

good natured Products Inc.

**Management Discussion & Analysis
for the 9 months ended September 30, 2021**

as at November 26, 2021

introduction

This Management's Discussion and Analysis ("MD&A") of good natured Products Inc. ("*good natured*[®]", "GDNP", "the Company", "management", "we", "us" or "our") is prepared as at November 26, 2021 and provides an analysis of the Company's financial results for the 9 months ended September 30, 2021 compared to the 9 months ended September 30, 2020. The following information should be read in conjunction with the Company's audited consolidated annual financial statements and related notes for the year ended December 31, 2020 as well as the unaudited interim condensed consolidated financial statements for the 9 months ended September 30, 2021. ***Unless otherwise indicated, all financial data in the MD&A was prepared with International Financial Reporting Standards ("IFRS") and all dollar figures are in thousands of Canadian dollars.*** This MD&A uses financial measures that are not defined by IFRS. Please refer to the section entitled "*Non-IFRS Financial Measures*" for a complete description of these measures.

cautionary note regarding forward-looking statements

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information, as defined in securities laws. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information.

Forward-looking statements in this MD&A include all disclosure regarding possible events, conditions, circumstances, or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this MD&A and can be identified by words such as "may", "estimates", "projects", "expects", "intends", "believes", "plans", "anticipates", "continue", "growing", "expanding", or their negatives or other comparable words. Forward-

looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, variable gross margins, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward-looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. There are many risk factors and uncertainties that may affect the Company's actual results, performance, achievements, or developments. Consequently, all forward-looking statements in this report are qualified by this cautionary statement and the Company cannot assure investors that actual results, performance, achievements, or developments that the Company anticipates will be realized. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

non-IFRS financial measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be 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 our financial information reported under IFRS. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures.

The Company relies on the following non-IFRS measures in its financial statements:

Adjusted EBITDA

The Company employs Adjusted EBITDA internally to measure its operating and financial performance and to assist in business decision making. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use this non-IFRS measure as information to evaluate the Company's operating and financial performance. Adjusted EBITDA provides an indication of the Company's continuing capacity to generate income from operations before considering the Company's financing decisions, share compensation, costs of amortizing capital assets and other significant or unusual items. Accordingly, Adjusted EBITDA comprises net income (loss) excluding financing costs, foreign exchange gains or losses, share compensation, amortization and depreciation, asset impairment, gains or losses on loans, acquisition related costs, SG&A tied to acquisition activities, restructuring, one-time charges, operational process engineering-related consultancy costs, asset impairment, and income taxes. With the Company being keenly focused on revenue growth, Adjusted EBITDA provides management a valuable, normalized metric for the evaluation of ongoing operating performance, strategic decisions and future operating plans.

Variable Gross Margin

Variable Gross Margin is a non-IFRS measure that management believes provides an accurate measure of the Company's product margin contribution by removing fixed factory overhead. Variable Gross Margin provides deeper insight into normalized product margins related to variable material input costs, inbound freight and labour costs associated with producing the goods being sold. Variable Gross Margin also removes gross margin percentage fluctuations due to changes in revenue from factors such as mix of insourced versus outsourced manufacturing to respond to specific customer requirements for multiple-facility production, depreciation from facility capital investments and the addition of manufacturing facility acquisitions with factory overhead charges.

SG&A Excluding Acquisition Costs and One Time Charges

SG&A Excluding Acquisition and One Time Charges is a non-IFRS measure that management believes allows for a more accurate evaluation of the Company's ongoing SG&A costs to support its operations by disregarding one-time and/or periodic expenses associated with the execution of the Company's growth-through-acquisition strategy.

company overview

good natured[®] is passionately pursuing its goal of becoming North America's leading earth-friendly product company by offering the broadest assortment of eco-friendly options made from plants instead of petroleum. The Company is focused on making it easy and affordable for business owners and consumers to switch to *better everyday products*[®] made from renewable materials and free from chemicals of concern.

good natured[®] offers over 400 products and services through wholesale, direct to business, and retail channels. From plant-based home organization products to compostable food containers, bioplastic industrial supplies and medical packaging, the Company is focused on making plant-based products more readily accessible to people as a means to create meaningful environmental and social impact.

The Company's customer base includes retailers, food producers, food packers, consumer product companies, restaurants, packaging manufacturers and other industrial processors across three key market segments – National, Regional and Small Business – all of which are supported by a combination of inside and outside sales teams. The Company also offers direct to consumer and direct-to-business purchasing through Amazon and its own e-commerce platforms in the United States and Canada.

good natured[®] carries on business across five business groups: Packaging, General Merchandise, Commercial Supplies, Industrial, and Services. *good natured*[®] offers consumers, business owners and operators a plant-based alternative to the current petroleum-based materials that are being used in homes and businesses. The vast majority of the Company's operations are in the United States and Canada. The Company is listed on the TSX Venture Exchange under the symbol "GDNP".

growth strategy

The Company's growth strategy is centered on marketing a leading assortment of plant-based products that generate a diversified customer and product revenue mix. The Company anticipates it will continue to broaden its plant-based product assortment organically and through its acquisition strategy.

The objective is to gain the highest share of each customer's total sustainable spend by offering a leading assortment of plant-based products, omni-channel

sales experience, and service that make it easy and affordable for customers to make the transition to plant-based products.

The Company strives to achieve its growth objectives by driving a two-pronged approach:

1. Organic growth that is driven by a "land and expand" sales strategy that includes:
 - a. acquiring new customers through direct-to-business and direct-to-consumer customer segments;
 - b. cross selling existing and new products into the existing customer base; and
 - c. adding new products that extend current product categories and/or create new product categories that are relevant and complementary to sell to current customer base and new customers groups.
2. Growth through acquisitions focused on acquiring businesses that meet a combination of the following criteria:
 - a. add a large and diverse customer base;
 - b. add a large range of product offerings;
 - c. add product offerings that open up new customer market segments, product categories or business groups;
 - d. offer new technology;
 - e. open up cross selling of products across existing and acquired customer base;
 - f. offer the ability to expand into new market segments and geographies; and
 - g. have strong supply chain efficiency and positive EBITDA.

