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GreenSpace Brands Inc.

February 6, 2017
Company Report - Initiation of Coverage

JTR-TSXV
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Consumer & Retail

Strong Buy 1
C$2.00 target price

Current Price (Feb-01-17)	C$1.43
Total Return to Target	40%
52-Week Range	C$1.55 - C$0.63
Suitability	High Risk/Growth

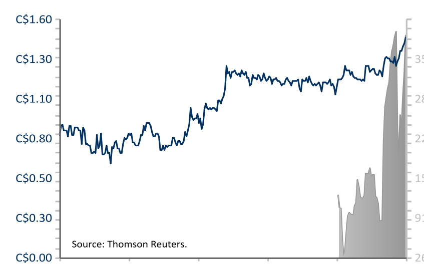
Market Data

Market Capitalization (mln)	C$73
Current Net Debt (mln)	C$5
Enterprise Value (mln)	C$79
Shares Outstanding (mln, f.d.)	51.3
10 Day Avg Daily Volume (000s)	393
Dividend/Yield	C$0.00/0.0%

Key Financial Metrics

	2016A	2017E	2018E	2019E
EV/Revenue	7.5x	2.1x	1.5x	1.2x
P/CFPS	NM	NM	27.8x	18.8x
EV/EBITDA	NM	39.0x	19.0x	14.7x

Company Description
GreenSpace Brands is a leading developer, marketer and active consolidator of high-quality natural and organic food brands in North America.



Don't you worry Child, Daddy buys Love Child

Recommendation

We are initiating coverage of GreenSpace Brands Inc., with a Strong Buy rating and a $2.00 target price, reflecting our belief that the company is not only on the mark in terms of strategy, but also has the deep retailer relationships (and cost of capital advantage) to execute the strategy. Greenspace owns a leading baby food (Love Child), and snack (Central Roast) brand, in addition to a number of other organic brands, and continues to execute on its consolidation strategy of the highly fragmented Canadian natural and organic foods industry (the acquisition of Kiju Organic Juice closed on January 18, 2017). We believe the strong organic growth of internally developed brands, overlaid with the growth from the disciplined execution and integration of key acquisitions (on a combination of new program wins and shelf space expansion), supports a robust growth profile through our forecast window.

Analysis

- **The growth of organic and natural foods market is a multiple of non-organic, and Greenspace is well positioned in the sweet-spots within the market.** Greenspace has a leading position in organic baby food and competes in some of the fastest-growing categories (organic juices, grass-fed dairy products, and functional snacks).
- **While the growth profile of the market is very attractive, it remains highly fragmented, presenting numerous attractive (highly accretive) acquisition targets.** To date, Greenspace has been able to acquire smaller companies for 1.0-1.5x sales (pre-synergies) and rapidly lever its deep retailer relationship to expand shelf space.
- **The organic revenue growth rate is very strong on new program wins (and shelf space expansion) across the portfolio (most notably in snacks and dairy).** We forecast company-wide net revenue growth of 42.2% and 18.3% in F2018E and F2019E, which are well above organic industry average sales growth rates.
- **GreenSpace's sales growth has been accompanied by meaningful improvements in profitability, reflecting significant acquisition synergies and benefits of scale.** GreenSpace is expected to leverage its rising sales volume over fixed SG&A, in addition to storage and distribution, and advertising and promotion savings.

Valuation

We are initiating coverage of GreenSpace Brands Inc. with a Strong Buy rating and a C$2.00 target price. Our target price of $2.00 is based on 2.0x our F2018E net revenue of $53.7 mln, for an imputed value of $2.02. We believe that our 2.0x target multiple, appropriately reflects GreenSpace's relative competitive position and early stage risks, versus the peer group average of 2.4x (see Ex. 20).

EBITDA (000s)	1Q Jun	2Q Sep	3Q Dec	4Q Mar	Full Year	Net Revenues (000s)	Free Cash Flow (000s)
2016A	C$(480)	C$(600)	C$(689)	C$18	C$(1,729)	C$10,457	C$(5,115)
2017E	298	352	472	896	2,018	37,743	(347)
2018E	747	1,150	1,024	1,209	4,129	53,663	2,638
2019E	1,057	1,477	1,265	1,557	5,356	63,464	3,907

Source: Raymond James Ltd., Thomson One

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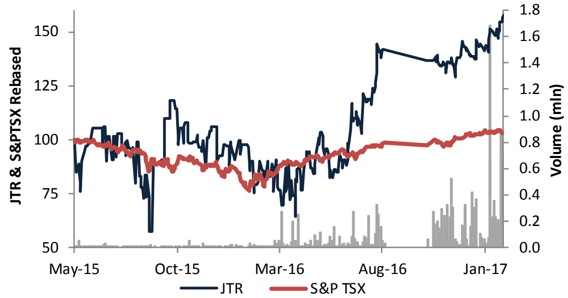
GreenSpace Brands Inc. Tear Sheet

GreenSpace Brands TSXV:JTR 42769

STRONG BUY		
Price		$1.43
Target Price		**$2.00**
52-week Range	$0.63	$1.41
Return to Target		40%
Market Cap (mln)		$73



	F2015A	F2016A	F2017E	F2018E	F2019E
Financial Summary					
Net Revenue	**$3,576**	**$10,457**	**$37,743**	**$53,663**	**$63,464**
Adjusted EBITDA	($1,269)	($1,729)	$2,018	$4,129	$5,356
EPS (Diluted)	($0.13)	($0.26)	($0.04)	$0.03	$0.05
BVPS	N/M	$0.71	$0.74	$0.65	$0.71
Valuation Metrics					
Price/Sales	20.5x	7.0x	1.9x	1.4x	1.2x
Price/FCF	N/M	N/M	N/M	27.8x	18.8x
Price/BV	N/M	2.0x	1.9x	2.2x	2.0x
EV/Sales	22.0x	7.5x	2.1x	1.5x	1.2x
EV/Adj. EBITDA	N/M	N/M	39.0x	19.0x	14.7x
EV/FCF	N/M	N/M	N/M	29.8x	20.1x
FCF Yield	N/M	N/M	N/M	3.6%	5.3%
Income Statement (C$ 000)					
Net Revenue	$3,576	$10,457	$37,743	$53,663	$63,464
EBITDA (Adj)	($1,269)	($1,729)	$2,018	$4,129	$5,356
EBIT	($1,518)	($5,045)	$34	$1,866	$3,093
Pre-Tax Profit	($1,651)	($5,183)	($344)	$1,638	$2,869
Net Income	($1,651)	($5,289)	($1,684)	$1,477	$2,869
Cash Flow (C$ 000)					
CFO	($1,744)	($4,838)	($158)	$2,849	$4,118
CAPEX	$0	$277	$189	$211	$211
Free Cash Flow (FCF)	($1,744)	($5,115)	($347)	$2,638	$3,907
Dividends	$0	$0	$0	$0	$0
Δ in Working Capital	($568)	($1,478)	($1,614)	($761)	($825)
Balance Sheet (C$ 000)					
Cash and Equivalents	$0	$0	$2,865	$4,947	$8,563
Total Assets	$1,547	$30,820	$49,286	$52,561	$57,720
Long Term Debt	$107	$2,236	$2,397	$736	$725
Total Liabilities	$2,638	$16,131	$18,520	$18,224	$19,880
Net Debt	$107	$10,575	$5,252	$2,962	$2,082
Key Company Metrics					
Net Revenue Growth	N/M	192.4%	260.9%	42.2%	18.3%
Adjusted Gross Margin	16.6%	22.0%	26.3%	26.5%	26.6%
Adjusted EBITDA Margin	N/M	N/M	5.2%	7.5%	8.3%
Net Debt/EBITDA	N/M	N/M	2.6x	0.7x	0.4x

Top 10 Institutional Holders	Shares (mln)	% Held
von Teichman, Matthew A.	6.06	11.8%
Vertex One Asset Management Inc.	1.41	2.7%
PenderFund Capital Management Ltd.	1.29	2.5%
Brown, James M.	0.69	1.3%
Skelton, Aaron	0.17	0.3%
Daher, Roger	0.17	0.3%

Investment Highlights

GreenSpace owns a leading baby food (Love Child), and snack (Central Roast) brand, in addition to a number of other organic brands, and continues to execute on its consolidation strategy of the highly fragmented Canadian natural and organic foods industry (the acquisition of Kiju Organic Juice closed on January 18, 2017). The strong organic growth of internally developed brands, overlaid with the growth from the disciplined execution and integration of key acquisitions (on a combination of new program wins and shelf space expansion), supports a robust growth profile through our forecast window.

Company Name	Price Feb-01-17	Market Cap. (mln)	Enterprise Value (mln)	EV/Sales Ratios LFY	EV/Sales Ratios FY1E	EV/Sales Ratios FY2E	EV/ EBITDA Ratios LFY	EV/ EBITDA Ratios FY1E	EV/ EBITDA Ratios FY2E
GreenSpace Brands Inc.	**$1.43**	**$73**	**$79**	**7.5x**	**2.1x**	**1.5x**	**N/M**	**39.0x**	**19.0x**
Amplify Snack Brands, Inc.	$10.05	$746	$1,319	7.3x	4.9x	3.3x	18.4x	15.7x	11.9x
Blue Buffalo Pet Products, Inc.	$24.67	$4,956	$5,024	4.9x	4.4x	4.0x	23.2x	18.5x	16.2x
Lifeway Foods, Inc.	$10.59	$172	$170	1.4x	1.4x	1.3x	20.8x	17.9x	13.5x
Snyder's-Lance, Inc.	$38.14	$3,661	$5,008	3.0x	2.2x	2.1x	26.3x	16.0x	13.7x
The Hain Celestial Group, Inc.	$39.07	$4,071	$4,863	1.8x	1.7x	1.6x	12.9x	12.5x	11.8x
Group Average				**3.7x**	**2.9x**	**2.4x**	**20.3x**	**16.1x**	**13.4x**

Source: S&P Capital IQ, GreenSpace Brands Inc., Raymond James Ltd.

Executive Summary

Levered to Rapid Growth of Natural and Organic Foods Market

While the value of Canadian Natural and Organic Foods market has tripled over the past decade, it still only represents approximately 1.7% of total food sales, well below the 4.3% run rate of natural and organic foods in the U.S. The growth trajectory of the broader market, driven by an increasingly health-conscious population (whether by choice or necessity), is particularly attractive. Greenspace is, in our opinion, particularly well positioned (and on trend) against this backdrop, given its product portfolio which not only has a leading position in organic baby food and snacks, but also skews toward the fastest-growing organic categories (juices, grass-fed dairy and functional snacks).

The Canadian Natural and Organic Foods market generates sales of $4.0 bln (according to the Canada Organic Trade Association) with fresh representing approximately 40% of the market. The market segments and categories in which Greenspace competes are large, readily addressable, and growing at above-average (organic industry) growth rates. This, combined with new program wins and increased shelf space allocation, makes for a compelling proposition in our view.

Consolidation overlay on solid sustained Organic Growth

The tripling in size of the Canadian Natural and Organic Foods market over the last decade has been driven by a plethora of new entrants, creating a highly fragmented competitive landscape. We believe that Greenspace is a leading consolidator (in specific markets and categories) as highlighted by its highly successful (new program wins) and disciplined (based on purchase multiple) acquisitions since its 2015 IPO. There is an attractive slate of small target companies who simply have neither the capital, nor relationships, to make it to the next level.

GreenSpace's legacy brands (Life Choices, Rolling Meadow, Holistic Choice and Nudge) saw organic growth of 97% in F2016 and we expect 41% growth in F2017E, on further program wins and increased shelf space allocation. We are modelling 140% and 35% topline growth in F2017E for Love Child and Central Roast respectively, reflecting recent distribution wins. GreenSpace's net revenue is expected to increase by 261%, 42%, and 18% in F2017E, F2018E, and F2019E respectively, which is well above industry average growth rates.

GreenSpace's strong topline growth has been accompanied by meaningful improvements in profitability, reflecting significant acquisition synergies and benefits of scale. As revenues continue to rise, we expect GreenSpace to leverage the greater sales volume over fixed SG&A, compensation and marketing expenses to achieve further margin expansion. We are forecasting EBITDA margin expansions of 231 bp and 76 bp in F2018E and F2019E respectively, for EBITDA margins of 7.5% and 8.3%.

