a significant shareholder acquired a portion of the Primary loan. As a result of this transaction, Pender purchased \$1,031 of assignment rights and interest within the Primary loan which has been reclassified as a loan from a related party (note 13(a)).

g) **MW1 LLC – Galaxy Vendor Take Back (“Galaxy VTB”)**

The Galaxy VTB of \$9,831 (March 31, 2021 - \$9,102), previously a related party loan (note 13) has a total outstanding amount of USD \$7,867 (March 31, 2021 – USD \$7,238) bearing interest at a rate of 8.5% per annum until July 1, 2019 and 12% thereafter. The loan matured on January 24, 2020 and was extended to December 23, 2020. Under the terms of the extension, the Company may prepay any portion of the debt without notice, penalty or bonus, at any time, however, 10% of the debt was due in June 2020 but was not paid.

On September 22, 2020, the Company entered into an agreement with the lender, MW1 LLC (the “VTB Amending Agreement”) which amended the terms of the Galaxy VTB to extend the maturity date to September 23, 2021 and require a 10% prepayment of the then outstanding indebtedness owing by January 4, 2021. In consideration for the extension (i) the Company issued to MW1 LLC 8,333,334 Common Shares at C\$0.06 per Common Share; (ii) the Company shall issue to MW1 LLC 2,777,784 Common Shares at C\$0.06 per Common Share, such Common Shares to be issued only in the event that the Company fails to make a 10% prepayment of the then outstanding indebtedness owing by January 5, 2021; and (iii) at MW1 LLC’s option, the Company shall issue to MW1 LLC 5,555,550 Common Shares at C\$0.06 per Common Share, such Common Shares to be issued only in the event that the Company fails to repay the remaining principal and interest remaining on the Galaxy VTB, in full, by the amended maturity date. In the event that this final extension fee is paid, the maturity date of the Galaxy VTB shall be extended for an additional year on the same terms and conditions.

On October 30, 2020, as required by the VTB Amending Agreement the Company issued 8,333,334 common shares to MW1 LLC at \$0.06 per share for a total consideration of \$500 recorded as interest expense. The fair market value as represented by the closing price of the common shares of the Company on October 30, 2020, was \$0.045 per share, resulting in a \$125 gain which was recorded as other income for the issuance of shares for the modification of the Galaxy VTB.

On January 5, 2021, as required by the VTB Amending Agreement the Company issued 2,777,784 common shares to MW1 LLC at \$0.06 per share for a total consideration of \$167 recorded as interest expense. The fair market value as represented by the closing price of the common shares of the Company on January 5, 2021, was \$0.07 per share, resulting in a \$28 loss which was recorded to other expense on the issuance for shares for the modification of the Galaxy VTB.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable - Continued

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On September 9, 2021, the Company entered into an agreement with the lender, MW1 LLC (the “2021 VTB Amending Agreement”) which amended the terms of the VTB Amending Agreement to extend the maturity date to September 30, 2022 and may require prepayment conditions (i) if the net cash proceeds of the Offering (as defined hereunder (see note 12(iii))) are in excess of \$2,250, the Company may, at MW1 LLC’s option, make a prepayment equal to the portion of net cash proceeds received that are in excess of \$2,100 or any lesser agreed upon amount; (ii) on or before February 28, 2022, the Company shall make an additional prepayment equal to the lesser of: (a) \$1,500 less the amount of any prepayment made pursuant to (i) above; and (b) the amount permitted to be paid pursuant to the subordination agreement with Pivot Financial Inc. If the Company does not prepay, in the aggregate, a minimum of \$1,500, the Company shall pay to MW1 LLC a fee equal to 1% of the then outstanding loan balance to MW1 LLC, to be reduced pro rata by amounts prepaid in (i) and (ii) above, and (iii) on or before the earlier of: (a) the issuance of the Company’s year ending March 31, 2022 audited financial statements; and (b) July 31, 2022, the Company shall make an additional prepayment equal to the lesser of: (a) \$1,500 less the amount of any prepayment made pursuant to (i) and (ii) above; and (b) the amount permitted to be paid pursuant to the subordination agreement with Pivot Financial Inc. If the Company does not prepay, in the aggregate, a minimum of \$1,500, the Company shall pay to MW1 LLC a fee equal to 1% of the then outstanding loan balance to MW1 LLC, to be reduced pro rata by amounts prepaid in (i) and (ii) and (iii). At March 31, 2022, this loan modification resulted in a foreign exchange gain of \$1,223, accretion expense of \$1,121, interest expense of \$14 and a gain on modification of \$335.

On October 18, 2021, as required by the VTB Amending Agreement the Company issued 5,555,550 common shares to MW1 LLC at \$0.06 per share for a total consideration of \$333, which was recorded as interest expense. 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, resulting in a \$56 loss, which was recorded to other expense on the issuance for shares for the modification of the Galaxy VTB.

On November 01, 2021, as required by the 2021 VTB Amending Agreement the Company remitted an amount equivalent to \$400 converted into USD \$323 for a principal prepayment towards the Galaxy VTB relating to the net cash proceeds option exercised by MW1 LLC.

As of March 31, 2022, the Company recorded an accrued liability of \$74 as interest expense for the expected consideration owed as it relates to the fee for not prepaying the aggregate \$1,500 required in the 2021 VTB Amending Agreement.

During the year ended March 31, 2022, the Company recorded interest expense of \$1,194 (2021 - \$1,141) with a corresponding increase in the total indebtedness under this facility.