The targeted acquisitions may currently produce petroleum-based products that can be reformulated and re-launched using plant-based materials, or the business may have commercially ready plant-based products that enhance the *good natured*[®] product assortment. If the acquired business manufactures and distributes petroleum-based products or packaging, the Company will plan to convert the petroleum-based products and customers to plant-based alternatives within an approximate 18-month timeframe. The length of time to convert an acquired petroleum-based business will be primarily dependent on, but not limited to, the following six factors: (1) how quickly the Company can procure the necessary plant-based materials to meet customer and production

requirements in the acquired business; (2) any existing supply obligations with raw materials suppliers; (3) existing raw material inventory levels; (4) seasonality or peak business timing of raw material transitions; (5) any material commercial supply agreements the acquiree has in place with customers that require the delivery of regulated, petroleum-based products; and (6) any supply chain disruptions that may delay delivery of plant-based raw materials to support the transition. The Company intends to divest any of the acquiree's products and/or customer accounts that cannot be successfully converted to plant-based products over time and then re-invest the proceeds from any such divestiture back into the Company.

business model

The Company's business model is based on engaging a large, diverse mix of customers across a broad and complementary range of eco-friendly products. The Company acquires customers across four distinct market segments, which includes National, Regional, Small Business and Direct-to-Consumer, and deploys its wide assortment of plant-based products and services across five business groups to tailor its sales and service offerings accordingly to meet the needs of its different target customers. Sales cycles and gross margin rates will vary by market segment, target customers, business groups and individual product categories. The Company's National market segment typically has longer sales cycles and lower gross margin rates, while Direct-to-Consumer sales provide far shorter sales cycles and higher gross margin rates. Quarter over quarter, revenue mix by market segment, business group and product category will vary depending on actual revenue recognition and shipments in that quarter. This will contribute to short-term variation in Variable Gross Margin and gross margins rates in each financial reporting period that may not be indicative of longer-term trends and the successful execution of the business model.

recent developments

- On October 28, 2021 The Company closed a convertible debenture offering for gross proceeds of \$17.25 million and a \$35.8 million senior credit facility with National Bank, for total debt financing of \$53 million dollars, which includes an uncommitted \$10 million credit

facility at the discretion of National Bank. See discussion in Liquidity section for more details.

- On October 13, 2021, The Company announced it had commenced shipping commercial quantities of product to a large National US food producer that is replacing petroleum-based packaging with multiple Bio-PET packaging products. The Company expects to sign a commercial agreement, which would outline a multi-year relationship, that is expected to produce approximately US \$13 million in revenue in the first year.

For additional information please refer to the Company's AIF dated May 28, 2021, available on the Company's SEDAR profile at www.sedar.com as well as on the Company's investor website at investor.goodnatureproducts.com.

COVID-19 pandemic update

Deemed an essential business in the United States and Canada, the Company has continued to operate all its North American facilities during the COVID-19 pandemic. The Company continues to reinforce government-mandated measures that have been implemented to mitigate health risks to employees, business partners and communities where the Company operates and prevent disruptions. These measures continue to evolve and have included rigorous hygiene and cleaning practices, physical distancing policies, return-to-work health monitoring and testing protocols, business travel restrictions and phased workplace reintegration of office employees. To date, the Company has not experienced a material disruption to operations as a result of COVID-19. While there have been negative impacts to revenue growth rates and timing of new product launches, the Company's has maintained revenue growth.

The impact of the ongoing COVID-19 pandemic on the demand for the Company's products, as well as on the Company's operations and those of its suppliers and customers, remains uncertain and cannot currently be predicted. The COVID-19 pandemic and the varying actions taken by government authorities and other businesses to reduce the spread could directly or indirectly disrupt the Company's operations and those of its suppliers or customers, which in turn could adversely impact the business, financial position, results of operations and cash flows of the Company.

overall performance

Selected Financial Information

The following table summarizes certain financial data from the financial statements of the Company for the interim period ended September 30, 2021:

	Three months ended September 30		Nine months ended September 30	
	Sep. 2021	Sep. 2020	Sep. 2021	Sep. 2020
Revenue	\$ 18,005	\$ 4,659	\$ 38,276	\$ 11,387
Adjusted EBITDA ¹	\$ (587)	\$ (334)	\$ (607)	\$ (682)
Net loss	\$ (2,923)	\$ (1,513)	\$ (8,524)	\$ (3,953)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.02)

¹ Refer to Non-IFRS definitions section above

	As at September 30	
	2021	2020
Assets	\$ 82,154	\$ 24,225
Liabilities	\$ 60,122	\$ 28,239
Asset to Liability Ratio	1.4	0.9
Cash and cash equivalents	\$ 8,720	\$ 3,838
Net working capital	\$ 12,394	\$ 3,820

Selected Financial & Operational Highlights

The following are selected financial and operational highlights for the 3 months (“Q3 2021”) and 9 months (“YTD 2021”) ended September 30, 2021:

- Achieved record revenue of \$18,005 for Q3 2021 as compared to \$4,659 for the three months ended September 30, 2020, an increase of 286%. This set a new Company record for quarterly revenue growth.
- Achieved record revenue of \$38,276 for YTD 2021 as compared to \$11,387 for the nine months ended September 2020, a YOY increase of 236%;
- Increased the Company’s recurring B2B customer base to over 850 customers as compared to 400 at September 30, 2020.
- On May 28, 2021, the Company closed the acquisition of Ex-Tech Plastics Inc. (“Ex-Tech”) (see “Key Acquisitions” for more details). With the acquisition of Ex-Tech, the Company has become has one of North America’s leading sheet extruders, serving over 200 thermoforming customers across the US and Canada. For the period of May 28th, 2021 to September 30, 2021, Ex-Tech revenues equaled \$12,083 with \$354 in net loss and a positive Adjusted EBITDA of \$105. Ex-Tech primarily serves customers that are part of the National market segment and Industrial business group, both of which typically have lower gross margin rates than the Company average.
- The Company achieved a major milestone by producing 100% of the required rollstock extruded sheet for its thermoformed packaging business from its wholly owned facilities (IPF & Ex-Tech). This milestone was achieved while the Company’s industrial business group also achieved record shipments to customers.
- Variable Gross Margin was 29% for Q3 2021 compared to 38% for the three months ended September 30, 2020, a decrease of 900 basis points. The Gross Margin was 22% for Q3 2021 compared to 38% for Q3 2020. The reduction in Variable Gross Margin & Gross Margin was driven by a higher revenue mix contribution from the Company’s National market segment and Industrial business group, as well as Ex-Tech having lower variable margins than the Company’s average.
- Adjusted EBITDA loss of \$607 for YTD 2021, compared to \$682 for the nine months ended September 30, 2020, a reduction in Adjusted EBITDA loss of 11%.
- Assets increased to \$82,154 for as at September 30, 2021 as compared to \$24,225 as at September 30, 2020, an increase of 239%. This increase can

be predominantly attributed to the Company's acquisition of IPF & Ex-Tech, in addition to capital investments into high-speed machinery.