The Hunter could become the Hunted

GreenSpace is well positioned to continue to consolidate the highly fragmented Canadian natural and organic foods industry, given its established platform, track record of successful integration of acquisitions (Love Child and Central Roast) to date, and access to the equity capital markets. The short list of sweet spot attractive target companies is fluid (and we believe at least 50 names long at any point in time). Management believes that there are more than 100 brands in Canada with less than $25 mln in annual sales which are the ideal size for GreenSpace to acquire. These entities are particularly attractive as possible acquisition targets, because they usually remain under the radar of large food and beverage companies, and can be acquired at attractive valuations (typically 1.0x – 1.5x sales).

While Greenspace is a leading consolidator of companies with less than $25 mln in annual sales, as it continues to successfully execute and build market share (and establish scale) in key organic growth categories, it will almost by default find itself on the radar of large CPG players. The large CPG companies have been competing to acquire natural and organic foods brands, utilizing the robust sales growth of these organic brands to complement their muted sales growth in legacy (non-organic) brands (they can manufacture the product, but they can't manufacture the cachet, so they end up buying in the organic darlings). While we acknowledge that the probability and timing are impossible to handicap, a potential takeout represents attractive additional option value relative to our already constructive base thesis.

Company Overview

GreenSpace Brands (GreenSpace) is a Canadian-based developer, marketer and acquirer of natural and organic food brands across a variety of categories, including organic snacks, organic foods for infants made with natural and nutritionally-rich ingredients, shelf stable organic juices, premium convenience meat products, grass-fed dairy products, and natural pet foods. Greenspace was formed on April 30, 2015, when Life Choices (founded by the CEO of GreenSpace Brands, Matthew von Teichman in 1999) completed a reverse take-over transaction with Amuento Capital (a shell corporation) and adopted the company name "GreenSpace Brands Inc."

The shares of GreenSpace were listed on the TSX Venture Exchange under the symbol JTR ("Join The Revolution"). Following the completion of the reverse take-over transaction, GreenSpace quickly commenced on its consolidation strategy. On October 19, 2015, GreenSpace completed the acquisition of Love Child Brands Inc., an organic food brand for infants and toddlers, which was followed in short order by the acquisitions of Central Roast (February 25, 2016), and most recently, the acquisition of Kiju (organic juices) on January 18, 2017. Exhibit 1 details GreenSpace's brand portfolio and revenue contribution.

Exhibit 1: GreenSpace's Brand Portfolio

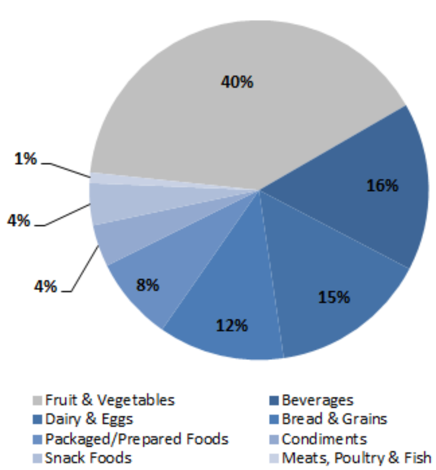
Brands	F2018E Gross Revenue	% Gross Revenue	Description
CENTRAL ROAST	$19.8 mln	33%	Central Roast manufactures, markets and distributes healthy, functional snack mixes consist of nuts, seeds and fruits. After acquiring Central Roast in February 2016, GreenSpace quickly scaled up its sales through several major distribution wins, including Sobeys, Costco Canada East and Starbucks.
Love Child organics	$14.6 mln	25%	Love Child sells organic, nutritionally-focused food products for infants, toddlers and small children. Love Child's brand message focuses on using clean, simple ingredients, avoids the use of refined sugars and preservatives, and includes recognized superfood ingredients in the majority of its product range. Since acquiring the brand in 2015, GreenSpace has rapidly expanded Love Child's SKU count from 6 to 36, including organic purees in spouted pouches, mini rice cakes, organic fruit, grain bars, organic multigrain puffs.
kiju organic	$12.0 mln	20%	Kiju Organic sells a variety of organic juices and iced teas through grocery retailers in Canada and select US retailers. The acquisition was completed on January 18, 2017. The deal (for 1.1x TTM revenues and 10.0x EBITDA pre-synergies) is immediately accretive to GreenSpace's earnings and cash flow, with potential incremental synergies to be realized over time.
LIFE CHOICES RESPONSIBLY RAISED MEAT	$5.5 mln	9%	Life Choices, launched in 2002, offers premium meat products featuring grass fed and pasture raised meat that is raised without the use of added hormones or antibiotics. All ingredients are sourced from ethically operated farms in Canada.
ROLLING MEADOW dairy	$4.6 mln	8%	Rolling Meadow, launched in August 2014, offers premium dairy products made with 100% Canadian, grass fed milk. Under the Rolling Meadow brand, milk, butter and yogurt are made using grass fed milk, and without antibiotics or growth hormones. GreenSpace also offers a similar brand called Kiwi Pure (launched in April 2015), which offers premium grass fed butter imported from New Zealand.
ALL NATURAL HOLISTIC CHOICE PET FOOD	$1.7 mln	3%	Holistic Choice, launched in August 2014, offers premium pet food for dogs and cats, made with a high percentage of fresh meat manufactured in an SQF Certified plant (SQF certification proves that the facility meets its rigorous food safety standards). The ingredients used are free of any rendered meats and meals and are raised without the use of any added antibiotics or hormones.
nudge FOOD MADE BETTER	$1.2 mln	2%	Nudge is a snacking and convenience food brand launched in July 2015 and include organic macaroni and cheese products and snack bars. The macaroni and cheese products are made with grass fed cheese, and include one gluten-free option. The organic snack bars contain superfoods such as baobab, chia and hemp. A number of new products will be brought to market over the next 1-2 years.

Source: Raymond James Ltd, GreenSpace Brands Inc.

The president and CEO of GreenSpace Brands, Matthew von Teichman, founded Life Choices Natural Food Corp in 1999. The brand offers premium and natural meat products to Canadian consumers (and also owns Rolling Meadow Dairy and Holistic Choice brands).

While GreenSpace is well positioned in the broader, rapidly growing natural and organic foods market, which is being driven by increasing consumer demand for healthy food options and greater availability (as retailers dedicate more shelf space to these products), its positioning in the fastest growing niches of the market is noteworthy, in our opinion. Exhibit 2 details GreenSpace's offerings in the organic prepackaged category segments, highlighting its brand presence in a number of the fastest-growing segments. We note that as baby food pouches have *come of age,* the growth rate of organic baby food has accelerated dramatically in recent years (according to Nielsen Market Track, the organic baby food market grew 12.4% in the 52 weeks ending July-2016) and is worth approximately $28.8 mln.

Exhibit 2: Organic Food Sales by Product Category



Top 10 Organic Pre-Packaged Categories	2012 Sales ($ mln)	CAGR 2008-2012	GreenSpace's Brands
Coffee	47	10.53%	
Juices	16.1	9.78%	Kiju Organic
Milk	57.7	8.88%	Rolling Meadow
Bread (Commerical)	19	7.76%	
Eggs	21.6	6.83%	Rolling Meadow
Yogurt	44.2	4.98%	Rolling Meadow
Soya Drinks	58.4	4.75%	
RTE Cereal	37.6	3.72%	
Baby Food	12.8	2.73%	Love Child
Soup	20.1	0.75%	

Source: Canada Organic Trade Association, Raymond James Ltd.

GreenSpace has been a clear beneficiary of both its disciplined (and on trend) acquisitions and the strong organic growth of its brand portfolio, with F2017E net revenues expected to increase 261% versus F2016. In F2016, Greenspace's revenues increased 192% (a $6.9 mln increase) reflecting strong organic growth, 3-months contribution from Love Child and approximately 1-month from Central Roast. Our forecasted F2017E revenue growth of 261% reflects successful execution of Greenspace's two-pronged growth strategy, which is essentially an innovation led (first) and relationship (second) blend and extend strategy (new programs and increased shelf space), overlaid with accretive (tuck-in) acquisitions.

The key differentiators of Greenspace's business model are the depth of its management team (relative to key competitors), its relationships with all the retail majors (listed and private) in addition to the smaller independents, and of course its balance sheet. GreenSpace's deep industry relationships with food retailers are invaluable in driving massive new program wins and shelf space expansions, as highlighted by Love Child's distribution with Loblaws increasing from 200 to 700 stores in the first 9 months post acquisition (today Love Child is available in the majority of Loblaws stores from coast to coast, but with limited distribution in No Frills).

While GreenSpace's products are sold primarily through national retailers, including Loblaws, Shoppers Drug Mart, Sobeys, Metro, Whole Foods, Walmart, Longos, Save-on-Foods, Rexall, and London Drugs, the available runway is materially longer than some might surmise. Exhibit 3 details Greenspace brands' presence and share of revenue at key retail partners and highlights the magnitude of the untapped opportunity with both existing partners and brands. So while all of Greenspace's brands are in Loblaws, what is lost in the headline is that Rolling Meadow is not in Western Canadian stores at present and that there is limited (but growing) penetration at No Frills (i.e., the discount channel). Similarly, while Greenspace is in the majority of Shoppers stores (where the urban food strategy and its growth are key), only 2 brands (representing approximately 48% of F2018E revenues) are currently offered.

Exhibit 3: GreenSpace's Share of Revenue at Key Retail Customers

Retailer	Brands Carried by Retailer	Retailer Store Count	Store Penetration	% of Brand Revenue (Indexed)	Growth Opportunities
Sobeys	Central Roast Love Child Kiju Life Choices Rolling Meadow Nudge	1,500+	85%	80%	While Empire essentially carries the range across its banners, the distribution of select brands is early stage and limited to specific markets at this juncture.
Shoppers Drug Mart	Central Roast Love Child	1,307	75%	48%	With Shoppers focused not only on the expansion of its food offerings, but more specifically on the expansion of healthy choices within the offering, we believe that at a minimum Kiju and Rolling Meadow are well positioned for distribution across the Shoppers network.
Loblaw Companies Limited	Central Roast Love Child Kiju Life Choices Rolling Meadow Holistic Choice Nudge	1,108	65%	100%	Limited presence in discount banners which are expanding organic offerings very quickly. The 261 No Frills and Supervalu stores represent potential distribution opportunities. In addition, Rolling Meadow milk is currently only in Loblaws' Ontario stores.
Rexall	Love Child	450+	55%	16%	A data driven refinement of merchandising in the broader baby category supports shelf space expansion for Love Child, with an expanded food offering supporting program wins for other key brands (Central Roast and Rolling Meadow).
Walmart	Love Child	409	65%	18%	Organic growth in the mass channel (relative to conventional), given price as a key driver of a purchase decision (only 23% of consumers buy whatever baby food they want regardless of price according to Nielsen), is material (as are the risks of not getting mass channel right).
metro	Central Roast Life Choices Rolling Meadow	358	25%	48%	The opportunity in Quebec (and specifically the opportunity for Love Child) is material given that Greenspace has headhunted a senior Quebec based merchandiser from one of the major grocers (i.e. deep industry relationships) to run its Quebec business.
Overwaitea Food Group	Love Child	140+	40%	20%	The relationship is well established and shelf space continues to expand for Love Child, which given the execution on the account and the strong balance sheet (supporting a better inventory position) is creating opportunities for new listings at Save-On-Foods and Urban Fare.
London Drugs	Love Child	78	90%	18%	While Love Child baby food is performing well (with room to grow) there remains a material opportunity within the baby snacking category (and in the expansion of offerings to include snacking and convenience food).
Longo's	Central Roast Love Child Kiju Life Choices Rolling Meadow Nudge	30	100%	97%	While essentially all brands have a presence at Longos, there remains opportunity, most notably with Rolling Meadow, Kiju and Nudge (the Love Child portfolio is very well represented and merchandised at Longos, occupying prime real estate, in the *baby section*).
Whole Foods Market	Central Roast Love Child Kiju Life Choices Rolling Meadow Nudge	12	100%	97%	While essentially all brands have a presence at Whole Foods, there remains opportunity for Love Child, Rolling Meadow (shelf space allocation is relatively small), Kiju and Nudge.