#### ***h) Cares Act SBA US loan***

On May 1, 2020, the Company applied through Bank of America, for and received a USD \$195 loan under the United States Paycheck Protection Program (“PPP”). Under the terms of agreement, the loan is subject to interest at 1% per annum after six months. The Company may apply for the loan to be fully forgiven any time after July 1, 2020 and up to ten months after the covered period where by 75% of the loan is used for qualifying expenses. The loan is repayable on May 1, 2022 if forgiveness is not granted.

On March 15, 2021, the Company applied for forgiveness for the full amount of this loan. As of March 31, 2021, the application for forgiveness was still being reviewed by the SBA and forgiveness not yet granted. On July 14, 2021, the loan was fully forgiven and the loan settled.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable – Continued

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i) **Canadian Emergency Business Account (CEBA) Loan**

In April 2020, the Company applied for and received a \$40 loan under the Canadian Emergency Business Account (“CEBA”). Under the terms of the agreement the loan is interest free during the initial term and 5% thereafter. The initial term ends December 31, 2022 and the extended term ends December 31, 2025. If the Company repays the loan on or before December 31, 2022, 25% (\$10) will be forgiven.

On March 18, 2021, the Company repaid 75% (\$30). As of March 31, 2021 the remaining balance was 25% (\$10) of the original loan and forgiveness was recorded. On April 14, 2021 formal notification of this forgiveness was received by the Company.

j) **Pivot Term Loan**

On September 22, 2020, the Company entered into a \$3,500 non-revolving term loan (the “Pivot Term Loan”) facility with Pivot Financial Inc. which was drawn down in full on September 22, 2020. The facility bears interest

at 14% per annum, compounded daily and payable monthly with a maturity date of September 22, 2021. The Company incurred \$270 of transaction costs for the issuance of the facility.

Under the terms of the facility, the Company may, at any time before maturity, request an extension from the lender provided that no default or event of default has occurred and is continuing. If an extension is requested, the lender, in its sole discretion, can grant it at an interest rate and duration of their choosing. If extension occurs, the Company will pay the lender 1% (plus HST) of the principal outstanding on or before the extension date. The Company may, after six-months from September 22, 2020, repay to the lender the whole or any part of the outstanding amounts owed (not less than \$50), including interest. If prepayment occurred anytime after six-months but before nine-months from September 22, 2020, the Company would have been required to pay the lender a prepayment fee of 5.0% of the amount being repaid. If prepayment occurred prior to nine-months from September 22, 2020, the Company would have been required to pay the lender a prepayment fee of 2.5% of the amount being repaid. The Pivot Term Loan is secured by substantially all of the assets of the Company, has additional debt restrictions and contains a fixed charge coverage financial covenant of 1:1 which was to be first applied for the Company’s quarter ended December 31, 2020 and builds thereafter each quarter, becoming a rolling 12-month covenant.

On January 7, 2021, the Company entered into an amending agreement with Pivot Financial Inc, whereby the date at which the fixed coverage financial covenant of 1:1 is first applied was modified to the Company’s quarter ended June 30, 2021.

On May 25, 2021, the Company entered into an amending agreement with Pivot Financial Inc whereby the fixed coverage financial covenant of 1:1 was removed.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 11. Loans Payable – Continued

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On September 9, 2021, the Company entered into an agreement with the lender, Pivot Financial Inc (the “Pivot Term Loan Amending Agreement”) which amended the terms of the Pivot Term Loan to extend the maturity date to September 30, 2022 and allow certain prepayments to be made towards MW1 LLC, not to exceed \$1,500, if certain earnings and liquidity milestones are reached based on the Company’s consolidated financial statements for the three-month period ended December 31, 2021 and the audited consolidated financial statements for the three-month period ending March 31, 2022. The Pivot Term Loan Amending Agreement also expands the existing credit limit to \$5,000 and requires a Fixed Charge Coverage Ratio of 1:1 as tested at the end of each fiscal quarter (on a building basis), with the first test occurring March 31, 2022 and leading to a six-month trailing test occurring June 30, 2022. (See note 25). In consideration for the extension the Company incurred \$100 of renewal fees that were settled by a September 28, 2021 issuance of 1,428,572 common shares at an exercise price of \$0.07, incurring \$1 of transaction costs. The fair market value as represented by the closing price of the common shares of the Company on September 28, 2021, was \$0.065 per share for a \$7 gain recorded to other income for the issuance of shares to settle liabilities. In addition to the share consideration mentioned above, other transaction costs incurred relating to the modification of the Pivot Term Loan amounted to \$25.

On October 1, 2021, the Company increased the Pivot Term Loan to reach the expanded \$5,000 credit limit by way of a single drawdown in the amount of \$1,500.

During the year ended March 31, 2022, the Company released total transaction costs of \$195, recognized as accretion expense (2021 - \$133). During the year ended March 31, 2022, the Company paid interest expense of \$595 (2021 - \$256).

#### ***k) Pivot Factor Facility***

On September 22, 2020, the Company entered into a factoring facility (the “Pivot Factor Facility”) under which certain accounts receivable may be assigned to the lender for a price consisting of the face value of the account less a fee of 1.0% provided the balance is paid within the first thirty days after it was assigned to the lender. After thirty days the fee increases by 0.033% for each day the account remains outstanding. The specified trade receivables are pledged as security for the arrangement with full recourse against the Company and are subject to a purchase limit of \$4,000, a reserve holdback of 25% and a repurchase requirement for unpaid invoices greater than 90 days.