- The Company's asset-to-liability ratio improved to 1.4x for YTD 2021 as compared to 0.9x for the nine months ended September 30, 2020. This can be attributed to the acquisition of IPF and Ex-Tech.
- Cash and cash equivalents increased to \$8,720 for YTD 2021 as compared to \$3,838 for the nine months ended September 30, 2020. This increase was driven by financing activities, offset by cash use for operations and investing activities (see "cash flow" section for further details).
- Net Working capital increased to \$12,394 for YTD 2021 as compared to \$3,819 for the nine months ended September 30, 2020, an increase of 225%. This increase was largely driven by a combination of the IPF and Ex-Tech acquisition, in addition to financing activities (see "Capital Resource" section for further details).
- The Company had \$2.5 million of unused credit available at the end of Q3 2021.

Key Acquisitions

On May 28, 2021, the Company completed the acquisition of all operating assets of Ex-Tech Plastics Inc. ("Ex-Tech") and real estate assets owned by a related company ETP Inc. for cash consideration of \$15,337. Ex-Tech is a manufacturer of high quality, rigid plastic sheets that operates seven different extrusion lines in a dedicated 75,000 square foot facility on 9.5 acres of land. Ex-Tech's 105 customers, primarily National customers located in the midwestern and southwestern United States, serve a diverse set of end markets, including retail, food, and medical packaging. The Company used \$5,843 in cash from treasury and secured the following financing to complete the acquisition and pay related integration costs: \$6,067 term loan from a Canadian financial institution and a \$3,427 mortgage with American Community Bank & Trust. Ex-Tech's revenues for the year ended December 31, 2020 were approximately \$33,000 with variable gross margins of 30% and gross margins of 21%.

discussion of operations

The Company completed the acquisitions of Shepherd Thermoforming & Packaging Inc. in the second quarter of 2020, Integrated Packaging Films in the fourth quarter of 2020, and Ex-Tech Plastics Inc. in the second quarter of 2021. As a result, the information contained in these consolidated financial statements and management discussion and analysis may not be directly comparable to previously reported periods.

	Three months ended September 30			Nine months ended September 30		
	2021	2020	+/-	2021	2020	+/-
Revenue	\$ 18,005	\$ 4,659	286%	\$ 38,276	\$ 11,387	236%
Variable cost of product	(12,826)	(2,910)	333%	(25,584)	(6,901)	271%
Variable gross margin ¹	5,179	1,749	196%	12,692	4,486	183%
Variable GM%	28.8%	37.6%		33.2%	39.4%	
Fixed factory overhead	(1,165)	-	-	(2,383)	-	-
Gross margin	4,014	1,749	129%	10,309	4,486	130%
GM%	22.3%	37.6%		26.9%	39.4%	
Product development	(94)	(97)	3%	(325)	(318)	2%
Selling, general & administrative	(4,796)	(1,987)	141%	(11,233)	(4,851)	132%
Share-based compensation	(781)	(91)	758%	(1,756)	(164)	977%
Depreciation	(306)	(142)	117%	(818)	(292)	180%
Financing costs	(974)	(919)	6%	(2,934)	(2,676)	10%
Exchange gain (loss)	480	(51)	1041%	(58)	413	114%
Loss on debenture redemption and conversion	-	(31)	-	(212)	(163)	31%
Gain on interest free loan	14	-	-	43	66	35%
Acquisition related expenses & one time charges	(626)	(145)	331%	(1,686)	(615)	88%
Deferred income taxes recovery	146	-	-	146	80	-
Net loss for the period	\$ (2,923)	\$ (1,713)	79%	\$ (8,524)	\$ (4,034)	111%
Adjusted EBITDA loss ¹	\$ (587)	\$ (334)	76%	\$ (607)	\$ (682)	11%

¹ Refer to Non-IFRS definitions section above

Revenue

Revenue for Q3 2021 increased 286% to \$18,005, as compared to \$4,659 for the three months ended September 30, 2020. Drivers for YOY Q3 2021 revenue increases included the completion of two strategic acquisitions - IPF in December 2020 and Ex-Tech in May 2021. Coupled with the Company's organic growth initiatives, the Company grew its recurring B2B customer count to over 850 active accounts in Q3 2021 compared to 400 at September 30, 2020.

Revenue for YTD 2021 increased 236% to \$38,276 as compared to \$11,387 for nine months ended September 30, 2020. The YTD 2021 revenue growth rate is outpacing the Company's 6-year compound annual growth rate of 153% by 83 basis points. Growing consumer demand for sustainable products, increasing regulatory pressure, lifting of COVID-19 restrictions, marketplace supply chain disruptions, and reshoring of manufacturing are strong macro trends for continued growth in overall demand.

The Company continues to focus on growth during the current inflationary and supply chain disruption by prioritizing service and supply to its existing customer base with minimal disruptions while also onboarding new customers that may be facing shortages due to current macro supply chain disruptions.

Revenue Mix by Business Group and Geography

The following table breaks down the percentage of the Company's revenues for each business group:

	3 months ended Sept.		9 months ended Sept.		Year Ended Dec.
	2021	2020	2021	2020	2019
Revenue	\$ 18,005	\$ 4,659	\$ 38,604	\$ 11,387	\$ 10,099
Business Groups					
Industrial	80%	37%	76%	48%	69%
Packaging (Stock & Custom)	18%	55%	21%	45%	26%
General Merchandise	1%	6%	2%	5%	5%
Commercial and Business Supplies	>1%	>1%	>1%	-	-
Services	>1%	2%	1%	2%	-

Revenue to US	77%	42%	75%	63%	97%
Revenue to Canada	23%	58%	25%	37%	3%

The Industrial business group accounted for 80% of total revenues for Q3 2021, compared to 37% for the three months ended September 30, 2020. For YTD 2021, the Industrial business group contributed 76% of total revenue, compared to 48% for the nine months ended September 30, 2020. The increased percentage of revenue from the Industrial business group was driven by the completion of the Ex-Tech and IPF acquisitions.