Source: Raymond James Ltd, GreenSpace Brands Inc.

In addition to its deep retailer relationships, GreenSpace also maintains specialized relationships with specific farmers, logistics companies and processing facilities, which were developed over many years. Greenspace utilizes third-party manufacturers and co-packers for its brands (excluding Central Roast, which has its own manufacturing facility in Mississauga, Ontario), making for an asset light business model.

A core tenet of Greenspace's growth strategy is the acquisition of smaller natural and organic food brands (typically with less than $25 mln in annual revenues), which offer innovative products and have attractive growth potential, but lack the necessary financial resources or relationships to take it to the next level. These small brands are GreenSpace's primary acquisition targets. GreenSpace's established platform, deep industry relationships and access to the equity capital markets position the company as a consolidator in the highly fragmented organic foods industry. Management believes there are more than 100 brands in Canada with less than $25 mln in annual sales, which are the ideal size for GreenSpace to acquire.

These entities are particularly attractive as acquisition targets because they usually remain under the radar for large CPG companies, leaving GreenSpace with increased runway to continue leveraging its platform as a leading consolidator in the fragmented industry. Exhibit 4 details key (relative to Greenspace) acquisitions in the natural foods and organics market in the last 5 years.

Exhibit 4: Key Acquisitions in the Natural Foods and Organics Market

Acquirer	Target	Date of Acquisiton	Transaction Value	EV/Sales
GreenSpace Brands	**Kiju Organic**	**Jan-17**	**$ 10 mln**	**1.2 x**
Hormel	Justin's Specialty Nut Butter	May-16	$ 286 mln	2.9 x
GreenSpace Brands	**Central Roast**	**Feb-16**	**$ 18 mln**	**1.5 x**
WhiteWave Foods	Wallaby Yogurt Company	Aug-16	$ 125 mln	2.8 x
Pinnacle Foods	Boulder Brands	Jan-16	$ 975 mln	1.9 x
GreenSpace Brands	**Love Child**	**Oct-15**	**$ 7 mln**	**1.4 x**
Coca-Cola	Suja Juice	Aug-15	$ 90 mln	3.8 x
SunOpta	Sunrise Growers	Jul-15	$ 450 mln	1.5 x
WhiteWave Foods	Sequel Naturals	Jun-15	$ 550 mln	5.5 x
Hormel	Applegate Farms	May-15	$ 775 mln	2.3 x
Hain Celestial	EK Holdings	Mar-15	$ 58 mln	0.6 x
Mondelez International	Enjoy Life Foods	Feb-15	$ 81 mln	2.0 x
Hershey	Krave Pure Foods	Jan-15	$ 225 mln	6.0 x
WhiteWave Foods	So Delicious Dairy Free	Sep-14	$ 195 mln	1.7 x
General Mills	Annie's	Sep-14	$ 820 mln	4.0 x
Lassonde Industries	Apple & Eve	Jul-14	$ 150 mln	0.8 x
Hillshire Brands	Van's Foods	Jan-14	$ 165 mln	2.8 x
Hain Celestial	Tilda Rice	Jan-14	$ 357 mln	1.9 x
Campbell Soup	Plum Organics	May-13	$ 149 mln	1.6 x
Hain Celestial	Ella's Kitchen Ltd.	May-13	$ 106 mln	1.5 x
Average				**2.4 x**

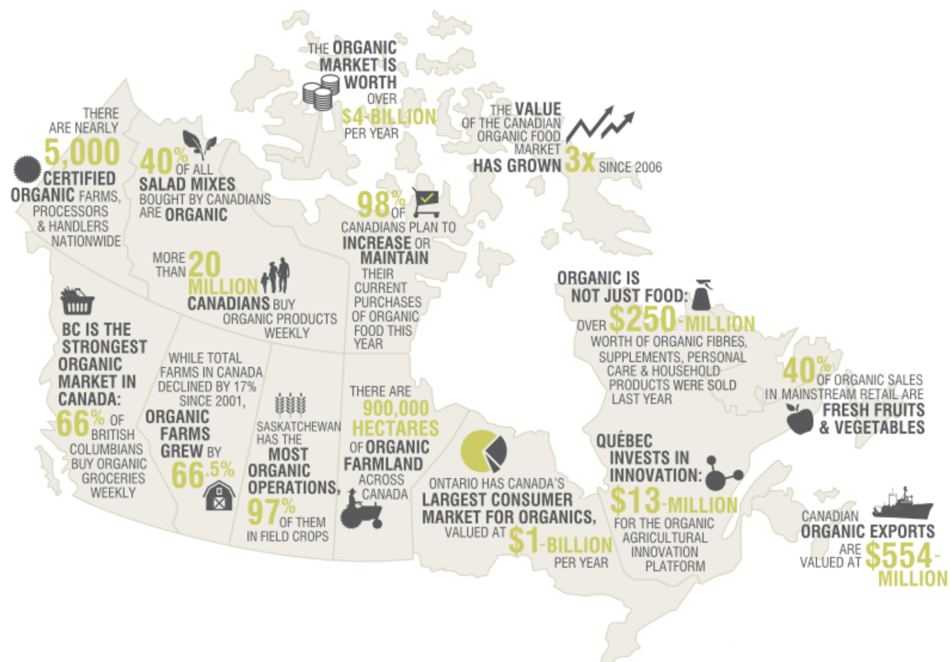
Source: Company Reports, Raymond James Ltd.

Investment Thesis

Levered to Robust Canadian Organic Foods Market Growth

The Canadian Organic market is valued at $4.0 bln in sales annually. Sales of organic food and beverages (representing $3.4 bln of this market) have more than tripled since 2006, far outpacing the growth rate of other agri-food sectors. The U.S. organic market, which represents approximately half of the global organic market (and with $43.3 bln in annual sales is more than 10 times the size of the Canadian market), has also experienced rapid growth. In the U.S., the organic foods category grew at a 10.5% CAGR since 2005, from $13.3 bln to $39.8 bln in 2015, and according to an Organic Trade Association State of the Industry report, it is expected to grow at a CAGR of 11.2% over the three-year period from 2016 to 2018, compared to conventional food categories growing at only 2%. Exhibit 5 details the Canadian Organics market.

Exhibit 5: Canadian Organic Market Overview

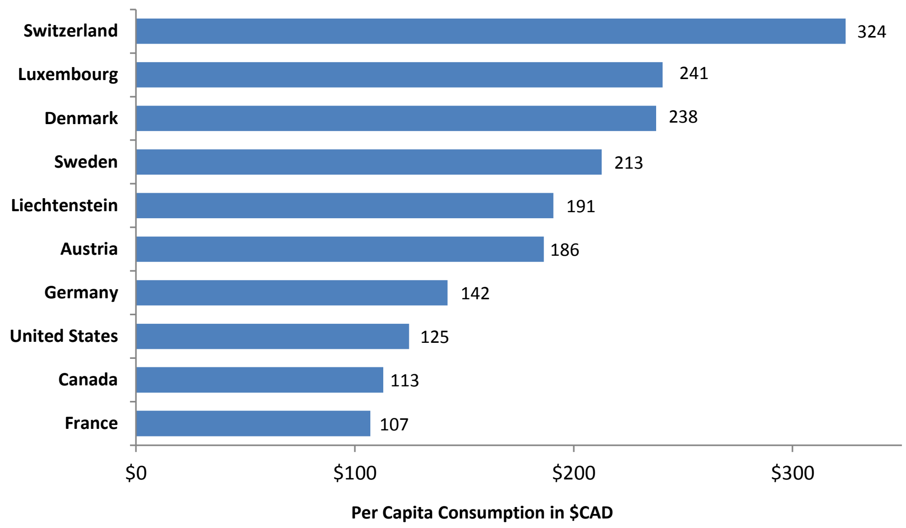


Source: Canada Organic Trade Association (COTA)

The organic market is expected to experience continued rapid growth, driven by strong demand from health-conscious consumers and increased availability of organic products on retailers' shelves. Increased health concerns due to growing incidence of lifestyle diseases such as diabetes, obesity and allergies, which are linked to the use of synthetic pesticides and artificial hormones in conventional foods, are boosting consumer demand for organic foods. According to Canada Organic Trade Association, a majority of Canadians (at 58%) report the purchase of some organic products every week. Nearly half of Canadians consider organic foods as a healthier and more nutritious choice, and prefer products that are not genetically modified (GMO). Furthermore, 98% of organic shoppers expect to increase or maintain their spending on organic products.

Organic foods and beverages sales account for only 1.7% of total food sales in Canada, meaningfully lower than the 4.3% penetration rate in the U.S. (in 2012). The Canadian Organic Value Chain Roundtable, a coalition of government and industry representatives from the organic sector, forecasted that organic foods and beverages could increase to 5% of the Canadian market by 2018. Canada's per capita consumption of $113 is also below that of the U.S. and other European countries, which represents significant room available for growth. Exhibit 6 details Canada's per capita Organic Food consumption ranking.

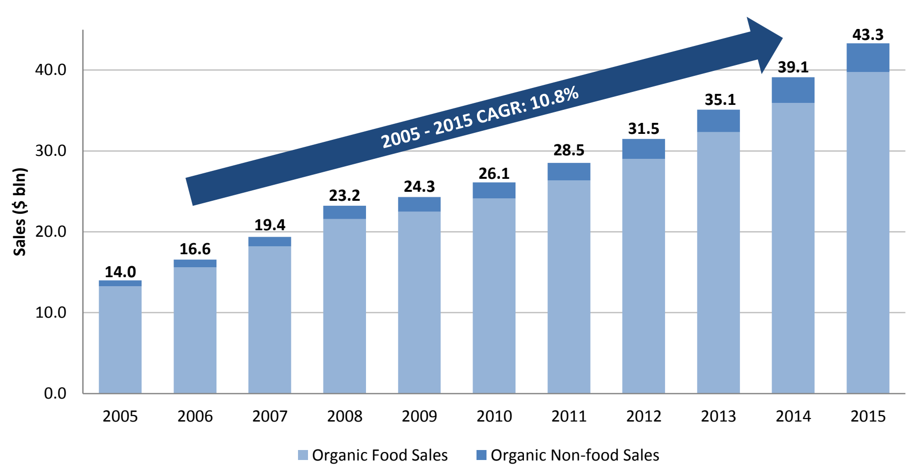
Exhibit 6: Countries with the Highest Per Capita Consumption of Organic Food in 2014



Source: FiBL-AMI Survey 2016, Raymond James Ltd.

While GreenSpace currently generates limited revenue from the U.S., via its Love Child portfolio, and the recently acquired Kiju brand (organic juices & drinks), the U.S. market represents an interesting potential growth opportunity. In 2015, organic beverages experienced 16% sales growth in the U.S., stemming from a surge in interest in organic fruit and vegetable juices, which bodes well for Kiju's premium organic juice offerings. The large snacks and dairy markets in the U.S., with $2.3 bln and $6.0 bln in sales annually, up 14% and 10% from the prior year, represent potential opportunities for Central Roast, Nudge and Rolling Meadow Dairy brands.

Exhibit 7: Total U.S. Organic Sales and Growth



Source: Organic Trade Association

The appeal of broader organic market's growth pales in comparison to the growth and opportunities in select categories and verticals within that market (organics soups are growing at low single digits, while organic juices are growing at high single digits). Greenspace's current portfolio as we explore below is not only concentrated in some of the highest growth categories, but is securing new programs and shelf space expansion, at a pace that supports growth that is a multiple of the underlying market growth.

Organic Baby Food (Love Child)

At first blush, the $629 mln Canadian baby foods market, which according to a recent *Euromonitor* report grew 3% CAGR in the last 2 years, does not appear like a wildly appealing market or growth opportunity (all the more given that the same report expect that growth rate to moderate to 2% through 2021).

However, as in often the case, while the market which includes dried, prepared and other baby food and formula is only growing at roughly 3%, key categories are growing at a multiple of the market (and within those categories – specifically baby food pouches – organic is growing at a multiple of non-organic).