On May 25, 2021, the Company entered into an amending agreement with Pivot Financial Inc, whereby the purchase limit was increased from \$4,000 to \$5,250 and the repurchase requirement changed from 90 days to 120 days.

On September 9, 2021, the Company entered into an amending agreement with Pivot Financial Inc, whereby the maturity date was extended to September 30, 2022.

During the year ended March 31, 2022, the Company incurred and paid interest expense of \$297 (2021 - \$191).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 12. Share Capital

(a) Authorized: Unlimited number of common shares

	Number	Amount \$
Balance, March 31, 2020	231,333,134	78,845
Share issuance to settle liabilities (note 11(g))	11,111,118	566
Share issuance, net ((i) and (ii))	202,630,714	9,292
Balance, March 31, 2021	445,074,966	88,703
Share issuance costs (iii)	-	27
Share issuance to settle liabilities ((iv) and note 11(g) and (j))	16,362,316	1,181
Share issuance, net (v)	47,955,000	2,375
<b>Balance, March 31, 2022</b>	<b>509,392,282</b>	<b>92,286</b>

- i) On December 23, 2020 the Company closed a private placement financing of 150,000,000 units at a price of \$0.05 per unit (the “Offering Price”) for gross proceeds of \$7,500 (the “Offering”). The Company intends to use the net proceeds of the Offering for working capital and general corporate purposes.

Each unit consists of one common share in the capital of the Company and one common share purchase warrant (a “Warrant”). Each Warrant will be exercisable to acquire one common share at an exercise price of \$0.08 (the “Exercise Price”) for a period of 24 months from the closing of the Offering (the “Expiry Date”), subject to acceleration provisions. Each warrant has a relative fair value of \$0.0037 measured with the binomial model assuming: share price of \$0.07, exercise price of \$0.08, risk-free interest rate of 0.28%, expected life of 1-2 years and volatility of 22.5%. If at any time between the date that is four months and one day from the closing of the Offering and the Expiry Date, the daily volume weighted average trading price of the common shares on the TSX Venture Exchange is greater than \$0.15 for the preceding ten consecutive trading days, the Company has the option to accelerate the exercise of the Warrants at the Exercise Price by delivering a notice to holders of the Warrants. In such instance, the Warrants will be exercisable until not-less than the 30th day following the delivery of the Acceleration Notice.

The Offering was made through a syndicate of agents led by PI Financial Corp., and including Canaccord Genuity Corp. and Richardson Wealth Limited (collectively, the “Agents”). In connection with the Offering, the Agents received, as compensation: (i) cash commission of \$187; (ii) an aggregate of 3,345,000 Units (in lieu of cash consideration amounting to \$167); and (iii) 7,084,880 non-transferrable broker warrants exercisable at any time between the date that is four months and one day from the closing of the Offering to 18 months from the closing of the Offering to acquire an aggregate of 7,084,880 common shares at an exercise price of \$0.05. Broker warrants are measured at the date of grant using the Black-Scholes pricing model and are recognized in contributed surplus. The fair value of the broker warrants was calculated based on the fair value of the equity instruments issued as the value of the services provided could not be reliably measured. All securities issued or issuable under the Offering will be subject to a statutory hold period lasting four months and one day following the closing of the Offering. In addition to the cash commission mentioned above, other expenses incurred relating to the issuance of shares amounted to \$225.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 12. Share Capital - Continued

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- ii) On March 30, 2021 the Company closed a private placement financing of 49,285,714 units at a price of \$0.07 per unit (the "Offering Price") for gross proceeds of \$3,450 (the "Offering"). The Company intends to use the net proceeds of the Offering for working capital and general corporate purposes. Each Unit consists of one common share in the capital of the Company ("Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder of the Warrant to purchase one Common Share for \$0.10 (the "Exercise Price") for up to 24 months from the date of issuance thereof (the "Expiry Date"), subject to acceleration provisions. Each warrant has a relative fair value of \$0.0073 measured with the binomial model assuming: share price of \$0.085, exercise price of \$0.10, risk-free interest rate of 0.28%, expected life of 1-2 years and volatility of 24.5%. If at any time between the date that is four months and one day from the date of issuance thereof and the Expiry Date, the daily volume weighted average price of the Common Shares on the TSX Venture Exchange is greater than \$0.20 for ten consecutive trading days, then the Company shall have the option to accelerate the expiry of the Warrants by delivering a notice to holders of the Warrants (the "Acceleration Notice"). In such instance, the Warrants will be exercisable only until the 30th day following the delivery of the Acceleration Notice.

The Offering was made through a syndicate of agents led by Canaccord Genuity Corp. and including PI Financial Corp. and Richardson Wealth Limited (collectively, the "Agents"). In connection with the Offering, the Agents received, as compensation: (i) cash commission of \$217,500; and (ii) 3,107,143 non-transferrable broker warrants exercisable at \$0.07 per Common Share until the day that is 18 months from the closing date to acquire an aggregate of 3,107,143 Common Shares. Each broker warrant has a fair value of \$0.0193 as measured with the Black-Scholes pricing model assuming: share price of \$0.085, exercise price of \$0.07, risk-free interest rate of 0.23%, expected life of 1-2 years and volatility of 37.3%. The fair value of the broker warrants was calculated based on the fair value of the equity instruments issued as the value of the services provided could not be reliably measured. All securities issued or issuable under the Offering will be subject to a statutory hold period of four months plus one day from the closing date in accordance with applicable securities legislation.

In addition to the cash commission mentioned above, other expenses incurred relating to the issuance of shares amounted to \$215.

