GREENSPACE BRANDS INC. REPORTS FIRST QUARTER FISCAL 2023 RESULTS, HIGHLIGHTING STABLE GROSS REVENUE AND IMPROVEMENTS IN ADJUSTED EBITDA VERSUS PRIOR YEAR

TORONTO, Aug 25, 2022 /CNW/ - GreenSpace Brands Inc. ("GreenSpace" or the "Company") (TSXV: JTR), a leader within the organic and plant-based food industry, announces that it has filed its Condensed Consolidated Interim Financial Statements for the three-month period ended June 30, 2022 and its related Management Discussion and Analysis.

SUMMARY RESULTS OF QUARTER ONE FISCAL 2023:

- **Gross Revenue** from continuing operations was $5.1 million, representing a 26.6% improvement versus the prior quarter ended March 31 2022[1] and in-line with prior year[2]. Gross Revenue compared to prior year reflects the following counter-balancing factors: (i) during the fiscal year ended March 31, 2021 certain customers decided to reduce or stop doing business with the Company due to poor customer service levels, but were still doing some business with the Company last year, positively impacting the three-month period ended June 30, 2021; (ii) a one-time inventory pipeline replenishment by certain customers positively impacted the comparative period ended June 30, 2021; (iii) price increases implemented in response to increasing costs during the prior twelve months positively impacted the period ended June 30, 2022; (iv) several new product listings from the Company's largest customer positively impacted the current period; and, (v) the portfolio simplification implemented as part of the Project FIT initiative reduced active stock keeping units ("SKUs") across the business that enabled the Company to achieve higher gross revenue per SKU, on this simplified portfolio.
- **Gross Profit Percentage** was 20.4% of net revenue compared to 22.6% in the prior year[2], largely attributable to: (i) inflationary pressures leading to higher input costs; (ii) the return to higher promotional activities to drive growth of the branded business; (iii) listing fees incurred for broadening the distribution of existing and margin-accretive new products in the portfolio, which were not incurred during same three-month period of the prior year; partially offset by, (iv) the positive impact of pricing actions implemented in the prior fiscal year; and, (v) a decrease in the provision for obsolete inventory compared to the same three-month period of the prior year. Excluding listing fees incurred during the three-month period ended June 30, 2022, the Company's adjusted gross profit percentage was 22.0%, generally in-line with the prior year period. It is important to note that the Company has announced additional price increases to its customers during the quarter to help offset industry-wide inflationary pressures. These additional price increases are expected to protect gross profit percentage over subsequent periods. In addition, the Company continues to progress its Project FIT cost savings initiatives which are expected to help achieve its gross profit percentage targets.

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[1] Quarter 1 Fiscal 2023 compared to Quarter 4 Fiscal 2022.
[2] Quarter 1 Fiscal 2023 compared to Quarter 1 Fiscal 2022.

- **Selling, General and Administrative ("SG&A") expenses** of $1.6 million improved by 15.8% compared to $1.9 million in the prior year[2] with significant reductions in salaries and benefits. This improvement reflects the Company's progress on reducing SG&A expenses as it executes its Project FIT initiatives.
- **Net Loss** of $1.8 million, compared with a $0.3 million net loss in the prior year[2], primarily attributable to: (i) restructuring gains of $1.2 million recognized in the prior year; (ii) higher accretion expense recorded during the period of $0.5 million (2021 - $0.1 million); (iii) lower salaries and benefits expenses of $0.7 million for the current period (2021 - $1.1 million); (iv) higher rebates and discounts of $0.9 million for the current period (2021 - $0.7 million); and, (v) foreign exchange gains of $0.1 million for the current period (2021 – $0.1 million loss).
- **Adjusted EBITDA[3]** of negative $0.6 million was improved 24.1% compared to the prior year[2], reflecting the matters described above.

"This past year we have been implementing our Focused Growth Strategy across the business and heightening our drive towards profitable growth," said Shawn Warren, President and CEO of GreenSpace Brands Inc. "We are seeing encouraging progress with broader retailer support, new distribution wins with large retailers and continued Project FIT cost savings initiatives. To address inflationary pressures across our industry, we have announced a series of additional pricing actions to retail and foodservice customers. Overall, Management is optimistic that Fiscal 2023 will show continued adjusted EBITDA improvements with better topline growth and improved gross profit percentages as we continue to focus and simplify the business."

OUTLOOK:

Management believes that its new Vision, Strategic Plan and implementation of its Focused Growth Strategy will lead to improvements in adjusted EBITDA that will continue into subsequent years. The Company has improved customer service levels across all three of its branded businesses, leading to the resumption of widespread promotional activities with select retailers. The Company has been able to regain distribution with certain strategic customers and has been able to make inroads into launching margin-accretive new products and new channel growth across e-commerce platforms. Aligned with its Focused Growth Strategy, Management has prioritized improvements in gross profit percentage and overall profitability through better product mix, price increases and enhanced cost management at all

[3] See "*Non-IFRS Financial Measures And Key Metrics*" below. EBITDA adds back certain non-cash items to net income or loss from continuing operations and is used by Management to measure operating performance. Adjusted EBITDA further adjusts EBITDA by adding back income or expenses of a non-cash, non-recurring, unusual or one-time nature. Refer to the Company's Management Discussion and Analysis.

levels.

GreenSpace has been able to rebuild credibility with its supplier base and renegotiate payment terms with a number of key suppliers across its ingredient and manufacturing network. While rebuilding customer revenue momentum may take time after the working capital challenges of the previous two years, Management expects that the foundational elements have been established to deliver improvements in both topline performance and profitability. Management believes that its Focused Growth Strategy will continue to drive improvements in the operation over time and remains optimistic that this initiative will improve adjusted EBITDA to help finance the future growth opportunities available to the Company.

CORPORATE UPDATE:

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.

Almost all of the Company's loans payable mature on or around September 30, 2022 and extension, renewal or replacement facilities have not yet been arranged. There can be no certainty that Management will be successful in its negotiations with the current or alternative lenders to extend or replace these facilities nor is there certainly that the terms of any extension or replacement facility will be as favourable as the existing terms.

ABOUT GREENSPACE BRANDS INC.:

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS:

This news release includes certain information and contains statements that may constitute "forward-looking information" and "forward-looking statements", respectively, under applicable securities law. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan,", "goal", "believe", "project", "estimate", "expect", "strategy", "likely", "may", "should", "will", and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding guidance relating to fiscal year 2023 and expected operating results and projections, such as earnings growth and profitability. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based upon a number of estimates and assumptions made by management that, while considered reasonable, are subject to known and unknown risks, uncertainties, certain of which are beyond the control of GreenSpace, including, but not limited to: the failure of third parties to comply with their obligations to the Company or its affiliates; the impact of new and changes to, or application of, current laws and regulations; critical accounting estimates and changes to accounting standards, policies, and methods used by the Company; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; to the expected impact of COVID-19; inflation; the Company's ability to access to capital; and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in the Company's disclosure documents. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking statements contained in this press release are given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. Except as required by applicable securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

NON-IFRS FINANCIAL MEASURES AND KEY METRICS

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

For further information, please contact:

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