The total baby food (excl. formula) and snack market was worth approximately $120 mln according to Nielsen MarketTrack data through July 2016, with baby foods worth $88 mln of the total market and the organic baby food market (Love Child) worth $29 mln. While private label has seen a marked increase in market share in the last 12-months on aggressive pricing (and increased distribution of organics in the mass channel) and now commands approximately a 23% share of the total baby food market, Love Child's market share has grown significantly faster. We estimate that Love Child's share of the total baby food market is approximately 9%.

A more important metric is Love Child's position and share gains in the $29 mln organic baby food market where it currently ranks second (despite less than a full year of distribution with most major retailers) and is expected to usurp Baby Gourmet (the market leader) within the next 12 months. As if not more important than beating out Baby Gourmet as the market leader, is who both Love Child and Baby Gourmet have beaten to the podium (as detailed in Exhibit 8).

Exhibit 8: Organic Baby Food Market, Market Share, and Market Share Gains

Manufacturer	Rank	Sales 52 weeks ending Jul-23-2016	Sales 52 weeks ending Jul-25-2015	% Sales Growth	Market Share 52 weeks ending Jul-23-2016	Market Share 52 weeks ending Jul-25-2015	Market Share Change
Total Organic Baby Food Market		28,739,367	25,566,503	12.4%	100%	100%	
Baby Gourmet	1	15,229,557	13,494,095	12.9%	53.0%	52.8%	0.21%
Love Child	2						3.69%
HJ Heinz	3						-4.02%
Plum Organics	4						4.40%
Hain Celestial	5						-2.30%
Danone	6						-1.99%

Source: Nielsen MarketTrack, GreenSpace Brands Inc., Raymond James Ltd.

The other key dynamic lost in the market growth data is the switch to organics driving double-digit growth in the organic baby food market (as illustrated above), which is being almost entirely offset by a shrinking non-organic market. As such, not only is Love Child's sales growth poised to remain a multiple of market growth, but that growth will also be overlaid by additional distribution wins in both grocery and drug stores (refer to Exhibit 3 for our roadmap).

According to the Nielsen Global Baby Care Survey, the top 5 product attributes (in rank order) when it comes to making a baby food purchase are:

- Trusted Brand
- Provides Good Overall Nutrition
- Safe Ingredients and Processing
- Organic / All Natural
- Flavor or Taste a Child Likes

Exhibit 9 details Love Child's product attributes relative to key competitors, which in our opinion, underscores why the share gains are so material. We believe the trend is poised to continue through our forecast window given expected new program wins in both Western Canada and Quebec (and further shelf space gains with existing retailers).

Exhibit 9: Love Child's Product Attributes versus Competitors

	LOVE CHILD organics	HEINZ BABY CLUB	Baby Gourmet	Ella's kitchen	EARTH'S BEST ORGANIC		Plum organics
POUCHES							
Superfoods: are they add recognized superfoods like quinoa and acerola to all of their core range of fruit and veg purées?	✓	✗	✗	✗	✗	✗	✗
No preservatives: no ascorbic or citris acid in any pouches?	✓	✗	✗	✓	✗	✗	✗
Transparency: does the front of the pouch always make clear all key ingredients?	✓	✗	✗	✓	✓	✓	✗
Packaging: do they have strong visual differentiation betweem SKUs?	✓	✗	✗	✓	✓	✓	✓
Market size: does their core range have appeal beyond babies and small toddlers?	✓	✗	✗	✓	✗	✗	✗
Canadian complaince: are they fully compliant with Canadian size regulations?	✓	✓	✓	✗	✓	✓	✓
Country of production: are they produced in Canada?	✓	✓	✗	✗	✓	✗	✓
SNACKS							
Range: do they have a fully developed organic snack range available in Canada?	✓	✗	✗	✗	✓	✓	✗
Superfoods: do they add superfoods to their snacks?	✓	–	–	–	✗	✓	✗
Refined sugars: do they exclude refinedsugars from all of their snacks?	✓	–	–	–	✗	✗	–
Clean ingredients: is their ingredient list short and easy to understand?	✓	–	–	–	✗	✗	–
Fruit-based snacks: do they use real, whole fruit rather than concentrates?	✓	–	–	–	–	✗	–

Source: GreenSpace Brands Inc.

GreenSpace acquired Love Child on October 19, 2015, for an aggregate purchase price of $7.0 mln, which consists of a combination of shares, cash and loans. After the deal closed, GreenSpace quickly grew Love Child's sales from $5 mln to approximately $12 mln in run-rate revenue, through distribution wins at Loblaws stores and expanded product line up from 6 to 36.

Love Child's offering includes baby food pouches (purees), and toddler snacks and cereals, and in addition to being organic also include superfoods (the likes of chia, quinoa and acerola) in the vast majority of its products. Exhibit 10 details the Love Child acquisition metrics.

Exhibit 10: Love Child Purchase Consideration and Transaction Multiple

Love Child	
Cash	$ 2.1 mln
Common (1,190,476 @ $1.05)	$ 1.2 mln
VTB notes	$ 0.9 mln
VTB warrants (225,000 @ $1.00)	$ 0.1 mln
Upfront payments	**$ 4.3 mln**
Earn-out warrants	$ 0.2 mln
Earn-out shares	$ 0.6 mln
Contingent payments	**$ 0.8 mln**
Total Purchase Price	**$ 5.1 mln**
Debt assumed	$ 1.8 mln
Cash & cash equivalent	$ 0 mln
Net debt assumed	**$ 1.8 mln**
TEV	**$ 7.0 mln**
LTM Revenue	**$ 5.0 mln**
Multiple paid (EV/Sales)	**1.4 x**
F2017E Revenue	**$ 12.0 mln**
EV / Sales	**0.6 x**

Source: Raymond James Ltd., GreenSpace Brands Inc.

Organic Snacks (Central Roast and Nudge)

In today's fast-paced world, snack foods are not only discretionary choices, but also serve as convenient meal alternatives for busy people on the go, which is why snack foods claim a large proportion of the overall food market. Nielson Market Research estimated that the Canadian snack foods market was worth $12.6 bln (in 2014). Organic snacks are rapidly gaining popularity as consumers become more health-conscious.

While traditional snacks such as frozen water confectionaries, puffed cakes, and ready-to-eat-gelatin are experiencing sales declines, healthy alternatives including meat sticks, fruit and nuts, and dried fruit are growing rapidly. GreenSpace's Central Roast brand continues to benefit from this trend, as the market for nutritionally-rich fruit and nuts expands. Central Roast offers premium functional snacks that fit your lifestyle, founded on the principle that people should look to whole food for their nutrition and Central Roast simplifies that choice by offering 10 functional categories. The offerings are comprised of organic raw and roasted nuts, dried fruit and seeds in a variety of packaging and forms. According to Nielson Global Consumer Survey on Snacks, the average Canadian consumer enjoys 12 different types of snacks over a 30-day period, and four out of ten Canadians use snacks as a meal replacement.

Greenspace acquired a 70% interest in Central Roast on February 25, 2016 (the residual 30% was acquired on October 11, 2016) for a total purchase price of $16.1 mln (and a $17.8 mln EV). With annual sales of approximately $12.0 mln when acquired, the acquisition was valued at 1.5x EV/sales. Post deal, GreenSpace launched FoodFix line (a single serve assortment of functional nut and seed mixes) and expanded Central Roast's distribution to Costco Canada East, which increased the brand's run-rate revenue to $16.1 mln, for an imputed F2017E transaction multiple of 1.1x sales. Exhibit 10 details the Central Roast acquisition metrics.

Exhibit 11: Central Roast Purchase Consideration and Transaction Multiple

Central Roast	
Cash	$ 7.5 mln
GreenSpace Units	$ 3.0 mln
CR VTB	$ 0.2 mln
Net Working Capital Settlement	$ 0.3 mln
Deferred consideration	$ 3.8 mln
Upfront payment	**$ 14.9 mln**
Earn-out consideration	$ 1.3 mln
Contingent payments	**$ 1.3 mln**
Total Purchase Price	**$ 16.1 mln**
Debt assumed	$ 1.7 mln
Cash & cash equivalent	$ .0 mln
Net debt assumed	**$ 1.7 mln**
TEV	**$ 17.8 mln**
LTM Revenue	**$ 12.0 mln**
Multiple paid (EV/Sales)	**1.5 x**
F2017E Revenue	**$ 16.1 mln**
EV / Sales	**1.1 x**

Source: Raymond James Ltd., GreenSpace Brands Inc.

While still relatively small, the internally developed Nudge Brand is quickly gaining traction both on social media and more importantly on retailers' shelves. At its core the mantra for Nudge is simply food made better, so that we eat better. The cornerstone product of the Nudge portfolio is certified organic Mac and Cheese (made with organic cheese). Nudge competes against the likes of Annie's (which was acquired by General Mills in September, 2014 for 4.0x sales).

Grass-Fed Dairy Products (Rolling Meadow)

Organic dairy represents approximately 11% of total organic sales in Canada (according to the Canadian Dairy Information Centre), with an estimated value of $440 mln in 2015. Milk and yogurt products were two of the fastest growing categories, recording annual growth rates of 8.9% and 5.0% during the five years from 2008 to 2012. We expect continued high demand for organic dairy products, as grass fed milk carries up to 50% more Omega-3 fatty acids than milk produced by cows fed on grains and 40% more linoleic acid (aka it's better for you).

GreenSpace offers 100% Canadian, grass-fed dairy products, including milk, yogurt, kefir, and butter, under the internally developed Rolling Meadow Dairy brand which was launched in 2014. We estimate sales under the brand increased by 300% in F2016, on material distribution wins with national retail chains. While we do not expect this level of growth to continue, strong demand, additional distribution wins and product line extensions (the 4 litre milk formats are being well received at retail) are expected to support high double-digit growth during our forecast period.

Responsibly Raised Meat (Life Choices)

Greenspace's premium meat products line is sourced from ethically operated farms, offers a range of chicken, beef, pork, and fish products and competes with the likes of Beretta and Blue Goose. Life Choice was launched in 2002 and the cows graze and are fed grass, and the chickens are free range. All of the animals are raised without the use of added hormones or antibiotics.

Natural Pet Foods (Holistic Choice)

As pet owners become more educated about benefits of natural ingredients and the disadvantages of having preservatives and antibiotics in their pet foods, they turn to natural products. While the Canadian pet food market is valued at $2 bln in sales per year, and grows at an estimated 3% annually, natural and organic pet foods represent a negligible 0.25% (or roughly $5.0 mln) share of the overall pet food market. We expect Holistic Choice to experience faster growth rates than the industry, as natural and organic pet foods continue to outpace growth of the overall category, and retailers revisit the store planogram and move natural pet food into the pet food aisle (or section) and out of the natural food section (where it all too often resides).

Strong Organic Revenue Growth

We think the combination of new program wins and shelf space gains, as well as the robust organic category growth (as consumer demand continued to shift towards natural and organic food options) will continue to support Greenspace's strong organic growth through our forecast window. Increasing awareness of the health benefits of organic foods, environmental friendly production and higher availability of these products continued to attract consumer demand, which resulted in industry sales tripling over the last decade to approximately $4.0 bln in Canada.

GreenSpace's internally developed brands (Life Choices, Rolling Meadow, Holistic Choice and Nudge) saw some 90% organic growth in F2016. We estimate that in F2017E these brands' revenue growth will be in excess of 40%. We are modelling 139.7% and 34.6% revenue growth for Love Child and Central Roast, respectively, in F2017E. Kiju juice, while contributing only 2 months of sales in F2017E, is expected to generate significant growth in F2018E, with an estimated 42.6% sales increase to $12.0 mln. We forecast company-wide net revenue growth of 260.9%, 42.2% and 18.3% in F2017E, F2018E, and F2019E respectively (305.1%, 63.0% and 18.0% growth in C2016E, C2017E and C2018E), which are meaningfully higher than industry average sales growth rates. Exhibit 12 details Greenspace's revenue growth versus key competitors through 2018E.