- iii) On June 30, 2021 the Company received discounts for historical services rendered from a third-party service provider. Of the discounts received, \$27 relate to costs previously charged to share capital.
- iv) On August 23, 2021, as required by the June 30, 2021 settlement of liabilities agreement, the Company issued 9,378,194 common shares, incurring \$3 of transaction costs, to a third-party service provider to settle \$656 of liabilities. The fair market value as represented by the closing price of the common shares of the Company on August 23, 2021, was \$0.075 per share. The shares had a deemed value of \$0.07 per share for a \$47 loss recorded to other expense. The securities issued under the transaction are all subject to a statutory hold period lasting four-months and one day from the date of issuance.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 12. Share Capital - Continued

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- v) On September 28, 2021, the Company closed a private placement financing of 47,955,000 units at a price of \$0.06 per unit (the “Offering Price”) for gross proceeds of \$2,877 (the “Offering”). The Company intends to use the net proceeds of the Offering for working capital, investments in innovation, geographic and channel expansion, and general corporate purposes.

Each unit consists of one common share in the capital of the Company and one-half common share purchase warrant (each whole warrant a “Warrant”). Each Warrant will be exercisable to acquire one common share at an exercise price of \$0.09 (the “Exercise Price”) for a period of 24 months from the closing of the Offering (the “Expiry Date”). Each warrant has a relative fair value of \$0.0066 measured using the Black-Scholes pricing model assuming: share price of \$0.065, exercise price of \$0.09, risk-free interest rate of 0.42%, expected life of 1-2 years and volatility of 37.1%.

The Offering was made through lead underwriter PI Financial Corp., and Canaccord Genuity Corp. (collectively, the “Agents”). In connection with the Offering, the Agents received, as compensation: (i) cash commission of \$164; and (ii) 2,728,050 non-transferrable broker warrants exercisable at any time between the date that is four months and one day from the closing of the Offering to 18 months from the closing of the Offering to acquire an aggregate of 2,728,050 common shares in the capital of the Company. Each broker warrant has a fair value of \$0.0131 as measured using the Black-Scholes pricing model assuming: share price of \$0.065, exercise price of \$0.06, risk-free interest rate of 0.42%, expected life of 1-2 years and volatility of 33.7%. The fair value of the broker warrants was calculated based on the fair value of the equity instruments issued as the value of the services provided could not be reliably measured. All securities issued or issuable under the Offering will be subject to a statutory hold period lasting four months and one day following the closing of the Offering.

In addition to the cash commission mentioned above, other expenses incurred relating to the issuance of shares amounted to \$223.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 12. Share Capital - Continued

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(b) Stock options:

The Company has established a stock option plan for its employees, directors, officers and technical consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares of the Company. The exercise price of each option granted under the plan shall be determined by the Company's Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire one year after termination of employment but only to the extent that such options have vested as at the termination date. During the year ended March 31, 2021, the expiration period was noted to be one year (2020 – 90 days) and as a result 105,793 stock options which were previously deemed to be expired or forfeited have been reinstated.

Upon death, the vested options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Company entering into a Qualifying Transaction will be subject to escrow restrictions.

The following table reflects the continuity of stock options:

	Number of Stock Options	Range of Exercise Price (\$)	Weighted Average Exercise Price (\$)
Balance, March 31, 2020	1,029,376	0.14 – 1.34	0.73
Granted	17,942,014	0.06 – 0.06	0.04
Expired	(22,008)	0.34 – 1.02	0.70
Forfeited	(243,081)	0.06 – 0.27	0.20
Balance, March 31, 2021	18,706,301	0.06 – 1.34	0.09
Granted	10,850,007	0.06 – 0.07	0.07
Expired	(451,943)	0.27 – 1.34	0.93
Forfeited	(4,715,249)	0.06 – 1.06	0.07
<b>Balance, March 31, 2022</b>	<b>24,389,116</b>	<b>0.06 – 1.34</b>	<b>0.07</b>

On September 15, 2021, the Company issued 10,350,003 incentive stock options to Officers of the Company, convertible to 10,350,003 common shares of the Company at an exercise price of \$0.065 per stock option.

On September 15, 2021, the Company issued a further 250,002 incentive stock options to employees, convertible to 250,002 common shares of the Company at an exercise price of \$0.065 per stock option.

On November 30, 2021, the Company issued 250,002 incentive stock options to employees, convertible to 250,002 common shares of the Company at an exercise price of \$0.07 per stock option.

As of March 31, 2022, the Company had 24,389,116 stock options outstanding, convertible into 24,389,116 common shares of the Company.



## GreenSpace Brands Inc

### Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 12. Share Capital - Continued

The fair value of each tranche is measured at the date of grant using the Black-Scholes pricing model. The model inputs for options granted during the years ended March 31, 2022 and 2021 were as follows:

### 2022

Options	Grant date	Share price \$	Exercise price \$	Risk-free interest rate %	Expected life (years)	Volatility factor	Fair Value \$
10,600,005	09/15/2021	0.065	0.065	1.15%	5 – 6	44.9%	0.03
250,002	11/30/2021	0.07	0.07	1.54%	5 – 6	38.3%	0.03

### 2021

Options	Grant date	Share price \$	Exercise price \$	Risk-free interest rate %	Expected life (years)	Volatility factor	Fair Value \$
2,442,000	11/30/2020	0.05	0.06	0.50%	6	49.6%	0.02
15,500,014	12/11/2020	0.06	0.06	0.60%	5 – 6	49.3%	0.03

Volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading history and volatility history. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

This calculation resulted in a charge to the consolidated statement of operations and comprehensive loss of \$265 (2021 – \$171) with the offset recorded in contributed surplus on the consolidated statements of changes in shareholders' equity.