The Packaging business group declined to 18% of total revenue for Q3 2021, compared to 55% for the three months ended September 30, 2020. For YTD 2021, the Packaging business group contributed 21% of total revenue, compared to 45% for the nine months ended September 30, 2020. The reduction in Packaging revenue mix contribution in Q3 2021 and YTD 2021 was driven by the substantial increase in the Industrial business group revenue contribution and not a net shrinking of the Packaging business group in actual dollars.

With its Industrial business group and extruded sheet production capacity secured to support its thermoformed packaging capability, the Company is focused on increasing the revenue mix contribution from its Packaging General Merchandise, Services and Commercial & Business Supplies business groups in 2022.

Customer Revenue Mix

	3 months ended Sept.		9 months ended Sept.		Year Ended 2019
	2021	2020	2021	2020	
Revenues to Top 4 Customers	19%	49%	24%	52%	74%

As of September 30, 2021 the Company served over 850 active National, Regional, and Small recurring B2B customers across Canada and the United States compared to 400 B2B customers at September 30, 2020. In Q3 2021, the Company saw an increase in customers in the National market segment due to the recent acquisition of Ex-Tech. The Company's customer mix continues to diversify, with the top 4 customers in Q3 2021 representing 22% of total revenues, compared to 49% for the 3 months ended September 30, 2020 and 29% in Q2 2021.

Variable Gross Margin

Variable Gross Margin as a percentage of revenues for Q3 2021 was 28.8% compared to 37.6% for the three months ended September 30, 2020. Variable Gross Margin as a percentage of revenues for YTD 2021 was 33.2% compared to 39.4% for the nine months ended September 30, 2020. As discussed above, Variable Gross Margins will vary over financial periods based on short-term revenue mix adjustments caused by completed acquisitions, actual market segment mix (National, Regional, Small Business, Direct to Consumer) and by business groups and product categories. The Company growth strategy targets a Variable Gross Margin range of 28% to 35% on annual basis.

Variable Gross Margin for Q3 2021 was at the low end of the targeted range, while YTD 2021 was at the upper end of the targeted range. Variable Gross Margin rate for Q3 2021 was largely due to the following factors;

- Lower medical packaging revenue mix - a materially smaller revenue contribution from higher margin COVID-19 packaging and face shields in Q3 2021 versus Q3 2020. COVID-19 packaging, and face shields represented approximately 1% of Q3 2021 total revenues as compared to 9% for the three months ended September 30, 2020. Medical packaging represents one of the Company's highest Variable Gross Margin rate categories;
- Lower Packaging business group revenue mix contribution - the Packaging business group contributed a revenue mix equaling 18% for Q3 2021, as compared to 55% in the three months ended September 30, 2020. The change in the revenue mix was primarily driven by completing two acquisitions, Ex-Tech and IPF, within the Industrial business group. The Packaging business group typically has higher Variable Gross Margins when compared to the Industrial business group. The Company anticipates the Packaging business group revenue mix contribution to increase in 2022 from the recent announcement of a new large National US food producer that is expected to produce approximately US\$13 million in organic revenue in its first year. The recent acquisitions within the Industrial business group were also designed to strengthen the Company's supply chain capability to further accelerate the Packaging business group growth rate and production capability.
- Higher mix of revenues from the National market segment in Q3 2021 as compared to the three months ended September 30, 2020. The higher

revenue mix of National customers was primarily driven by the completion of the Ex-Tech acquisition.

- External supply chain and Inflationary cost increases – the Company saw higher material and logistics costs driven by external supply chain cost increases and inflation in Q3 2021 as compared to the three months ended September 30, 2020. The Company has adjusted its pricing several times to offset cost increases, which at times lagged some weekly costs increases within the logistics and material marketplace during Q3 2021. Lags in price adjustments for Q3 2021 occurred primarily at Ex-Tech, along with several customers under long-term supplier contracts with defined pricing over a certain period. By end of Q3 2021, Ex-Tech had completed its price increases to offset increases within logistics and material marketplace. Ex-Tech material purchasing was fully integrated at the end of Q3 2021.

The Company, like many businesses and industries, has been impacted by recent global supply chain disruptions. Supply chain dislocations that are evident within shipping routes and other forms of transportation and warehousing are caused by labour, port entry delays, and materials shortages in various aspects of global logistics networks. These factors may result in shortages of key manufacturing components, order backlogs, delivery delays and an increase in transportation costs. The Company has taken a position to minimize supply chain disruptions for its existing customers and to secure new customers who are not being adequately served by their current suppliers, even if this may result in some additional margin contractions in the coming financial periods.

Gross Margin

Gross Margin as a percentage of revenues for Q3 2021 was 22.3% compared to 37.5% for the three months ended September 30, 2020. Gross Margin as a percentage of revenues for YTD 2021 was 26.9% compared to 39.4% for the nine months ended September 30, 2020. Gross Margin reflects the deduction of fixed factory overhead, which includes manufacturing equipment depreciation and allocated costs such as utilities, insurance, maintenance, and property taxes. Gross Margin will vary over financial periods based on revenue mix changes caused by completed acquisitions, market segment mix (National, Regional, Small Business, Direct to Consumer), and by business groups and product categories. The Company targets a Gross Margin range of 21% to 28% on an annual basis.

The Gross Margin rate for Q3 2021 was at the low end of the targeted range, while YTD 2021 was at the upper end of the targeted range. The decrease in Gross Margin rate for Q3 2021 was largely driven by the same factors that impacted Variable Gross Margin, as outlined above. Other factors included:

- Revenues generated from products that are manufactured using Company owned and operated facilities, referred to as "insource manufacturing", contributed approximately 82% of revenues for Q3 2021 and 71% for YTD 2021, as compared to 43% for the three months ended September 30, 2020 and 31% for the nine months ended September 30, 2020. The higher insourced manufacturing revenues in Q3 2021 contributed to lower Gross Margin. As described above, the Company uses Variable Gross Margin to provide a like-for-like comparison of overall gross margin rate, regardless of whether the products are manufactured insource or outsourced.