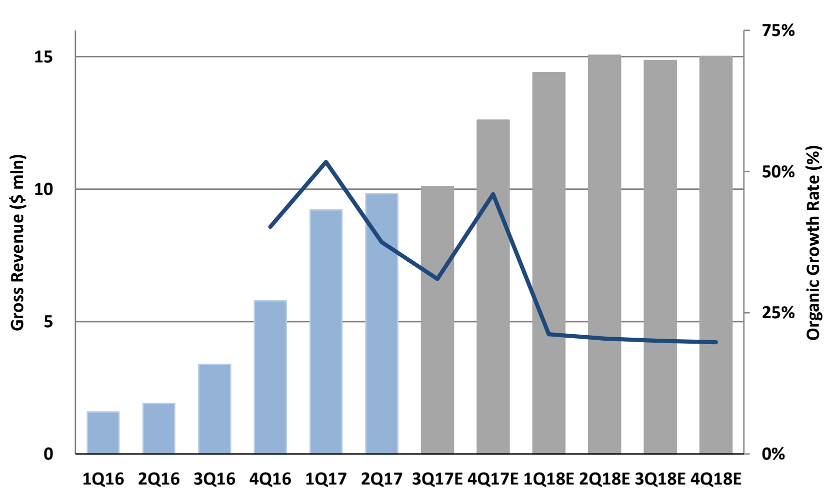
Exhibit 12: GreenSpace's Revenue Growth versus Peers

	CY 2015A	CY 2016E	CY 2017E	CY2018E
GreenSpace Brands	**206.4%**	**305.1%**	**63.0%**	**18.0%**
Amplify Snack Brands	39.0%	46.5%	49.7%	12.5%
Freshpet	33.9%	14.7%	14.8%	13.4%
Hain Celestial	13.4%	7.7%	0.5%	2.8%
Inventure Foods	-1.1%	-2.0%	7.7%	n.a.
Lifeway Foods	0%	5.0%	6.5%	n.a.
SunOpta	3.8%	21.0%	7.4%	9.7%
Average	**14.8%**	**15.5%**	**14.4%**	**9.6%**

Source: S&P Capital IQ, Raymond James Ltd.

New product launches, such as the FoodFix line under the Central Roast brand, and plant-based organic baby food pouches under Love Child were major contributors to GreenSpace's growth. Management has cited a robust pipeline of potential future launches, in categories such as Nudge snacks (natural snacking is one of the fastest growing categories), dried meat and nut snacks and high-nutrient fresh juices. In addition, new distribution wins with large national retailers serve to boost sales and brand awareness significantly. Since acquiring Central Roast, the company has announced five major distribution wins for its products, including the launch of FoodFix at 400 Sobeys retail locations nationally, "Superfood" mix of nuts, seeds and dried fruits to be made available at 60 Costco stores in Eastern Canada, and most recently the Starbucks distribution wins. Exhibit 13 details Greenspace's gross revenue and organic revenue growth through F4Q18E.

Exhibit 13: Quarterly Gross Revenue and Organic Growth Rates



Source: Raymond James Ltd., GreenSpace Brands Inc.

The Acquisition-Driven Revenue Kicker

GreenSpace's successful acquisitions and integrations of Love Child and Central Roast have proven its ability to complete accretive acquisitions and realize significant target synergies. In keeping with management's stated growth strategies, GreenSpace is expected to pursue additional acquisitions in the natural and organic foods industry.

While we expect given GreenSpace's history, its balance sheet and the opportunity set that it will likely complete a number of acquisitions in the next 12-18 months, we have not included any acquisitions in our estimates. We have, however, provided a scenario analysis based on Greenspace's precedent transactions and target multiples (detailed in Exhibit 14).

Our base case scenario assumes acquired revenue of $10.0 mln, materially lower than the $17.0 mln of revenue acquired by GreenSpace in F2016. Using 1.3x pre-synergy purchase multiple, we expect purchase price of $13.4 mln, which is financed with 30% equity and 70% debt. On a 7.5% adjusted EBITDA margin and 12.1% incremental EBITDA margin (assuming conservatively 25% of operating costs are fixed), the $10.0 mln acquired revenue adds $1.1mln EBITDA to our F2018E EBITDA estimate pre-synergy. If GreenSpace achieves the level of synergy similar to Love Child and Central Roast transactions, the incremental EBITDA of $1.3 mln will create 32% upside to our current F2018E EBITDA estimate.

Exhibit 14: Acquisition Scenario Analysis

Summary Statistics of Past Acquisitions	Love Child	Central Roast	Nothing but Nature	Average
EV	$ 7.0 mln	$ 17.8 mln	$ 9.9 mln	$ 11.5 mln
% Equity	30%	26%	37%	31%
% Debt	70%	74%	63%	69%
Sales	$ 5.0 mln	$ 12.0 mln	$ 8.4 mln	$ 8.5 mln
EV/Sales Multiple Pre-synergy	1.4 x	1.5 x	1.2 x	1.3 x
EV/Sales Multiple Post-synergy	0.6 x	1.1 x	-	0.8 x

F2018E	No Acquisitions	Base Case	Bull Case
Acquired Revenue		**$ 10.0 mln**	**$ 15.0 mln**
EV/Sales Multiple Pre-synergy		1.3 x	1.3 x
Purchase Price		**$ 13.5 mln**	**$ 20.2 mln**
EV/Sales Multiple Post-synergy		.8 x	.8 x
Acquired Revenue (Post-synergy)		$ 11.9 mln	$ 17.8 mln
No Synergy:			
Adjusted EBITDA Margin%	7.5%	7.5%	7.5%
Incremental EBITDA Margin%	-	12.1%	12.1%
Incremental EBITDA	-	$ 1.1 mln	$ 1.7 mln
F2018E EBITDA with acquisitions	**$ 4.1 mln**	**$ 5.2 mln**	**$ 5.8 mln**
EBITDA upside		*27%*	*40%*
Incremental EPS	-	$0.01	$0.01
F2018E EPS with acquisitions	**$0.03**	**$0.04**	**$0.04**
EPS Upside		*36%*	*52%*
With Synergy			
EBITDA Margin%	7.5%	7.5%	7.5%
Incremental EBITDA Margin%	-	12.1%	12.1%
Incremental EBITDA	-	$ 1.3 mln	$ 2.0 mln
F2018E EBITDA with acquisitions	**$ 4.1 mln**	**$ 5.5 mln**	**$ 6.1 mln**
EBITDA upside		*32%*	*48%*
Incremental EPS	-	$0.01	$0.02
F2018E EPS with acquisitions	**$0.03**	**$0.04**	**$0.05**
EPS Upside		*47%*	*69%*

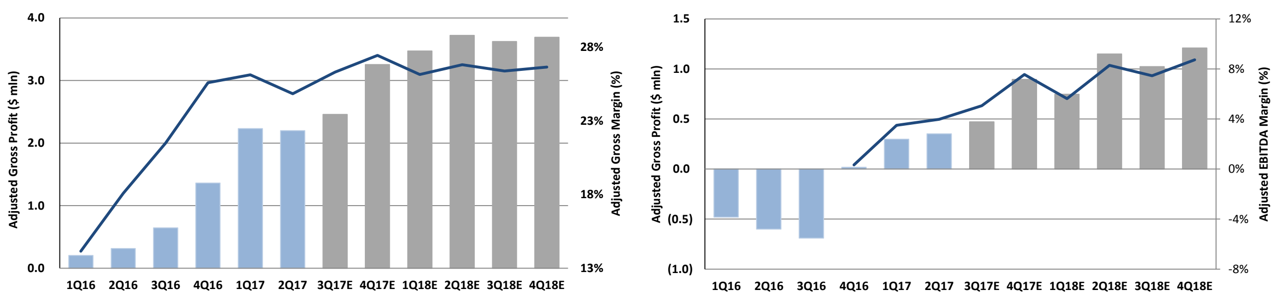
Source: Raymond James Ltd.

Potential Margin Expansions as GreenSpace Gains Economies of Scale

GreenSpace's strong sales growth was accompanied by meaningful improvements in its profitability, led by marked-adjusted gross margin expansion (gross margin increased 677 bp in F2Q17) on the combination of favourable mix shifts (as acquired lines of business had higher gross margins) and improved customer demand forecasting which helped reduced inventory write-offs (and improved in stock positions on retailer shelves).

The acquisitions of both Love Child and Central Roast were immediately accretive, as GreenSpace grew sales of both brands quickly through distribution expansion and reduced SG&A costs through shared marketing services and productivity initiatives. In F2Q17, salary and benefits expenses declined from 21.2% of net revenue in the prior year quarter to 7.7%, as higher sales provided the company with necessary revenue scale to support its fixed organizational overhead costs. Advertising and promotional expenses improved from 11.7% to 3.1% of net revenue, which reflected the benefit of economies of scale by sharing fixed costs of marketing campaigns across various brands. Total operating expenses improved from 52.0% of net revenue to 23.5%. As a result of the above adjusted EBITDA in F2Q17 increased by $1.0 mln relative to the prior year quarter to $0.4 mln, for on a 4.0% EBITDA margin. Exhibit 15 details GreenSpace's adjusted gross and EBITDA margin profile through F2018E.

Exhibit 15: Quarterly Gross and EBITDA Margin Profile



Source: Raymond James Ltd., GreenSpace Brands Inc.

While the profitability improvements achieved to date were noteworthy, GreenSpace's margins still lag peers due to its smaller revenue base and the (relative) lack of operating scale. As presented in Exhibit 16, GreenSpace's operating expenses as a percentage of revenue at 22.8% (in C2016E) is significantly higher than comparable publicly traded peers at 18.2%. The wide discrepancy in margins highlights what we believe a material expense leverage opportunity.

As sales continue to rise, we expect GreenSpace to leverage the greater sales volume over fixed SG&A, compensation and marketing expenses to achieve further margin expansion. We are forecasting 231 bp and 76 bp of EBITDA margin expansion in F2018E and F2019E respectively, for EBITDA margins of 7.5% and 8.3% (versus 5.2% in F2017E). Exhibit 16 details Greenspace's operating expense margins relative to peers.

Exhibit 16: GreenSpace's Operating Expense Margins versus Peers

	Revenue Last Calendar Year	Operating Expenses as % of Revenue	Revenue Current CY Estimates	Operating Expenses as % of Revenue	Revenue Next CY Estimates	Operating Expenses as % of Revenue
GreenSpace Brands	**$ 8 mln**	**55.9%**	**$ 35 mln**	**22.8%**	**$ 57 mln**	**18.6%**
Amplify Snack Brands	$ 229 mln	16.0%	$ 270 mln	17.6%	$ 404 mln	16.4%
Freshpet	$ 129 mln	41.5%	$ 134 mln	39.7%	$ 151 mln	34.8%
Hain Celestial	$ 2,801 mln	11.9%	$ 3,015 mln	12.4%	$ 3,031 mln	12.3%
Inventure Foods	$ 274 mln	12.5%	$ 277 mln	12.6%	$ 298 mln	12.3%
Lifeway Foods	$ 123 mln	24.8%	$ 125 mln	21.1%	$ 133 mln	19.7%
SunOpta	$ 1,804 mln	7.1%	$ 1,386 mln	5.6%	$ 1,489 mln	5.2%
Average	**$ 893 mln**	**19.0%**	**$ 868 mln**	**18.2%**	**$ 918 mln**	**16.8%**

Source: S&P Capital IQ, Raymond James Ltd.

The Hunter becomes the Hunted Scenario

GreenSpace strikes us as a potential takeout candidate for many large CPG companies, who have been competing to acquire natural and organic foods brands, utilizing the robust sales growth of these organic brands to complement their stagnating sales growth. As GreenSpace expands its revenue base through increasing market share of existing brands and consolidating smaller players, the company could we believe eventually become an attractive acquisition target. Facing challenging sales in key categories, conventional CPG companies started to expand through acquisitions, triggering a trend of industry consolidation. In the North American foods and beverages industry, an average of 352 deals were announced annually during 2010 to 2016, which is 48% higher than the average of 238 transactions per year during the last decade.