The following table summarizes the outstanding and exercisable options held by directors, officers and employees as of March 31, 2022 and 2021:

### 2022

Exercise Price Range (\$)	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Vested Options	Weighted Average Exercise Price (\$)
0.06 - 0.54	21,687,939	9.08	0.06	5,616,506	0.06
0.54 - 0.94	36,000	6.32	0.94	21,600	0.94
0.94 - 1.34	63,663	4.68	1.03	58,933	1.02
	21,787,602	9.07	0.07	5,697,039	0.07

### 2021

Exercise Price Range (\$)	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Vested Options	Weighted Average Exercise Price (\$)
0.06 - 0.54	18,064,044	9.68	0.06	2,074,950	0.07
0.54 - 0.94	126,825	6.04	0.93	86,024	0.93
0.94 - 1.34	515,432	4.53	1.01	490,168	1.00
	18,706,301	9.52	0.09	2,651,142	0.27

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 12. Share Capital - Continued

(c) Warrants:

The following table reflects the continuity of warrants:

	Number of issued and outstanding warrants	Exercisable warrants	Value \$	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (years)
Balance, March 31, 2020	-	-	-	-	-
Investor	174,642,857	-	648	0.08	1 - 2
Agent	3,345,000	-	11	0.08	1 - 2
Broker	10,192,023	-	211	0.06	1 - 2
Exercised	-	-	-	-	-
Expired	-	-	-	-	-
Balance, March 31, 2021	188,179,880	-	870	0.08	1 - 2
Investor	23,977,500	198,620,357	115	0.08	0 - 2
Agent	-	3,345,000	-	0.08	0 - 1
Broker	2,728,050	12,920,073	33	0.06	0 - 1
<b>Balance, March 31, 2022</b>	<b>214,885,430</b>	<b>214,885,430</b>	<b>1,018</b>	<b>0.08</b>	<b>0 - 2</b>

When there are acceleration provisions attached to the warrant that are triggered when the weighted average trading price of the common shares on the TSX Venture Exchange exceeds a certain price for a prescribed number of consecutive trading days, management believes that the Binomial Option pricing model is the appropriate model for the measurement of the fair value of the warrants.

When there are no acceleration provisions attached to the warrant, management believes that the Black-Scholes pricing model is the appropriate model for the measurement of the fair value of the warrants.

As of March 31, 2022, the Company had 214,885,430 outstanding warrants convertible into 214,885,430 common shares of the Company.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 13. Related Party Balances and Transactions

The following table summarizes the loans from related parties for the years ended March 31, 2021 and 2020:

	Note Reference	March 31, 2022	March 31, 2021
		\$	\$
Primary Capital	(b)	1,093	-
Loans from related parties		1,093	-
Less current portion		1,093	-
Loans from related parties - non-current		-	-

  

	Galaxy VTB (a)	Pender (b)	Total
	\$	\$	\$
Balance, March 31, 2020	9,040	-	9,040
Transfers to loans payable	(9,040)	-	(9,040)
Balance, March 31, 2021	-	-	-
Additions from loans payable (note 11(f))	-	1,031	1,031
Interest	-	62	62
<b>Balance, March 31, 2022</b>	<b>-</b>	<b>1,093</b>	<b>1,093</b>

- a) The Galaxy VTB loan previously classified as loans from related parties has been classified to loans payable as the lender is now at arms-length (note 11(g)).
- b) On October 8, 2021, Pender, a significant shareholder acquired a portion of the Company's debt obligation to Primary Capital Inc. (note 11(b)). As a result of this transaction, at March 31, 2022, Pender held \$1,093 of assignment rights and interest within the Primary loan which has been reclassified as a loan from a related party with the corresponding amount removed from loans payable.

#### Transactions with Related Parties

- c) Until October 31, 2021, the Company leased office space from a shareholder of the Company. The Company paid rent of \$42 during the year ended March 31, 2022 (2021 – \$96).
- d) 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 (i) the additional amount of \$77 for the period up to July 17, 2020 where this amount is unpaid and recognized in accounts payable and accrued liabilities. \$65 of this amount was expensed in the first quarter ended June 30, 2020 and the balance of \$12 was expensed in the second quarter ended September 30, 2020; and (ii) effective July 17, 2020, the Interim CEO's salary was increased (for the period of time he served 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 \$144. Both amounts set out in (i) and (ii) above were to be paid at such time as the Board of Directors deemed it appropriate.

On April 16, 2021 and April 23, 2021, at the instruction of the Board of Directors, the accrued and outstanding payments owed to the Interim CEO, were paid in full.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 13. Related Party Balances and Transactions - Continued

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- e) 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 (note 11) and a referral fee in the amount of \$40 was paid to the director by Pivot from the closing fees paid to Pivot by the Company.
- f) Key management includes the Company’s directors and officers. For the year ended March 31, 2022 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 (2021 – 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, directors’ fees and share based payments.