Product Development ("PD")

The following is a breakdown of the material components of PD expenses in Q3 2021 and YTD 2021 compared to the three and nine months ended September 30, 2020:

	Three months ended September 30			Nine months ended September 30		
	2021	2020	+/-	2021	2020	+/-
Wages	\$ 136	\$ 61	122%	\$ 297	\$ 186	60%
Other	18	69	72%	175	234	25%
Gross PD expense	\$ 154	\$ 130	18%	\$ 471	\$ 419	5%
Capitalized expenditures	(60)	(33)	82%	(146)	(102)	12%
Net PD expense	\$ 94	\$ 97	3%	\$ 325	\$ 318	3%

PD expenses for Q3 2021 remained largely consistent compared to the three months ended September 30, 2020. PD expenses for YTD 2021 increased 3% compared to the nine months ended September 30, 2020. The YTD 2021 increase is the result of continued PD efforts in key growth categories to develop new lines of products and/or replace existing lines with enhanced designs, as well as secure new and additional bio-based raw material supply chains.

Selling, General and Administrative (“SGA”)

The following is a breakdown of the material components of SGA expenses in Q3 2021 and YTD 2021 compared to the nine months ended September 30, 2020:

	Three months ended September 30			Nine months ended September 30		
	2021	2020	+/-	2021	2020	+/-
Wages	\$ 2,028	\$ 609	233%	\$ 4,183	\$ 1,552	169%
Selling and G&A costs	1,097	409	168%	2,516	979	188%
Supply Chain & Fulfillment SG&A Costs:	1,672	969	73%	4,534	2,319	96%
Outsource supply chain & fulfillment	139	519	-73%	1,160	1,258	-8%
Freight & Fulfillment	1,368	390	251%	2,869	906	217%
Warehousing	165	60	176%	505	155	225%
Acquisition related activity & One-Time Charges	626	145	332%	1,686	615	174%
SG&A	\$ 5,423	\$ 2,132	154%	\$ 12,919	\$ 5,466	136%
SGA % of Revenue	30%	46%		34%	48%	
SG&A excluding acquisition activity & One-Time Charges	\$ 4,797	\$ 1,987	141%	\$ 11,233	\$ 4,851	132%
SG&A % of Revenue excluding acquisition related & One-Time charges	27%	43%		29%	43%	

SGA as a percent of revenue for Q3 2021 was 30% compared to 46% for the three months ended September 30, 2020. A \$3,291 increase in SGA in Q3 2021 is due to the following factors:

- wages increased \$1,419, representing 43% of the total SGA increase. \$1,110 of the wage increase came from additional headcount added from the IPF and Ex-tech acquisitions, while the remaining \$319k is attributed to additional corporate headcount added in first half to manage additional administrative requirements driven by the growth in the business and for initiatives to strengthen administrative functions;
- supply chain & fulfillment SGA costs increased \$704, representing 21% of the total SGA increase. This increase was driven by the IPF and Ex-Tech acquisitions, external inflationary supply chain costs, and increased warehousing costs associated with the build-up of inventory to serve customers;

- selling and SGA costs increased \$689, representing 21% of the total SGA increase. This was driven by the addition of the IPF and Ex-Tech, along with \$245 in additional professional services to meet regulatory requirements (e.g. audit and compliance) and to advise on matters related to growth initiatives, exchange and transfer agent expenses, investor relations, insurance; and
- acquisition related activity & one-time charges increased \$481, representing 15% of the total SGA increase. This was driven by costs from the Ex-Tech acquisition.

The Company will continue its focus on driving rapid revenue growth while maintaining its objective to improve Adjusted EBITDA.

Adjusted EBITDA

The following is a reconciliation of Adjusted EBITDA to net loss:

	Three months ended		Nine months ended	
	Sep. 2021	Sep. 2020	Sep. 2021	Sep. 2020
Income (loss) for the period:	\$ (2,923)	\$ (1,713)	\$ (8,524)	\$ (4,032)
Share-based compensation	781	91	1,756	163
Depreciation	306	141	818	292
Depreciation in COGS and SG&A	289	-	642	-
Financing costs	974	917	2,934	2,677
Foreign exchange loss (gain)	(480)	51	58	(413)
Loss on convertible debenture redemption	-	31	212	162
Gain on interest-free loan	(14)	(1)	(43)	(67)
Acquisition related activity and One-time charges	626	145	1,686	615
Deferred income taxes	(146)	-	(146)	(80)
Adjusted EBITDA ¹	\$ (587)	\$ (334)	\$ (607)	\$ (682)

¹Refer to Non-IFRS definitions section above

For Q3 2021, the Company recorded an Adjusted EBITDA loss of \$587 compared to an Adjusted EBITDA loss of \$334 for the three months ended September 30, 2020. For YTD 2021, the Company recorded an Adjusted EBITDA loss of \$607 compared to \$682 for the nine months ended September 30, 2020. The Adjusted EBITDA loss in Q3 2021 was driven by the following factors:

- Variable Gross Margin at the low end of the targeted range due to the factors outlined above;
- increased supply chain costs due to external inflation in transportation and fulfillment, coupled with lagging price increases at Ex-Tech; and
- increased professional fees tied to audit and tax, insurance fees, investor relations fees, and higher costs for additional headcount added in the first half of the 2021 fiscal year.

The Company anticipates external inflationary cost increases and supply chain disruptions to continue through 2022, which may put additional pressure on Adjusted EBITDA.

Net Loss

For Q3 2021, the Company incurred a comprehensive net loss of \$3,389 or \$0.02 per common share compared to a comprehensive net loss of \$1,513 or \$0.01 per common share for the three months ended September 30, 2020. For YTD 2021, the Company incurred a comprehensive net loss of \$8,747 or \$0.03 per common share compared to a comprehensive net loss of \$4,234 or \$0.02 per common share for the nine months ended September 30, 2020. In addition to factors already outlined in above in Adjusted EBITDA, the net loss for Q3 2021 was driven by the following factors:

- \$690 in additional stock compensation due to overall headcount increases from acquisitions, new hires, and an increase in share base compensation for management;
- \$164 in additional depreciation costs; and
- \$75 in additional finance and interest costs due to acquisitions of Ex-Tech and IPF.

Update on Use of Proceeds

On October 28, 2021 the Company successfully closed an offering of convertible debentures and a Senior Credit Facility (see discussion under the Liquidity section). The Company used the proceeds from the Senior Credit Facility to consolidate its remaining senior indebtedness with one senior secured debt financing partner (the "Refinancing").