Grim growth prospects of conventional food products are contrasted by rapid expansion of natural and organic market, as consumer shifts away from foods with high calories and low nutritious value, towards healthy alternatives. To capitalize on this trend, leading CPG companies have been acquiring organic brands, which contributed significantly to the rising number of M&As. Relative to developing new brands internally, companies find it more economical to purchase existing brands, as it is less time and capital-consuming to scale up a brand that is already trusted by consumers. Exhibit 17 lists acquisitions within the natural and organic industry over the last 5 years.

Exhibit 17: Recent Transactions within the Natural and Organic Foods Space

Acquirer	Target	Date of Acquisiton	Transaction Value	EV/Sales
GreenSpace Brands	Kiju Organic	Jan-17	$ 10 mln	1.2 x
Hormel	Justin's Specialty Nut Butter	May-16	$ 286 mln	2.9 x
GreenSpace Brands	Central Roast	Feb-16	$ 18 mln	1.5 x
WhiteWave Foods	Wallaby Yogurt Company	Aug-16	$ 125 mln	2.8 x
Pinnacle Foods	Boulder Brands	Jan-16	$ 975 mln	1.9 x
GreenSpace Brands	Love Child	Oct-15	$ 7 mln	1.4 x
Coca-Cola	Suja Juice	Aug-15	$ 90 mln	3.8 x
SunOpta	Sunrise Growers	Jul-15	$ 450 mln	1.5 x
WhiteWave Foods	Sequel Naturals	Jun-15	$ 550 mln	5.5 x
Hormel	Applegate Farms	May-15	$ 775 mln	2.3 x
Hain Celestial	EK Holdings	Mar-15	$ 58 mln	0.6 x
Mondelez International	Enjoy Life Foods	Feb-15	$ 81 mln	2.0 x
Hershey	Krave Pure Foods	Jan-15	$ 225 mln	6.0 x
WhiteWave Foods	So Delicious Dairy Free	Sep-14	$ 195 mln	1.7 x
General Mills	Annie's	Sep-14	$ 820 mln	4.0 x
Lassonde Industries	Apple & Eve	Jul-14	$ 150 mln	0.8 x
Hillshire Brands	Van's Foods	Jan-14	$ 165 mln	2.8 x
Hain Celestial	Tilda Rice	Jan-14	$ 357 mln	1.9 x
Campbell Soup	Plum Organics	May-13	$ 149 mln	1.6 x
Hain Celestial	Ella's Kitchen Ltd.	May-13	$ 106 mln	1.5 x
Average				**2.4 x**

Source: Company Reports, Raymond James Ltd.

As indicated in Exhibit 17, purchase multiples of natural and organic brands averaged 2.4x EV/Sales in the last 5 years. Applying the average transaction multiple of 2.4x to our F2018E and F2019E revenue estimates imputes a range of $2.44 to $2.90 per share on a potential acquisition of Greenspace, which equates to upside of 71% and 103%, respectively from current levels. Exhibit 18 details our share price sensitivity table on GreenSpace's F2018E sales estimates.

Exhibit 18: Acquisition Scenario Analysis based on F2018E and F2019E Revenues

F2018E Sales	2.2x	2.3x	2.4x	2.5x	2.6x	F2019E Sales	2.2x	2.3x	2.4x	2.5x	2.6x
$ 48 mln	$2.00	$2.09	$2.19	$2.28	$2.37	**$ 57 mln**	$2.38	$2.49	$2.60	$2.71	$2.83
$ 51 mln	$2.11	$2.21	$2.31	$2.41	$2.51	**$ 60 mln**	$2.52	$2.64	$2.75	$2.87	$2.99
$ 54 mln	$2.23	$2.33	**$2.44**	$2.54	$2.65	**$ 63 mln**	$2.66	$2.78	**$2.90**	$3.03	$3.15
$ 56 mln	$2.35	$2.46	$2.57	$2.68	$2.79	**$ 67 mln**	$2.79	$2.92	$3.05	$3.18	$3.31
$ 59 mln	$2.46	$2.58	$2.69	$2.81	$2.92	**$ 70 mln**	$2.93	$3.07	$3.20	$3.34	$3.48

Source: Raymond James Ltd.

Financial Analysis & Outlook

2Q17 Results Summary

GreenSpace's F2Q17 gross revenue increased a marked 414.6% from $1.9 mln to $9.8 mln, while net revenue increased 403.5% from $1.7 mln to $8.6 mln. GreenSpace's topline growth was driven by strong growth of legacy brands and revenue contributed from recent acquisitions, partially offset by a few delays of product launches and new distribution rollout, as a number of the major national retailers were slower than expected getting the newly listed products onto their shelves.

- GreenSpace's gross revenue increased 414.6% from $1.9 mln to $9.8 mln, reflecting strong organic growth of 37.5% experienced by legacy brands and $7.2 mln of revenue contribution from Love Child and Central Roast acquisitions. GreenSpace's strong organic growth reflected strong and growing consumer loyalty for the company's products.
- Adjusted gross margin improved a significant 677 bp from 18.1% to 24.9%, primarily due to a larger proportion of revenue being contributed from the higher-margin products under Central Roast and Love Child brands. GreenSpace expects its gross margins to remain at or around the 22% - 25% levels for future quarters.
- Adjusted EBITDA increased meaningfully to $0.4 mln, for a 4.0% EBITDA margin. The strong EBITDA generation reflected fixed cost leverage and a number of cost saving initiatives in the quarter. SG&A margin improved 91 bp from 6.1% to 5.2% on sales support and logistics efficiencies.

Revenue

GreenSpace's gross revenue increased a marked 414.6% from $1.9 mln to $9.8 mln, while net revenue increased 403.5% from $1.7 mln to $8.6 mln, reflecting robust growth of legacy brands and revenue contributed from Love Child and Central Roast acquisitions. A few delays of the anticipated distribution rollout and product launches negatively impacted revenue growth this quarter, as a number of the retailers were slower than expected getting the newly listed bulk programs onto their shelves. We expect these distribution wins, to support continued expected revenue growth through F2017E, despite the delay in the new bulk program shipments.

Adjusted Gross Profit

Adjusted gross profit increased 601.7% from $0.3 mln to $2.2 mln, on gross margin of 24.9%. The significant 677 bp margin increase reflected the favourable impact from inclusion of Love Child and Central Roast's higher-margin businesses, along with more accurate customer demand forecasting which has helped to reduce the volume of inventory write-offs.

Adjusted EBITDA

GreenSpace's Adjusted EBITDA increased meaningfully to $0.4 mln, on an adjusted EBITDA margin of 4.0%. The strong EBITDA growth and EBITDA margin expansion were the result of acquisition synergies and GreenSpace obtaining significant revenue scale to achieve higher profitability. SG&A margin improved 89 bp to 5.9% of net revenue, due to fixed cost leverage as revenue increased substantially.

The significant improvement in storage and delivery costs from 6.9% to 4.7% of net revenue, as a larger percentage of revenue coming from Central Roast, which manages its own production and warehousing facilities at much lower costs. Greenspace's new warehouse facility is expected to generate continued logistics savings through F2018E as it ramps to higher utilization, reducing reliance on higher cost third-party vendors.

EPS

GreenSpace's F2Q17 EPS was a ($0.03) loss versus a ($0.04) loss per share in F2Q16, on a net loss of $1.0 mln.

Model and Estimates

We expect net revenue CAGR of 76.7% from $12.7 mln in F2016 to $69.9 mln in F2019E, net revenue CAGR of 82.4% from $10.5 mln to $63.5 mln, and adjusted EBITDA to increase from $1.7

mln loss to $5.4 mln, as GreenSpace continues to execute its organic growth plans and acquire other brands with high growth profiles.

On revenue growth of 260.9%, our F2017E net revenue estimate is $37.7 mln, for adjusted EBITDA of $2.0 mln. We expect revenue growth in F2018E to moderate to 42.2%, for net revenue of $53.7 mln and adjusted EBITDA of $4.1 mln. In F2019E, we forecast net revenue of $63.5 mln, and adjusted EBITDA of $5.4 mln. We are initiating with F2017E EPS loss of $0.04, F2018E EPS of $0.03, and F2019E EPS of $0.05.

The combination of strong organic growth driven by robust consumer demand and new distribution wins, and revenue contribution from potential acquisitions is expected to drive solid sales performance through our forecast window.

F2017 Estimates

- **Revenue:** Gross revenue of $41.7 mln reflects 229.4% increase from the prior year, driven by robust sales growth at GreenSpace's legacy brands, Love Child and Central Roast of 41.1%, 139.7% and 34.6%, respectively. Kiju contributes 2 months of sales in F2017E of an estimated $2.4 mln. Total net revenue increases 260.9% from $10.5 mln to $37.7 mln, as listing fees and retailer rebates account for smaller proportions of total gross revenue.
- **Gross Profit:** Adjusted gross profit margin increases 433 bp from 22.0% to 26.3%, due to a larger proportion of revenue being contributed from the higher margin products carried by Love Child and Central Roast, along with more accurate customer demand forecasting which helps reducing the volume of inventory write-offs.
- **Adjusted EBITDA:** Adjusted EBITDA increases meaningfully from $1.7 mln loss to $2.0 mln, on 5.2% EBITDA margin, reflecting significant acquisition synergies and fixed cost leverage.
- **EPS:** EPS loss of $0.04 is predicated on our expectations of net loss $1.7 mln, and weighted average number of shares outstanding of 41.5 mln.

F2018 Estimates

- **Revenue:** Gross revenue of $59.3 mln reflects 42.1% increase from the prior year, driven by strong sales growth at GreenSpace's legacy brands, Love Child, Central Roast and Kiju of 15.6%, 21.5%, 22.7% and 42.6%, respectively. Total net revenue is expected to increase 42.2% from $37.7 mln to $53.7 mln.
- **Gross Profit:** Adjusted gross profit margin expands 22 bp from 26.3% to 26.5%, driven by higher gross margins carried by the Kiju products, along with better inventory management.
- **Adjusted EBITDA:** Adjusted EBITDA margin increases 231 bp from 5.2% to 7.5%, as a result of leveraging higher sales volume over fixed SG&A, salary and benefits expenses, and advertising costs.
- **EPS:** EPS of $0.03 is predicated on our expectations of net income $1.5 mln, and weighted average number of shares outstanding of 52.5 mln.

F2019 Estimates

- **Revenue:** Gross revenue of $69.9 mln reflects 17.7% increase from the prior year, driven by strong sales growth at GreenSpace's legacy brands, Love Child, Central Roast and Kiju of 14.9%, 20.2%, 14.8% and 22.7%, respectively. Total net revenue increases 18.3% from $53.7 mln to $63.5 mln, as listing fees and retailer rebates account for smaller proportions of total gross revenue.
- **Gross Profit:** Adjusted gross profit margin increases 8 bp from 26.5% to 26.6%, on continued improvement in inventory management.
- **Adjusted EBITDA:** Adjusted EBITDA margin increases 76 bp from 7.5% to 8.3%, as a result of leveraging higher sales volume over fixed SG&A, salary and benefits expenses, and advertising costs.
- **EPS:** EPS of $0.05 is predicated on our expectations of net income $2.9 mln, and weighted average number of shares outstanding of 53.4 mln.

Valuation & Recommendation

We are initiating coverage of GreenSpace Brands Inc. with a Strong Buy rating and a $2.00 target price. Our target price of $2.00 is based on 2.0x our F2018E revenue of $53.7 mln, for an imputed value of $2.02. We believe that our 2.0x target multiple, appropriately reflects Greenspace's relative competitive position and early stage risks, versus the peer group average of 2.4x.

Exhibit 19: EV/Sales Sensitivity Table

Sales ($)	1.8x	1.9x	2.0x	2.1x	2.2x
$ 50 mln	$1.66	$1.76	$1.86	$1.96	$2.06
$ 52 mln	$1.74	$1.84	$1.94	$2.05	$2.15
$ 54 mln	$1.81	$1.92	**$2.02**	$2.13	$2.24
$ 56 mln	$1.88	$1.99	$2.10	$2.22	$2.33
$ 58 mln	$1.95	$2.07	$2.18	$2.30	$2.42

Source: Raymond James Ltd.