The following table presents key management compensation and includes the effect of the agreement above:

	Year ended	
	March 31, 2022	March 31, 2021
Salary, severance and director fees	1,165	1,747
Share based compensation	240	140

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 14. Commitments and Contingencies

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#### *Commitments*

- a) In October 2016, under its former ABL Facility, the Company issued a stand-by letter of credit for \$200 to one of its Canadian suppliers for extended credit terms. During the three-month period ended September 30, 2020 the stand-by letter of credit was replaced by a \$200 cash-backed letter of credit. This \$200 is recorded on the consolidated statements of financial position as restricted cash.
- b) During the year ended March 31, 2019, the Company issued convertible debentures and shares of \$1,000 and \$1,000, respectively. As a result, Emblem Corp. will earn a 4% royalty on all hemp-based product sales and a 7% royalty on all cannabidiol (“CBD”) based product sales. The Company has not made any hemp-based product sales or cannabis-based CBD product sales; therefore, no royalties have been paid or accrued as of March 31, 2022 (2021 - \$nil).
- c) In September 2020, the Company secured the available credit limit of the corporate credit cards with \$20 in cash and an additional \$2 in cash for credit reserve against the corporate credit cards. This \$22 is recorded on the consolidated statement of financial position as restricted cash.

#### *Contingencies*

The Company may become involved in certain claims and litigation arising out of the ordinary course and conduct of business where certain claims are made against or by the Company. Management assesses such claims and, if they are considered likely to result in a loss and the amount of loss is quantifiable, provisions for loss are made, based on management’s assessment of the most likely outcome. Management does not provide for claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated or where the litigation may result in a contingent gain.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 15. Expenses by Nature

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The table below summarizes the expenses by nature for continuing operations:

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
Raw materials and consumables used	11,323	20,932
Storage and delivery	1,806	2,521
Salaries and benefits	3,489	5,068
Advertising and promotion	217	656
Professional fees	659	1,091
Stock-based compensation	265	171
Amortization of intangible assets	355	675
General and administrative	209	2,146
Inventory provision (recovery)	691	(313)
	<b>19,014</b>	<b>32,947</b>

The table below summarizes the expenses by nature for discontinued operations (note 24):

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
Raw materials and consumables used	(19)	339
Storage and delivery	-	13
Salaries and benefits	-	4
Advertising and promotion	-	6
Professional fees	9	-
General and administrative	3	(90)
Inventory provision (recovery)	-	(128)
	<b>(7)</b>	<b>144</b>

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 16. Changes in Non-Cash Working Capital

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The table below summarizes the changes in non-cash working capital for continuing operations:

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
Restricted Cash (note 14 (a) and (c))	-	(222)
HST receivable	(52)	(116)
Accounts receivable, net	1,442	1,833
Prepaid expenses	1,721	343
Inventory	1,038	(2,095)
Accounts payable and accrued liabilities	(2,431)	141
HST payable	-	(6)
	<b>1,718</b>	<b>(122)</b>

The table below summarizes the changes in non-cash working capital for discontinued operations (note 24):

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
HST receivable	(36)	17
Accounts receivable, net	-	84
Prepaid expenses	-	9
Inventory	-	(128)
Accounts payable and accrued liabilities	(231)	135
	<b>(267)</b>	<b>117</b>

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 17. Financial Risk Management

### (a) Concentration Risk

The Company currently has a reliance on a small number of large customers for revenue. Management will continue to monitor this reliance.

For the year ended March 31, 2022, the Company had 2 (2021 – 1) customers representing over 10% of total revenue for an aggregate of approximately 26% (2021 – 13%).

### (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relates to its accounts receivable. The Company's credit risk is reduced by a broad customer base and a review of customer credit profiles. As at March 31, 2022, the Company had an expected credit loss provision of \$592 (March 31, 2021 - \$1,233).

	March 31, 2022 \$	March 31, 2021 \$	Expected credit loss range
Not past due	1,691	2,789	0.0% - 17.2%
Past due 1 - 30 days	292	368	0.0% - 17.2%
Past due 31 - 60 days	42	119	0.0% - 17.2%
Past due 61 - 90 days	40	112	100%
Past due more than 90 days	618	766	100%
	<b>2,683</b>	4,154	
Expected credit loss provision	<b>(592)</b>	(1,233)	
<b>Accounts receivable, net</b>	<b>2,091</b>	2,921	

The impact of the movement of the expected credit loss provision is shown below:

Balance, March 31, 2020	\$	-
Bad debt expense (recovery)	\$	(133)
IFRS 9 loss allowance remeasurement	\$	1,366
Balance, March 31, 2021	\$	1,233
Bad debt expense (recovery)	\$	(534)
IFRS 9 loss allowance remeasurement	\$	(107)
<b>Balance, March 31, 2022</b>	<b>\$</b>	<b>592</b>



# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 17. Financial Risk Management - Continued

### (c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivables in a timely manner and by maintaining sufficient cash on hand through equity financing, loans from related parties and loans payable. Significant commitments in years subsequent to March 31, 2022 are as follows:

	Carrying value \$	Contractual cash flows \$	Payable in 1 year \$	2-5 years \$	Thereafter \$
Accounts payable and accrued liabilities	2,597	2,597	2,597	-	-
Loans from related parties	1,093	1,093	1,093	-	-
Loans payable	16,936	17,491	16,252	1,239	-
Leases	14	15	10	5	-
	<b>20,640</b>	<b>21,196</b>	<b>19,952</b>	<b>1,244</b>	-

### (d) Market Risk

#### i. Interest Rate Risk

Interest rate risk was removed because the Company fully repaid the loans payable with variable interest rates in September 2020. The Company's remaining liabilities with fixed rates of interest do not expose the Company to interest rate risk.