The Company's objective in completing the Refinancing was to improve working capital through the reduction of principal payments through the end of 2024 and to reduce the Company's weighted average interest cost on long term debt.

The following table compares the intended use of proceeds from the Company's past financings with the actual expenditures made as of the date of this MD&A.

<u>Intended Use of Net Proceeds</u> ⁽¹⁾	<u>Proposed Amount of Net Proceeds</u>	<u>Actual Use of Net Proceeds as of Sept 30, 2021</u>	<u>Remaining to be Spent</u>
Offering of convertible debentures for net proceeds of \$16,228,135 and closing of 3 Senior Credit Facilities with National Bank completed on October 28, 2021			
Debt Refinancing	\$32,983,135	\$31,087,095	\$1,896,040
Bought deal offering of 19,262,500 common shares at a price of \$1.20 per common share complete March 4, 2021 (the "March 2021 Offering")			
Capital Expansion Projects ⁽²⁾	\$4,275,000	\$1,673,000	\$2,602,000
Future Acquisitions ⁽³⁾	\$10,000,000	\$6,515,510	\$3,484,590
Bought deal private placement of 8,520,000 common shares issued at a price of \$0.47 per common share completed December 17, 2020 (the "December 2020 Offering")			
Acquisition of IPF	\$3,649,000	\$3,649,000	\$0
Brokered private placement of 23,851,436 units at a price of \$0.14 per unit completed on September 30, 2020			
Redeem outstanding February 2018 Debentures and growth working capital	\$2,753,573	\$2,753,573	\$0
Second tranche of private placement of 1,190 convertible debenture units at \$1000 per unit completed on January 23, 2020			
Redemption of outstanding February 2018 debentures	\$1,084,928	\$1,084,928	\$0

(1) Table does not include proceeds from financings that were intended to be applied to the Company's working capital.

(2) Monies remaining to be allocated were redirected toward working capital, and/or to fund upcoming growth initiatives.

(3) The Company's capital projects have long term completion dates and monies remaining to be spent will be deployed over coming quarters.

(4) Monies remaining to be spent for future acquisitions have been redirected toward growth working capital as a result of market condition changes and delayed financings.

summary of selected quarterly results

The following table summarizes the results of the Company's operations for each of the eight (8) most recently completed quarters:

Three months ended	Sept. 2021	Jun. 2021	Mar. 2021	Dec. 2020
Revenues	\$ 18,005	\$ 12,371	\$ 7,900	\$ 5,326
Adjusted EBITDA ¹	\$ (587)	\$ (175)	\$ 155	\$ (870)
Net income (loss)	\$ (2,923)	\$ (3,698)	\$ (1,903)	\$ (3,154)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Three months ended	Sept. 2020	Jun. 2020	Mar. 2020	Dec. 2019
Revenues	\$ 4,659	\$ 3,676	\$ 3,052	\$ 2,527
Adjusted EBITDA ¹	\$ (337)	\$ (40)	\$ (308)	\$ (386)
Net loss	\$ (1,712)	\$ (1,514)	\$ (806)	\$ (844)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

¹ Refer to Non-IFRS definitions section above

Over the last eight quarters, the Company's quarter-over-quarter revenue growth has ranged from 14% to 57%. Factors that affect quarter-over-quarter revenue growth trends include, but are not limited to:

- Timing of completing corporate acquisitions. The Company completed acquisitions in June 2021, December 2020, and March 2020 (See "Key Acquisitions"). Revenues growth in any particular quarter will vary due to timing and number of acquisitions completed. The Company's growth strategy is to have acquisitions contribute 50% of the overall revenue growth.
- New product launches. The Company's product offering grew from 130 products at December 31, 2019 to over 400 products at September 30, 2021. The number and type of products launched and revenue recognized from these product launches in any particular quarter will vary.
- Adding new customers. The Company's active customers grew from over 250 national, regional, and small business customers at December 31, 2019 to over 850 at September 30, 2021. The total number of customers and mix across various market segments will vary from quarter to quarter

based on volume of marketing campaigns executed in any given quarter, customer sales cycles, timing of new product launches and completion of corporate acquisitions.

- Product in-stock levels. In-stock levels may fluctuate due to unexpected market demand changes, unexpected and planned equipment maintenance and repairs, and inter-company shipping that may cause delays in production that shift revenue recognition from one quarter to another.
- Customer attrition. Some customers will change their purchase behaviour and/or discontinue purchasing all or some products from the Company in any given quarter.
- Competitive conditions. Competitive activity may have an impact, either positive or negative, on demand for the Company's products and services in any given quarter.
- Supply chain disruptions. Raw materials, component availability, lead times and delivery disruptions may all cause fluctuations in revenue growth on a quarter-by-quarter basis.
- Recent COVID-19 regulations. In 2020, COVID-19 restrictions caused sudden and extreme impact on revenues associated with the hospitality industry, which were offset over a longer period with stronger revenues from grocery food packaging, eCommerce sales, COVID-19 medical face shields and COVID-19 testing kit packaging. These factors have created fluctuation in revenue growth on a quarter-by-quarter basis.

The financial data above for the eight (8) most recently completed quarters was prepared in accordance with IFRS, except for Adjusted EBITDA is a non-IFRS measure (See "non-IFRS financial measures"). For additional information and discussion on prior quarters please refer to the Company's SEDAR profile at www.sedar.com.

liquidity

The Company believes that it has adequate cash and cash equivalents and ability to pursue additional sources of funding to fund its minimum obligations and growth plans. At September 30, 2021, the Company had \$35.2 million of long-term debt and access to \$2.5 million of unused credit.

Subsequent to quarter end, on October 28th, 2021 the Company successfully closed a \$17.2 million offering of convertible unsecured subordinated debentures (the "Offering") and secured \$25.8 million in senior credit facilities for a total of \$43 million in debt financing with an additional uncommitted \$10 million in facilities available at the discretion of National Bank .

The Company received \$17.2 million in gross proceeds from the Offering. The debentures mature on October 31, 2026 and accrue interest at the rate of 7.00%, payable semi-annually in arrears on April 30 and October 31 of each year, commencing April 30, 2022. The debentures are convertible at the holder's option into fully paid common shares of the Company at any time prior to the earlier of October 31, 2026 and the business day immediately preceding the date fixed for any redemption. The conversion price is \$1.06 for each common share, subject to adjustment in certain circumstances.