Exhibit 20: Peer Group Comparison

Company Name	Price 2/1/2017	Shrs O/S (mln)	Market Cap. (mln)	Revenue (mln) LFY	FY1E	FY2E	FY3E	Enterprise Value / Revenue Ratios LFY	FY1E	FY2E	FY3E	EBITDA (mln) LFY	FY1E	FY2E	FY3E	Enterprise Value / EBITDA Ratios LFY	FY1E	FY2E	FY3E
GreenSpace Brands Inc.	**$1.43**	**51.3**	**$73**	**$10**	**$38**	**$54**	**$63**	**7.5**	**2.1**	**1.5**	**1.2**	**-$1.7**	**$2.0**	**$4.1**	**$5.4**	**n.a.**	**39.0**	**19.0**	**14.7**
Amplify Snack Brands, Inc.	$10.05	76.9	$773	$184	$270	$404	$454	7.3	5.0	3.3	3.0	$61	$84	$111	$126	22.0	16.0	12.2	10.7
Blue Buffalo Pet Products, Inc.	$24.67	199.0	$4,909	$1,027	$1,149	$1,268	$1,377	4.8	4.3	3.9	3.6	$219	$272	$310	$350	22.7	18.3	16.1	14.2
Lifeway Foods, Inc.	$10.59	16.2	$172	$119	$125	$133	-	1.4	1.4	1.3	N/A	$8	$10	$13	N/A	22.5	17.9	13.5	N/M
Snyder's-Lance, Inc.	$38.14	86.4	$3,296	$1,656	$2,297	$2,387	$2,434	2.8	2.0	1.9	1.9	$185	$314	$366	$396	25.0	14.7	12.6	11.7
The Hain Celestial Group, Inc.	$39.07	104.1	$4,068	$2,689	$2,939	$3,071	$3,110	1.8	1.7	1.6	1.6	$314	$390	$410	$420	15.5	12.5	11.8	11.6
Group Average								**3.6**	**2.9**	**2.4**	**2.5**					**21.5**	**15.9**	**13.2**	**12.0**

Source: Capital IQ, Raymond James Ltd.

Appendix A: Financial Statements

Exhibit 21: GreenSpace Brands Income Statement (C$ 000)

GreenSpace Brands Inc.	F2016	F1Q17	F2Q17	F3Q17E	F4Q17E	F2017E	F1Q18E	F2Q18E	F3Q18E	F4Q18E	F2018E	F2019E
(Year ended March)												
Gross revenue	**12,672**	**9,213**	**9,829**	**10,094**	**12,610**	**41,746**	**14,398**	**15,057**	**14,861**	**15,016**	**59,332**	**69,860**
y/y revenue growth	*214.5%*	*478.0%*	*414.6%*	*198.5%*	*117.9%*	*229.4%*	*56.3%*	*53.2%*	*47.2%*	*19.1%*	*42.1%*	*17.7%*
Less: rebates & discounts	1,169	674	980	757	757	3,168	1,123	1,190	1,129	1,171	4,613	5,348
Less: listing fees	1,045	128	254	202	252	836	259	271	262	264	1,056	1,048
Net revenue	**10,457**	**8,411**	**8,595**	**9,135**	**11,601**	**37,743**	**13,016**	**13,597**	**13,470**	**13,581**	**53,663**	**63,464**
y/y revenue growth	*192.4%*	*495.3%*	*403.5%*	*205.8%*	*166.7%*	*260.9%*	*54.8%*	*58.2%*	*47.4%*	*17.1%*	*42.2%*	*18.3%*
COGS	8,977	6,307	6,650	6,879	8,599	28,435	9,803	10,148	10,107	10,153	40,210	47,357
COGS as% of Gross Revenue	*70.8%*	*68.5%*	*67.7%*	*68.2%*	*68.2%*	*68.1%*	*68.1%*	*67.4%*	*68.0%*	*67.6%*	*67.8%*	*67.8%*
COGS Margin (bp) Change	*(439)*	*(942)*	*(667)*	*(185)*	*(55)*	*(272)*	*(55)*	*(39)*	*(20)*	*(85)*	*(34)*	*2*
Reported gross profit	1,481	2,104	1,945	2,256	3,002	9,307	3,214	3,449	3,362	3,428	13,453	16,107
Reported gross profit margin	*14.2%*	*25.0%*	*22.6%*	*24.7%*	*25.9%*	*24.7%*	*24.7%*	*25.4%*	*25.0%*	*25.2%*	*25.1%*	*25.4%*
Adjusted gross profit	**2,526**	**2,232**	**2,199**	**2,458**	**3,254**	**10,143**	**3,473**	**3,720**	**3,624**	**3,692**	**14,509**	**17,155**
Adjusted gross profit margin	*22.0%*	*26.1%*	*24.9%*	*26.3%*	*27.5%*	*26.3%*	*26.2%*	*26.8%*	*26.4%*	*26.7%*	*26.5%*	*26.6%*
Adjusted Gross Margin (bp) change	*537*	*1,199*	*677*	*482*	*185*	*433*	*2*	*198*	*7*	*(79)*	*22*	*8*
G&A	780	465	510	458	606	2,039	669	701	675	685	2,730	3,191
Storage & delivery	853	237	403	484	506	1,630	460	454	538	538	1,990	2,316
Salaries & benefits	1,668	956	665	675	747	3,044	1,187	964	888	800	3,838	4,206
Advertising & promotion	681	241	265	312	354	1,172	321	358	407	367	1,452	1,627
Professional fees	1,295	84	128	42	116	370						
Stock-based compensation	257	63	52	55	70	239	130	136	135	136	537	635
Amortization of intagible assets			260	260	260	780	260	260	260	260	1,040	1,040
Reverse take-over listing fee	991											
EBIT	**(5,045)**	**58**	**(338)**	**(30)**	**344**	**34**	**187**	**577**	**460**	**642**	**1,866**	**3,093**
Interest expense	138	161	121	38	58	378	57	57	57	57	228	224
EBT	**(5,183)**	**(103)**	**(459)**	**(68)**	**286**	**(344)**	**129**	**520**	**403**	**586**	**1,638**	**2,869**
Accretion expense	106	307	606	382	113	1,409	64	64	33		161	
Deferred income tax (recovery)			(69)			(69)						
Net Income (Loss)	**(5,289)**	**(410)**	**(996)**	**(450)**	**172**	**(1,684)**	**65**	**456**	**370**	**586**	**1,477**	**2,869**
Depreciation	42	43	40	40	40	163	41	42	42	42	167	176
D&A as % of Net Revenue	*0.4%*	*0.5%*	*0.5%*	*0.4%*	*0.3%*	*0.4%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*
EBITDA	**(5,003)**	**101**	**(38)**	**270**	**644**	**977**	**488**	**879**	**762**	**945**	**3,073**	**4,308**
EBITDA margin as % of Net Revenue	*(47.8%)*	*1.2%*	*(0.4%)*	*3.0%*	*5.5%*	*2.6%*	*3.7%*	*6.5%*	*5.7%*	*7.0%*	*5.7%*	*6.8%*
Adjusted EBITDA	**(1,729)**	**298**	**352**	**472**	**896**	**2,018**	**747**	**1,150**	**1,024**	**1,209**	**4,129**	**5,356**
Adjusted EBITDA margin (%)	*(15.0%)*	*3.5%*	*4.0%*	*5.1%*	*7.6%*	*5.2%*	*5.6%*	*8.3%*	*7.5%*	*8.7%*	*7.5%*	*8.3%*
Adjusted EBITDA margin (bp) change							*213*	*431*	*240*	*117*	*231*	*76*
Basic EPS (& Diluted)	**($0.26)**	**($0.01)**	**($0.03)**	**($0.01)**	**$0.00**	**($0.04)**	**$0.00**	**$0.01**	**$0.01**	**$0.01**	**$0.03**	**$0.05**

Source: GreenSpace Brands Inc., Raymond James Ltd.

Exhibit 22: GreenSpace Brands Balance Sheet (C$ 000)

GreenSpace Brands Inc.	F2016	F1Q17	F2Q17	F3Q17E	F4Q17E	F2017E	F1Q18E	F2Q18E	F3Q18E	F4Q18E	F2018E	F2019E
(Year ended March)												
Assets:												
Current Assets:												
Cash and cash equivalents	0	0	0	498	2,865	2,865	2,011	1,802	3,527	4,947	4,947	8,563
Accounts receivable	3,993	4,622	4,739	4,343	6,294	6,294	7,223	7,260	6,394	7,495	7,495	8,839
HST receivables	184	82	174	174	174	174	174	174	174	174	174	174
Prepaid expenses and deposits	407	220	640	640	640	640	640	640	640	640	640	640
Inventory	3,479	4,146	4,534	5,815	5,649	5,649	6,444	6,919	8,543	6,669	6,669	7,873
Due from related parties	38	38	38	38	38	38	38	38	38	38	38	38
Total current assets	**8,101**	**9,108**	**10,125**	**11,508**	**15,660**	**15,660**	**16,531**	**16,833**	**19,316**	**19,963**	**19,963**	**26,128**
Non-current Assets:												
PP&E	716	723	723	728	738	738	755	758	766	782	782	816
Unallocated purchase price	22,004	22,004	13,787	13,787	23,667	23,667	23,667	23,667	23,667	23,667	23,667	23,667
Goodwill	0	0	9,708	9,448	9,188	9,188	8,928	8,668	8,408	8,149	8,149	7,109
Total assets	**30,820**	**31,835**	**34,343**	**35,471**	**49,286**	**49,286**	**49,914**	**49,959**	**52,158**	**52,561**	**52,561**	**57,720**
Liabilities:												
Current liabilities:												
Bank overdraft	998	1,561	1,254	4,854	4,854	4,854	4,854	4,854	4,854	4,854	4,854	4,854
Accounts payable and accrued liabilities	4,979	5,450	5,244	6,701	8,084	8,084	8,471	8,002	9,846	9,545	9,545	11,268
Due to related parties	0	111	121	121	121	121	121	121	121	121	121	121
Loans from related parties	4,432	7,859	4,663	912	924	924	988	928	829	829	829	829
Loans payable	1,649	1,731	71	71	71	71	71	71	71	70	70	15
Total current liabilities	**12,057**	**16,712**	**11,353**	**12,659**	**14,055**	**14,055**	**14,505**	**13,976**	**15,721**	**15,419**	**15,419**	**17,086**
Non-current Liabilities:												
Loans from related parties - non-current	1,993	557	1,193	1,193	2,226	2,226	2,226	2,226	1,636	636	636	636
Loans payable - non-current	243	224	205	188	170	170	153	135	117	100	100	89
Other long term liabilities	1,838	0	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069
Total Liabilities	**16,131**	**17,493**	**14,820**	**16,109**	**18,520**	**18,520**	**18,952**	**18,406**	**19,543**	**18,224**	**18,224**	**19,880**
Shareholder's Deficit:												
Share capital	22,483	22,483	28,910	29,199	40,431	40,431	40,561	40,697	41,389	42,525	42,525	43,159
Contributed surplus	2,202	2,265	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312	2,312
Accumulated deficit	(9,996)	(10,406)	(11,699)	(12,149)	(11,977)	(11,977)	(11,912)	(11,456)	(11,085)	(10,500)	(10,500)	(7,631)
Total Shareholder's Deficit	**14,689**	**14,342**	**19,523**	**19,362**	**30,766**	**30,766**	**30,962**	**31,553**	**32,615**	**34,337**	**34,337**	**37,840**
Total liabilities and shareholder's deficit	**30,820**	**31,835**	**34,343**	**35,471**	**49,286**	**49,286**	**49,914**	**49,959**	**52,158**	**52,561**	**52,561**	**57,720**

Source: GreenSpace Brands Inc., Raymond James Ltd.