#### ii. Foreign Currency Risk

At March 31, 2022, the Company is exposed to foreign currency risk as some of its product ingredients are denominated in U.S. dollars and Euros. Additionally, the Galaxy VTB loan and a portion of the Pivot factor facility are USD denominated and the sales by the Company's U.S. subsidiary, Galaxy Nutritional Foods, Inc. are transacted in USD. Accordingly, the Company's results are affected, and may be affected in the future, by exchange rate fluctuations of the U.S. dollar and Euro. Currently the Company manages foreign currency risk by forecasting its requirements and where possible and appropriate, incorporating the forecasted impact of the U.S. and Euro exchange rates fluctuations into customer prices.

A 1% change in the foreign exchange rate would change the foreign exchange gain or loss recorded on the consolidated statements of operations and comprehensive loss by \$95 (March 31, 2021 – \$19).

### (e) Fair Value

Fair value measurements and disclosures use the following hierarchy definitions in determining its classifications:

- i. Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii. Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii. Level 3 – Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 17. Financial Risk Management - Continued

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Accounts receivable, accounts payable and accrued liabilities and loans payable approximate their fair value due to their short-term nature. The carrying value of lease obligations where interest is charged at a fixed rate is not significantly different than fair value, as the interest rates approximate market rates.

#### (f) Emerging Risk

The ongoing outbreak of the coronavirus (COVID-19) may affect our business and operations. Since the outbreak of the pandemic in early 2020, management has been closely evaluating the potential impact on the Company's business and has been taking measures to mitigate its effects. As the Company has an elaborate international supply chain, focus has been placed on staff safety and business continuity. However, as the pandemic continues and as official governmental guidelines evolve, the extent of disruption cannot be fully anticipated and its full impact on the business and its financial condition is uncertain.

### 18. Capital Management

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Management defines capital as the Company's share capital and long-term debt. The Company manages its capital structure and makes adjustments to it, based on the funds available, in order to support its sales, expenses, working capital and any required capital expenditures. The Company is subject to externally imposed capital requirements through the Pivot Term Loan and Pivot Factor Facility (note 11 and 25(c)).

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook for the business and industry in general. The Company may manage its capital structure by issuing new shares, taking on permitted debt, acquiring cash through acquisitions or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 19. Segmented Information

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The Company markets its services primarily in Canada and the United States.

Gross revenue attributed to geographic location for the year ended March 31, 2022 and 2021 are as follows:

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
Canada	12,639	16,794
United States	5,611	12,536
	<b>18,250</b>	<b>29,330</b>

All of the Company's assets as of March 31, 2022 and March 31, 2021 are located in Canada and the United States, as detailed below:

Current Assets	March 31, 2022	March 31, 2021
	\$	\$
Canada	7,960	11,200
United States	1,183	3,196
	<b>9,143</b>	<b>14,396</b>
Long-Term Assets	March 31, 2022	March 31, 2021
	\$	\$
Canada	3,368	5,922
United States	-	2,105
	<b>3,368</b>	<b>8,027</b>

### 20. Income Taxes

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#### i. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 – 26.5%) to the effective tax rate is as follows:

## GreenSpace Brands Inc

### Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 20. Income Taxes - Continued

	March 31 2022 \$	March 31 2021 \$
Loss from continuing operations before income taxes	(10,228)	(20,736)
Gain (loss) from discontinued operations before income taxes	8	(43)
Net loss before recovery of income taxes - Combined	(10,220)	(20,779)
Expected income tax recovery	(2,710)	(5,506)
Tax rate change and other adjustments	5	72
Non-deductible expenses	98	(151)
Share issuance costs booked to equity	(115)	(347)
Impairment of Goodwill	487	1,682
Taxable portion of sale of assets	-	-
Change in tax benefits not recognized	2,235	4,250
Income tax recovery	-	-

### ii. Deferred Taxes

The following table summarizes the components of deferred tax:

	March 31 2022 \$	March 31 2021 \$
Deferred tax assets		
Lease obligations	-	117
Non-capital losses carried forward	583	1,148
Subtotal of assets	583	1,265
Deferred tax liabilities		
Right of use assets	-	(117)
Intangible assets	(583)	(1,124)
Convertible debentures	-	(24)
Subtotal of liabilities	(583)	(1,265)
Net deferred tax liability	-	-

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 20. Income Taxes - Continued

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Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

#### iii. Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>March 31</b>	March 31
	<b>2022</b>	2021
	\$	\$
Non-capital losses carried forward - Canada	<b>46,621</b>	42,835
Non-capital losses carried forward - United States	<b>14,518</b>	10,180
Reserves - Canada	<b>294</b>	2,615
Reserves - United States	<b>374</b>	592
Charitable donations carry forward	<b>934</b>	1,049
Share issuance costs	<b>1,341</b>	1,403
Property, plant and equipment	<b>771</b>	829
Lease obligation	-	877
Galaxy VTB	<b>131</b>	633
Pivot term loan	<b>54</b>	-
Convertible debentures	<b>4</b>	-

The Canadian and United States losses carry forward expire as noted in the table below. Share issuance and financing costs will be fully amortized in 2026. Charitable donation carry-forward expires between 2022 and 2027. The remaining deductible differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

## GreenSpace Brands Inc

### Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

## 20. Income Taxes - Continued

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The Company's Canadian non-capital income tax losses expire as follows:

	Canada	United States
2037	-	7,873
2038	-	3
2039	4,408	-
2040	21,429	-
2041	13,095	-
2042	7,689	-
Indefinite	-	6,642
	<u>46,621</u>	<u>14,518</u>