The Company secured \$25.8 million in senior credit facilities with National Bank, which included:

- o \$15.0 million revolving working capital facility with a 2-year term and an uncommitted \$10 million accordion available at the discretion of National Bank;
- o \$4.0 million revolving term credit facility to finance capital expenditures, amortized over 84 months; and
- o \$6.8 million non-revolving term credit facility.

The Company notes that subsequent to quarter end, liquidity and available funds improved substantially. The new debt financing was used to repay the Company's working capital facility from Comerica Bank as well as to repay long-term debt from BDC Capital Inc. and other Canadian financial institutions. The new debt structure has improved the Company's average interest rates and optimized its debt repayment obligation schedule, enabling the Company to pursue further growth opportunities whether through acquisition or investment in capital in the short term.

The Company has drawn an aggregate of \$16.8 million across all three credit facilities. As of the date of the MD&A, the Company has \$9.0 million of available credit with National Bank to drawn on (\$7.0 million from the revolving facility and \$2.0 million from the capital expenditure facility) and an uncommitted \$10 million accordion which is available at the discretion of National Bank.

The Company anticipates that in the coming year, the Company's new capital resources will be used to fund future expansion in capacity to facilitate organic growth and potential acquisition growth.

The Company views liquidity risks associated with the financial instruments of the Company as immaterial. See "Financial Instruments" below.

Cash Flows

Below is a summary of cash flows provided by/used in operating, financing, and investing activities in Q3 2021 and YTD 2021 compared to the three and nine months ended September 30, 2020:

	Nine months ended		Change \$	%
	Sep. 2021	Sep. 2020		
Cash used in operating activities	\$ (12,077)	\$ (6,188)	\$ (5,919)	96
Cash provided by financing activities	30,786	10,156	20,631	203
Cash used in investing activities	(18,153)	(8,760)	(9,363)	107
Effect of foreign exchange rate changes on cash	50	175	(125)	(71)
Net change in cash	\$ 606	\$ (4,617)	\$ 5,223	(113)
Beginning cash	8,114	8,455	(341)	(4)
Ending cash	\$ 8,720	\$ 3,838	\$ 4,882	127

Cash used in operating activities for YTD 2021 was \$12,077 compared to \$6,188 for the nine months ended September 30, 2020, an increase of \$5,889. \$9,235 of this operating cash use was driven by the Company's investment in non-cash working capital, comprised of raw material purchases and overall level of inventory, decrease in accounts payable and financing costs, which were partially offset by a increase in receivables. YTD 2021, the Company has spent \$8,228 on inventory. The Company increased its inventory levels of plant-based raw materials in the fourth quarter of 2020 and in Q3 2021 in anticipation of converting the products at its recently acquired IPF and Ex-Tech facilities to plant-based materials. A majority of the balance of cash used is a result of interest costs associated with the financing of acquisitions along with other acquisition-related costs.

Cash provided by financing activities for YTD 2021 was net \$30,786 compared to \$10,156 for the nine months ended September 30, 2020. YTD 2021, the Company has received net proceeds of \$23,219 from issuing shares from treasury for the exercise of warrants, options and a short form prospectus offering. The Company also received debt financing of \$9,143 for the acquisition of Ex-Tech and \$958 from existing debt facilities. During the third quarter of 2020, the Company added \$9,566 of debt for the purchase of Shepherd Thermoforming, received net proceeds of \$1,056 from the issuance of convertible debentures, \$6,000 in proceeds from a mortgage taken out as part of the Shepherd acquisition, drew an additional \$1,464 from its revolving credit facility and received proceeds from warrant exercises of \$57. These were offset by the redemption of \$4,369 convertible debentures.

Cash used by investing activities for YTD 2021 was \$18,122 compared to cash use of \$8,759 for the nine months ended September 30, 2020. In May 2021, \$15,438 was invested to complete the acquisition of Ex-Tech. The remaining balance of the cash usage in YTD 2021 for investing activities related to the purchase of new high speed manufacturing equipment (Line 3) at IPF of \$2,523 to increase output capacity. In the nine months ended September 30, 2020, the Company invested \$8,402 to complete the acquisition of Shepherd Thermoforming in May 2020.

capital resources

Management has funded operations through a mix of revenue growth, an increase in gross profit, operating credit lines, vendor credit lines, government funding, exercised warrants, equity private placements and long-term debt.

Below is a summary of the Company's YTD 2021 net working capital:

	Sep. 30, 2021	Sep. 30, 2020
Cash	\$ 8,720	\$ 3,838
Trade and Other receivables	10,255	3,416
Inventory	17,017	4,634
Prepaid expenses	315	276
Accounts payable and accruals	(15,015)	(4,889)
Credit facility	(4,624)	(2,134)
Current portion of loans	(4,274)	(1,342)
Net working capital	\$ 12,394	\$ 4,449

The change in net working capital from September, 2020 to September 30, 2021 is due primarily to: (i) the completion of a short form prospectus equity offering of net proceeds of \$21,052 on March 4, 2021; (ii) the Ex-Tech acquisition which used \$5,843 in cash; (iii) the IPF Acquisition December 22, 2021, which used \$1,818 of cash; and (iv) the investment in non-cash net working capital for the increased purchases of raw material and overall level of inventory, increased receivables as a result of the growth of the business, including through acquisitions and increased vendor payments for the Industrial business group.

As at September 30, 2021, the Company had no commitments for significant capital expenditures.

outlook

Growing consumer demand for sustainable products, increasing regulatory pressure, lifting of COVID 19 restrictions, marketplace supply chain disruptions, and reshoring of manufacturing are strong macro trends for continued organic and acquisition growth.

The Company continues to prioritize growth during the current inflationary environment and through supply chain challenges by servicing our existing customers with minimal disruption, while seeking to acquire new customers who are challenged to secure a steady supply of goods in the current climate. The Company anticipates external inflationary cost pressure and supply chain disruptions to continue through 2022.

The Company targets through its revenue mix contribution a variable gross margin range of 28% to 35%, with a gross margin range of 21% to 28%.