Exhibit 23: GreenSpace Brands Statement of Cash Flows (C$ 000)

GreenSpace Brands Inc.	F2016	F1Q17	F2Q17	F3Q17E	F4Q17E	F2017E	F1Q18E	F2Q18E	F3Q18E	F4Q18E	F2018E	F2019E
(Year ended March)												
Cash flow from operating activities:												
Net income (loss)	(5,289)	(410)	(1,187)	(450)	172	(1,875)	65	456	370	586	1,477	2,869
Items not affecting cash:												
Depreciation	42	43	559	300	300	1,202	301	302	302	302	1,207	1,216
Stock-based compensation	257	63	52	55	70	239	130	136	135	136	537	635
Allowance for doubtful accounts			(138)			(138)						
Reverse take-over listing fees	991											
Interest and accretion expense	138	160	122	38	58	378	57	57	57	57	228	224
Inventory provision	394	111	129			240						
Accretion Expense	106	307	606	382	113	1,409	64	64	33		161	
Change in fair value of derivative liability												
Changes in non-cash working capital:												
HST receivable	(165)	213	(82)			131						
Accounts receivable	(899)	(629)	(117)	396	(1,951)	(2,301)	(929)	(36)	866	(1,101)	(1,201)	(1,344)
Prepaid expenses and deposits	(306)	187	(420)			(233)						
Inventory	(318)	(778)	(517)	(1,281)	166	(2,410)	(795)	(475)	(1,624)	1,874	(1,021)	(1,204)
Accounts payable and acrued liabilities	211	470	(111)	1,457	1,383	3,199	386	(468)	1,844	(301)	1,461	1,723
Cash flow from operating activities	**(4,838)**	**(263)**	**(1,104)**	**897**	**311**	**(158)**	**(720)**	**35**	**1,981**	**1,553**	**2,849**	**4,118**
Cash Flow from investing activities:												
Cash used for business comnination	(9,600)				(6,220)	(6,220)						
Additions to PP&E	(277)	(51)	(43)	(45)	(50)	(189)	(58)	(45)	(50)	(58)	(211)	(211)
Cash flow from investing activities	**(9,877)**	**(51)**	**(43)**	**(45)**	**(6,270)**	**(6,409)**	**(58)**	**(45)**	**(50)**	**(58)**	**(211)**	**(211)**
Cash flow from financing activities:												
Increase (decrease) in bank overdraft	(31)	564	(308)	3,600		3,856						
Warrants exercised			56			56						
Proceeds from issurance of common shares	14,874		6,366	234	8,503	15,103			557	1,000	1,557	
Repayment of advances from related party	(157)	200	(3,180)	(4,133)	(101)	(7,214)		(124)	(689)	(1,000)	(1,813)	
Repayment of loans payable	(25)	(292)	(1,646)	(18)	(18)	(1,973)	(18)	(18)	(18)	(18)	(71)	(67)
Cash acquired from reverse take-over	169											
Interest Paid	(116)	(158)	(141)	(38)	(58)	(395)	(57)	(57)	(57)	(57)	(228)	(224)
Cash from financing activities	**14,715**	**314**	**1,147**	**(355)**	**8,326**	**9,432**	**(75)**	**(199)**	**(207)**	**(74)**	**(555)**	**(291)**
Increase (decrease) in cash and cash equivalents	**0**	**0**	**0**	**497**	**2,367**	**2,865**	**(854)**	**(209)**	**1,725**	**1,420**	**2,082**	**3,616**
Cash and cash equivalents, beginning of the period	0	0	0	0	498	0	2,865	2,011	1,802	3,527	2,865	4,947
Cash and cash equivalents, end of the period	**0**	**0**	**0**	**498**	**2,865**	**2,865**	**2,011**	**1,802**	**3,527**	**4,947**	**4,947**	**8,563**

Source: GreenSpace Brands Inc., Raymond James Ltd.

Appendix B: Management & Board of Directors

Management

Matthew von Teichman, Director, Chief Executive Officer and President

Mr. von Teichman has been the president and Chief Executive Officer of Life Choices since founding it in 2002. Prior to founding Life Choices, Mr. von Teichman co-founded and served as president of JobShark Corporation, which became one of the largest online recruitment organizations in North America. Mr. von Teichman holds a Bachelor of Arts degree from the University of Western Ontario, and sits on the board of directors of the Childhood Cancer Canada Foundation and is a member of the Young President's Organization.

Matthew Walsh, Chief Financial Officer

Mr. Walsh is the former Vice President of Finance at Vicwest Inc., a leading supplier of building products in North America, and a Senior Manager of Price Waterhouse Coopers prior to that. Mr. Walsh holds the CPA and CA designations.

Aaron Skelton, Chief Operating Officer

Mr. Skelton joined GreenSpace Brands in April 2014 as the Vice President of Brands and Business Development, and was promoted to his current role as COO in March 2016. Previously, Mr. Skelton held various positions at Loblaw Companies Limited. He left Loblaw as a Senior Director of Merchandising. Mr. Skelton holds a Bachelor of Science in Nutrition and Nutraceutical Sciences from the University of Guelph.

Board of Directors

James M. Brown, Director

Mr. Brown serves as a Director of the Board. Mr. Brown is currently the Vice-Chairman of Canaccord Genuity Corp., a leading independent investment bank. Previously Mr. Brown was a Managing Partner of Difference Capital Funding Inc., a specialty finance company that advised and provided capital for growth companies. Mr. Brown is also a director of BC Hydro. He has over 15 years of experience in the North American capital markets. Mr. Brown graduated with distinction from McGill University (B.A.), is a Chartered Business Valuator, has served on the National Advisory Committee for the Toronto Stock Exchange Group and is a member of the Young President's Organization.

James Haggarty, Director

Mr. Haggarty serves as a Director of the Board. Mr. Haggarty is currently the President and CEO of the SIM Group, a digital production company serving the television and film industries in Toronto, Vancouver, New York, Atlanta and Los Angeles. Previously, he served as a Managing Director of Gibraltar Growth Corp., CEO of SHOP.CA and Executive Vice President of Television Operations of Rogers Media Inc. Mr. Haggarty brings considerable acquisition and merger experience gained over 23 years of industry experience, including having served as CFO for several divisions of publicly listed companies. In addition, he sits on two other public companies' audit committees. He also sits on the board of the Toronto Blue Jays Care Foundation. Mr. Haggarty holds the CA and CPA designations and obtained his Honors Bachelor of Commerce degree at the Odette School of Business at University of Windsor.

Blair Tamblyn, Director

Mr. Tamblyn serves as a Director of the Board. Mr. Tamblyn is a Co-founder, Managing Director and CEO of Timbercreek Asset Management, a global asset management firm based in Canada. Mr. Tamblyn also sits on the board of Timbercreek Financial. He has over 20 years of experience working with the public and private capital markets and has led the origination, structuring, capitalization and execution of all public and private Timbercreek entities. Prior to Timbercreek, Mr. Tamblyn was employed at Connor, Clark & Company. Mr. Tamblyn graduated from the University of Western Ontario, and the Rotman School of Business Director Education Program.

Roger Daher, Director

Mr. Daher serves as a Director of the Board. Mr. Daher has been a licensed pharmacist for 25+ years and he is currently a practicing owner/partner in seven Ontario Pharmasave pharmacies. Mr. Daher has been a member of the Pharmasave Ontario Board of Directors, and is currently serving as the chair of the audit committee. Mr. Daher is also a Director on the board of a number of other public companies, including Xylitol Canada Inc.

Risks

Customer Concentration

A significant amount of GreenSpace's products is sold through large retail chains, including supermarkets, wholesalers and a number of distributors. These retail chains may use their purchasing power to negotiate lower prices or increase promotional programs. Intense competition within the food retail industry, especially from discount retailers could amplify these acts. These factors could have a negative impact on the availability of GreenSpace's products, as well as their profitability. Sales to GreenSpace's four largest customers represented approximately 53% of total revenue in fiscal year ended March 31, 2016. Any disruption in GreenSpace's relationships with these customers or material change in the terms by which the company conducts business with these customers, could have an adverse effect on GreenSpace's sales volume and financial results.

Food Safety and Product Recalls

Risk of injury or illness to consumers may result from inadvertent mislabeling, tempering by unauthorized third parties or product contamination. Under certain circumstances, GreenSpace may be required to recall or withdraw products, suspend production of its products or cease operations, which may lead to an adverse effect on the company's results of operations and brand image.

Competition

The prepared food industry in Canada is highly competitive, consisting of many large and small Canadian and international corporations, some possessing extensive financial resources and industry expertise. Increased competition may have an adverse effect on profitability as it can result in lower sales volumes, lower margins and higher operating costs. In addition, heightened competition may lead to retailers with significant bargaining power to demand higher listing fees or rebates, or become less hesitant to price increases for GreenSpace's products.

Commodity Supply and Price Volatility

Access to raw materials is required to meet demand for GreenSpace's products. A shortage in raw materials could lead to loss of sales and damage to the brand reputation. In addition, commodities can be subject to price volatilities caused by commodity market fluctuations, currency fluctuations, and external conditions such as the environment, the weather, and changes in governmental agricultural and energy regulations. GreenSpace may not be able to increase its product prices and or achieve cost savings that fully offset any cost increases, which may result reduced margins or profitability.

Foreign Exchange

GreenSpace sources a number of Central Roast raw materials from the United States and has a number of Life Choices and Love Child products co-packed by US and European based co-packers. These transactions account for approximately 30% of cost of goods sold, which is denominated in US dollars. GreenSpace hedges some of this exposure through forward foreign currency contracts and factors the currency exchange into its pricing. However, if foreign exchange rates experience significant changes, GreenSpace may realize compressed margins for a period of time until price increases can by successfully passed through to customers.

Company Citations

Company Name	Ticker	Exchange	Currency	Closing Price	RJ Rating	RJ Entity
Costco Wholesale Corporation	COST	NASDAQ	US$	168.15	3	RJ & Associates
Empire Company Limited	EMP.A	TSX	C$	16.21	3	RJ Ltd.
Loblaw Companies Ltd.	L	TSX	C$	67.40	2	RJ Ltd.
Metro, Inc.	MRU	TSX	C$	38.99	2	RJ Ltd.
Timbercreek Financial Corp.	TF	TSX	C$	9.10	R	RJ Ltd.
Wal-Mart Stores Inc.	WMT	NYSE	US$	66.70	1	RJ & Associates

Notes: Prices are as of the most recent close on the indicated exchange and may not be in US$. See Disclosure section for rating definitions. Stocks that do not trade on a U.S. national exchange may not be registered for sale in all U.S. states. NC=not covered.

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Company Name	Disclosure
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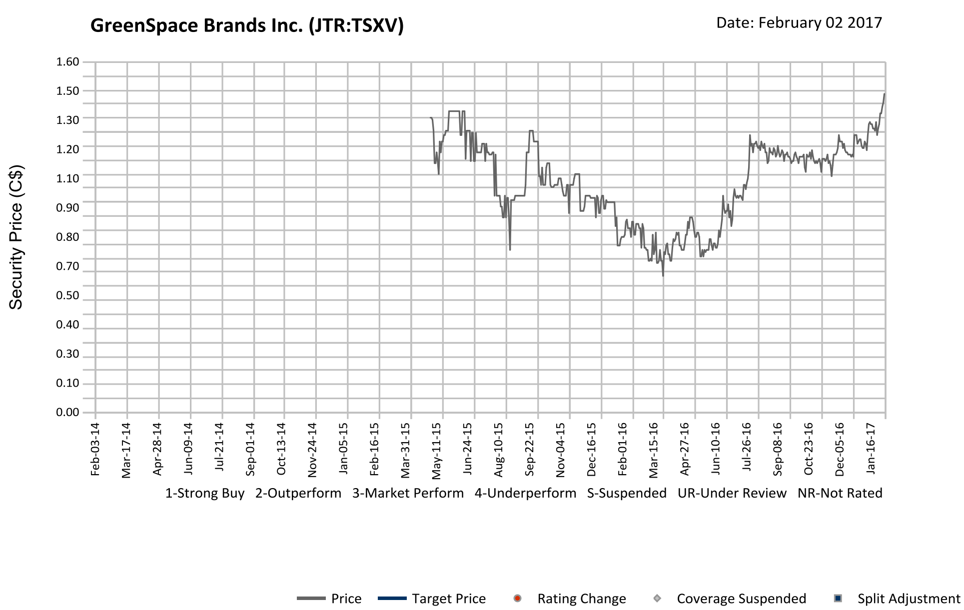

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Risks - GreenSpace Brands Inc.
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