## 21. Interest Expense

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	March 31, 2022 \$	March 31, 2021 \$
Interest on loans from related party (note 13)	62	-
Interest on loans payable	2,254	2,427
Interest on leases	34	143
Bank charges and other interest	419	850
	<u>2,769</u>	<u>3,420</u>

## 22. Royalties Income

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On January 31, 2019, the Company completed the sale of the Rolling Meadow Dairy brand and business to Organic Meadow Limited Partnership. In addition to the initial sale, the Company is entitled to royalty payments from the sale of Rolling Meadow Dairy products for four years that is subject to a minimum royalty amount of \$110 per year and not to exceed \$1,800 over the four-year term for a non-exclusive license to use the Company's barcode prefix. Royalties are calculated at 3% of sales up to \$5,000 and 8% of sales exceeding \$5,000. During the year ended March 31, 2022 the Company earned royalties of \$178 (2021 – \$143) that are recorded as other income and expense.

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 23. Restructuring

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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 year ended March 31, 2022, the Company carried out the following actions relating to its restructuring: (a) the Company transitioned its Central Roast operation from self-manufacturing to one of relying of 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, the Company terminated those employees involved in the Company’s self-manufacturing and warehousing activities for its Central Roast business and paid severance to terminated employees; (b) the Company began the initiative of reducing its active stock keeping units by 69%, intended to simplify and focus it business going forward. Stock keeping units made inactive that resulted in a loss on disposal were recorded to Restructuring; and (c) the Company resized and reshaped its management structure to reflect the changes made to its manufacturing process and reduced product offerings and these costs were recorded in Restructuring. As of March 31, 2022, the amount remaining in restructuring provision is \$nil (2021 - \$nil).

The net restructuring gain consists of:

		Year ended	
		March 31, 2022	March 31, 2021
		\$	\$
Exit of self manufacturing at Central Roast	(a)	<b>(1,085)</b>	-
Reduction of active stock keeping units	(b)	<b>249</b>	-
Reorganizational changes	(c)	<b>265</b>	-
Restructuring gain, net		<b>(571)</b>	-

During the year ended March 31, 2022, the Company recovered \$15 of stock-based compensation within its restructuring expenses (2021 - \$nil).

# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 24. Discontinued Operations

On May 21, 2019, the Company completed the sale of assets to Zurban Beverages, relating to the Nothing But Nature business of Kiju brand of Organic juice and iced tea. As a result of this sale, the Nothing But Nature business was classified as a discontinued operation in accordance with International Financial Reporting Standards relating to non-current assets held for sale and discontinued operations (“IFRS 5”) for the years ended March 31, 2022 and 2021.

In June 2021, the Company discontinued the operations and disposed of the remaining packaging inventories of the Cold Press Corp business relating to the Cedar brand of cold press juices and kombuchas. As a result of these actions, the Cold Press Corp business was classified as a discontinued operation in accordance with IFRS 5 for the years ended March 31, 2022 and 2021.

Consolidated statements of operations and comprehensive income (loss) from discontinued operations for the year ended March 31, 2022 and 2021 are comprised of the following:

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
<b>Gross revenue</b>	—	39
Less: rebates and discounts	—	(17)
<b>Net revenue</b>	—	22
<b>Cost of goods sold</b>	(19)	274
<b>Gross profit</b>	<b>19</b>	(252)
<b>Expenses</b>		
General and administrative	3	(52)
Storage and delivery	—	20
Salaries and benefits	—	4
Advertising and promotion	—	6
Professional fees	9	6
<b>Total expenses</b>	<b>12</b>	(16)
<b>Income (loss) from discontinued operations</b>	<b>7</b>	(236)
Interest expense	1	(6)
Foreign exchange (gain) loss	(2)	4
<b>Net income (loss) from discontinued operations before income taxes</b>	<b>8</b>	(234)
<b>Net income (loss) from discontinued operations</b>	<b>8</b>	(234)



# GreenSpace Brands Inc

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except per share amounts and number of shares)

### 24. Discontinued Operations - Continued

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Cash flows from discontinued operations for the year ended March 31, 2022 and 2021 are comprised of the following:

	Year ended	
	March 31, 2022	March 31, 2021
	\$	\$
<b>Cash flow provided by discontinued operating activities</b>		
Income (loss) from discontinued operations	8	(234)
Items not affecting cash:		
Increase in the provision for estimated credit losses	—	129
Increase (decrease) in the provision for slow moving and obsolete inventories	—	1,136
Depreciation and amortization	—	(42)
Changes in non-cash working capital (note 16)	(267)	1,406
<b>Total cash provided by discontinued operating activities</b>	<b>(259)</b>	<b>2,395</b>
<b>Change in net cash from discontinued operations</b>	<b>(259)</b>	<b>2,395</b>

### 25. Subsequent Events

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(a) **HST Receivable**

On various dates between April 6, 2022 and May 17, 2022, the Company collected long-outstanding HST receivables in the aggregate amount of \$545.

(b) **Strategic Review**

On June 2, 2022, the Company announced that it had initiated a review of strategic alternatives to enhance shareholder value which would consider a range of potential strategic alternatives. The Company engaged financial advisors to assist in the review and no formalized timetable was established for the completion of the strategic review.

(c) **Pivot Term Loan**

On June 6, 2022, the Company entered into an amending agreement with Pivot Financial Inc. where the fixed coverage financial covenant of 1:1 was removed. In consideration for the amendment the Company incurred of \$30 fees which were paid on June 7, 2022.