good natured Products Inc.

Management Discussion & Analysis
for the 3 Months Ended March 31, 2022

as at May 30, 2022

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 May 30, 2022 and provides an analysis of the Company's financial results for the three months ended March 31, 2022. The following information should be read in conjunction with the Company's amended and restated audited consolidated annual financial statements and related notes for the years ended, December 31, 2021 and 2020 ("**FY2021**" and "**FY2020**", respectively), as well as the unaudited interim condensed consolidated financial statements for the 3 months ended March 31, 2022 ("**Q1 2022**").

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, such information 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 this MD&A:

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, selling, general and administrative ("**SG&A**") costs 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 Profit

Variable Gross Margin ("**VGM**") and Variable Gross Profit ("**VGP**") are non-IFRS measures of the Company's product margin and profit contribution without fixed factory overhead. Management believes that VGM and VGP provide deeper insight into normalized product margins and profit related to variable material input costs, inbound freight and labour costs associated with producing the goods being sold. VGM and VGP also reflect contribution absent of fluctuations due to changes in volumes 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.

Net Working Capital Excluding Current Portion of Long-Term Debt

Net working capital excluding current portion of long-term debt is a non-IFRS measure that management has included as another metric to evaluate the Company's net working capital position. As discussed in "Recent Developments", the Company filed amended and restated audited annual financial statements for the years ended December 31, 2021 ("**FY2021**") and December 31, 2020 ("**FY2020**") as a result of a breach of the covenant under its Senior Credit Facility resulting in a reclassification of $36,631 in long-term debt into current liabilities. The Company and its primary lender are in discussions to remediate this matter; these discussions are ongoing. This measure should provide the readers better insight, and comparability between reporting periods on the Company's net working capital position, without consideration of the reclassification of the current portion of long-term debt as a result of the covenant breach. See discussion in "Recent Developments" for further details.

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 plant-based products made all, or in part, from rapidly renewable resources instead of fossil fuels. The Company is focused on making it easy and affordable for business owners and consumers to shift away from petroleum to *better everyday products*® that use more renewable materials, less fossil fuel, and no 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 certified compostable food containers, bio-based industrial supplies and medical packaging, the Company is focused on making plant-based products more readily accessible for people 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 purchasing through Amazon and its own e-commerce platform in the U.S. and Canada.

good natured® carries on business across five business groups: General Merchandise, Packaging, Industrial, Commercial Supplies, and Services. *good natured*® offers consumers, business owners and operators plant-based alternatives to everyday petroleum-based products that are being used in homes and businesses. The Company's operations are location in the United States and Canada, with 100% of revenue generated in North America. The Company is listed on the TSX Venture Exchange under the symbol "GDNP" and on the OTCQX Best Market under the symbol "GDNPF".

growth strategy

The Company aims to become North America's leading earth-friendly product company. In order to maximize the positive environmental impact, *good natured*® aims to offer the widest possible assortment of plant-based products made all or in part from rapidly renewable resources instead of fossil fuels. These products are marketed to a range of customer segments to deliver a diversified revenue and margin mix that de-risks the business. The Company also aims to gain the highest share of each customer's total spend on sustainable products to drive a strong recurring revenue model and enhanced customer loyalty.

The Company strives to achieve its growth objectives through 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 selling;
    b. cross selling additional products into the existing customer base; and
    c. adding new sustainable product offerings that are relevant and complementary to the Company’s most valuable customer segments.

2. Acquisitions focused on businesses that meet a combination of the following criteria:
    a. diverse customer base;
    b. large range of product offerings;
    c. product offerings that expand addressable market or product categories;
    d. new sustainable materials, manufacturing or business development technology;
    e. cross selling opportunities to both parties’ existing customer bases;
    f. expansion into new market and/or geographies; and
    g. strong supply chain capabilities and positive Adjusted EBITDA..

The Company’s targeted acquisitions may currently offer 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 can immediately enhance the *good natured*® product assortment.

If the acquired business produces a petroleum-based product assortment, the Company will plan to convert the petroleum-based products and customers to plant-based alternatives within approximately 18 months of the closing of the acquisition. The length of time to complete the conversion to plant-based materials will be primarily dependent on, but not limited to, the following factors:

1. the speed at which the Company can access and procure the required plant-based raw materials;
2. obligations the acquired business may have in place with its current raw materials suppliers;
3. existing raw material inventory levels;
4. seasonality or peak business periods, which may guide the optimal timing of raw material transitioning;
5. commercial agreements with customers of the acquired business that require the use of specific raw materials or processing methods to produce and/or certify their products; and
6. external supply chain disruption that may limit availability and/or delay delivery of plant-based materials.

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. An overview of the Company's materials revenue mix can be found below under the "Discussion of Operations" section.

business model

The Company's business model is structured to engage a diverse mix of customers across a broad and complementary range of eco-friendly products. This is intentionally designed to maximize positive environmental impact by offering product options that are relevant to more businesses and consumers. This broad base of business also proved to be particularly relevant during the COVID-19 pandemic, providing revenue resilience and growth opportunities.