The changes in revenue mix changes associated with acquisitions, insourced vs outsourced manufacturing operations, and customer market segments may change the Company's Gross Margin profile. This will contribute to short-term variation in Variable Gross Margin and Gross Margins rates in each financial reporting period that may not be indicative of longer-term trends and the successful execution of the business model.

off-balance sheet arrangements

As at September 30, 2021 and the date of this MD&A, the Company did not have any off-balance sheet arrangements.

transactions between related parties

The following table sets forth the remuneration of directors and key management personnel for Q3 2021 and YTD 2021 compared to the three and nine months ended September 30, 2020:

	Three months ended September		Nine months ended September	
	2021	2020	2021	2020
Salaries, management, consulting and directors fees	\$ 349	\$ 326	\$ 1,023	\$ 976
Share based payments(i)	428	74	1,039	138
	\$ 777	\$ 400	\$ 2,062	\$ 1,114

⁽ⁱ⁾ Share-based payments are the fair value of options granted and the amortized value of RSU units granted to directors and key management personnel.

As at September, 2021, \$215 (September 30, 2020 - \$269) was due to directors and officers of the Company for accrued bonus, management, consulting and director fees, as well as expense reimbursements.

proposed transactions

As at September 30, 2021 and the date of this MD&A, the Company does not have any proposed transactions.

significant estimates and accounting policies

Use of Estimates and Assumptions

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the reported amount of assets, liabilities, income and expenses within the next financial year.

Fair Value Estimates Associated with Business Combinations

In business combinations, the fair value of the assets acquired, and liabilities assumed, and the fair value of consideration transferred including contingent consideration and the resulting goodwill, if any, requires that management make certain judgments and estimates taking into account information available at the time of acquisition about future events. Management generally requires time to obtain the information necessary to identify and measure these items as of the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the allowable measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The Company may also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

As at September 30, 2021, the purchase consideration for the acquisitions of IPF and Ex-Tech has been allocated on a preliminary basis based on management's best estimates at the time these consolidated financial statements were prepared. The Company is continuing its review to determine the fair value of acquired intangible assets and manufacturing and other equipment during the allowable measurement period, which shall not exceed one year from the acquisition date. Any future changes to the purchase price allocation may result in adjustments to recognized assets, acquired liabilities and/or goodwill.

Financial Instruments

The Company enters financial instrument arrangements which require management to make judgments to determine if such arrangements are derivative instruments in their entirety or contain embedded derivatives, including whether those embedded derivatives meet the criteria to be separated from their host contract, in accordance with IFRS 9, Financial Instruments. Key judgments include whether the value of a contract changes in response to a change in an underlying rate, price, index or other variable, and for embedded derivatives, whether the economic risks and characteristics are not closely related to the host contract and a separate instrument with the same terms would meet the definition of a derivative on a standalone basis.

Share Based Payments and Warrants

Management uses estimates to determine the inputs to the Black-Scholes option pricing model including the expected plan lives and underlying share price volatility. Volatility is estimated by comparing to companies with similar operations over similar periods to the expected life of the awards under consideration. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in profit or loss.

Inventory Provision

In determining the lower of cost and net realizable value of inventory and in establishing the appropriate provision for inventory obsolescence, management estimates the likelihood that inventory carrying values will be affected by changes in market pricing or demand for the products and by changes in technology or design which could make inventory on hand obsolete or recoverable at less than the recorded value. Management performs regular reviews to assess the impact of changes in technology and design, revenues trends and other changes on the carrying value of inventory. Where it is determined that such changes have occurred and will have a negative impact on the value of inventory on hand, an appropriate provision is made. As at September 30, 2021 and December 31, 2020, no inventory provisions were recorded.

Income Taxes and Recoverability of Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Depreciation and Amortization Rates for Intangible Assets, Property and Equipment

Depreciation and amortization expenses are allocated based on estimated asset lives and associated depreciation and amortization rates. Should the asset life or depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated statement of net loss and comprehensive loss prospectively.

Significant Judgments

The Company applied judgment in determining the functional currency of the Company and assessing the impairment of accounts receivable, equipment and intangible assets. Functional currency was determined based on the currency that mainly influences sales prices, labor, materials, other costs of sales and in which financing is raised.

The directors have applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the nine months ended September 30, 2021. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate.

The Company's significant accounting policies are disclosed in Note 3 of the Company's annual audited consolidated financial statements for the year ended December 31, 2020.

changes in accounting policies including initial adoption

The Company notes that there were no changes to significant accounting policies during Q3 2021 and no significant accounting policies were adopted during the period.

financial instruments

The Company's financial instruments as at September 30, 2021 include cash, trade and other receivables, accounts payable and accrued liabilities, credit facility, and loans.

The Company's financial assets and financial liabilities are classified and measured at amortized cost.

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from

which management believes the risk of loss to be minimal. Receivables amount mainly consists of accounts receivable amounting to \$10,255 and GST receivable of \$30. Management believes that the credit risk with respect to these amounts receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet its obligations, it will consider securing additional equity or debt funding. The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, input materials price fluctuations, and foreign exchange rates. A portion of the Company's operations are performed in US dollars. The Company currently does not engage in risk management practices such as hedging or derivatives.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Company's interest rate risk includes fluctuations in interest rates on the Company's existing debt. Subsequent to the period the Company addressed this risk by securing financing with National Bank to simplify its debt structure and improve average interest rate across all debt (See discussion in "liquidity" section).

For significant assumptions made in determining the fair value of financial instruments, see "*Significant Estimates and Accounting Policies*" above.

fair values hierarchy

An established fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when

measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount shown on the balance sheet approximates the fair value.

outstanding share data

As of the date of this MD&A, the Company had outstanding:

Designation of Securities	Number of instruments outstanding as of the date of MD&A	Number of Common Shares issuable upon conversion or exercise
Common Shares	217,486,942	N/A-
Options	8,457,017	8,457,017
Other equity incentive compensation	5,783,670	5,783,670
Warrants	6,059,466	6,059,466
Convertible Debentures	6,152,268	6,152,268
Total Fully Diluted Capital		243,939,363

risk factors

For a detailed description of risk factors associated with the Company, please refer to the "Risk Factors" section of the Company's AIF, which is available on the Company's SEDAR profile at www.sedar.com.

controls and procedures

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the Interim Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is

necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented in the Interim Financial Statements, and (ii) the Interim Financial Statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Interim Financial Statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

additional information

Additional information relating to the Company, including the Company's AIF, is available on SEDAR at www.sedar.com as well as on the Company's investor website at investor.goodnatureproducts.com.