The Company acquires customers across four distinct market segments and tailors its sales and service interactions accordingly. The Company conducts the vast majority of its marketing and sales activities in North America, which includes National, Regional, Small Business and Direct-to-Consumer customers, and deploys its wide assortment of plant-based products and services across five business groups to tailor its sales and service offerings accordingly to these target segments. 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 May 19, 2022, the Company filed amended and restated audited annual financial statements for the years ended December 31, 2021 and December 31, 2020 as a result of the breach of the fixed charge coverage ratio covenant with its primary lender. This resulted in a reclassification of $36.6 million in long-term debt into current liabilities as the Company lost the unconditional right to defer the settlement of such debts. The Company and its primary lender remain in discussions to remediate the matter. As a result of the assessment, management concluded the going concern basis of accounting is appropriate, however there are material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. See further discussions in the "Liquidity" section
- On May 17, 2022, the Company announced a non-brokered private placement offering of up to 15,000,000 special warrants of the Company at a price of $0.40 per special warrant for aggregate gross proceeds of up to $6.0 million.
- On May 12, 2022, the Company announced that it had terminated its previously announced bought deal offering of units while it continued discussions with its primary lender, who asserted the Company had not met its FCCR covenant under the senior credit agreement dated October 28, 2021 between the Company and its primary lender.
- On May 4, 2022, the Company announced that, through a wholly owned subsidiary, it had entered into a definitive asset purchase agreement to acquire all of the business and operating assets of FormTex Plastics Corporation ("FormTex"), a manufacturer of high-quality custom plastic packaging headquartered in Houston, Texas, for cash consideration of US$4.8 million.

For additional information please refer to the Company's AIF, dated May 2, 2022, available on the Company's SEDAR profile at www.sedar.com as well as on the Company's investor website at investor.goodnaturedproducts.com

COVID-19 pandemic update

The Company has continued to operate all of its North American facilities during the COVID-19 pandemic. The Company continues to reinforce government-mandated measures 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 the COVID-19 pandemic. While there have been ongoing impacts to supply chain, timing of production and new product launches, the Company was able to generate strong revenue growth in 2021 and in Q1 2022. 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 still directly or indirectly disrupt the Company's operations and/or those of its suppliers or customers, which in turn could adversely impact the business, financial position, results of operations and cash flow of the Company.

overall performance

Selected Financial Information

The following tables summarize certain financial data from the financial statements of the Company for the interim period ended March 31, 2022.

		3 months ended March 31		
		2022		2021
Revenue	$	25,936	$	7,900
Adjusted EBITDA (loss)[1]	$	1,157	$	155
Net loss	$	(1,592)	$	(1,903)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)

[1] See "non-IFRS Financial Measures" above.

		Mar 31 2022		3 months ending Dec 31 2021		Mar 31 2021
Assets	$	96,821	$	90,529	$	72,469
Liabilities	$	76,624	$	69,437	$	45,411
Asset to liability ratio	$	1.26	$	1.30	$	1.59
Cash and cash equivalents	$	12,374	$	10,655	$	25,113
Net working capital	$	(18,667)	$	(16,013)	$	24,629

Selected Financial & Operational Highlights

The following are selected financial and operational highlights for the three months ended March 31, 2022:

- Achieved record quarterly revenue of $25,936 for Q1 2022 as compared to $7,900 for the three months ended March 31, 2021 ("**Q1 2021**"), an increase of 228%.
- Maintained an active B2B customer base of over 1200 customers at March 31, 2022 compared to 600 at March 31, 2021, a year-over-year increase of over 100%.

- Generated Variable Gross Margin of 32% for Q1 2022 compared to 41% for Q1 2021, a decrease of 900 basis points. Gross margin was 26% for Q1 2022 compared to 35% for Q1 2021. The reduction in Variable Gross Margin and gross margin was driven by a higher level of revenue contribution from the National market segment and Industrial business group, largely driven by the recent acquisition of Ex-Tech Plastics Inc. ("Ex-Tech" see "Key Acquisitions" for more details). Fluctuations in the percentage of insourced manufacturing versus outsourced manufacturing to meet production demand was also a contributing factor.
- Achieved Adjusted EBITDA for Q1 2022 of $1,157 compared to $155 for Q1 2021, an improvement of 646%.
- As a percent of revenue, SG&A declined to 15% for Q1 2022 compared to 22% in Q1 2021.
- Fulfilment and logistics as a percent of revenues declined to 9% for Q1 2022 compared to 15% in Q1 2021.
- Assets increased to $96,821 as at March 31, 2022, compared to $90,529 as at December 31, 2021, an increase of 6.6%. This increase can be predominantly attributed to the Company's capital investments in high-speed machinery.
- The Company's asset-to-liability ratio was 1.26 as at March 31, 2022, compared to 1.30 as at December 31, 2021.
- Cash and cash equivalents equaled $12,374 as at March 31, 2022, compared to $10,655 as at December 31, 2021. This increase was driven by cash provided by operations and investing activities (see "Cash Flow" section for further details).
- Net working capital (deficit) increased to $(18,667) as at March 31, 2022, compared to (16,013) as at December 31, 2021.The net working capital deficit at the end of both periods was due to the reclassification of long-term debt to current portion of long-term debt under the Senior Credit Facility (as discussed in the "Recent Developments" and "Liquidity" sections of this MD&A). To illustrate the impact of the reclassification, net working capital excluding the current portion of long-term debt is $23,668 as at March 31, 2022.

Key Acquisitions

In the last 12 months, the Company made the following acquisition:

On May 28, 2021, the Company completed the acquisition of all operating assets of Ex-Tech and real estate assets owned by a related company ETP Inc. for aggregate 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 $5,875 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.

discussion of operations

The Company completed the acquisition of Ex-Tech in May 2021. The acquisition had a material impact on the comparability of the information contained in these consolidated financial statements relative to previously reported periods.

	For the 3 months ended				
		Mar. 2022		Mar. 2021	+/-
Revenue	$	25,936	$	7,900	228%
Variable cost of product		(17,715)		(4,678)	279%
Variable Gross Profit[1]		8,221		3,222	155%
Variable Gross Margin %		31.7%		40.8%	
Fixed factory overhead		(1,587)		(135)	125%
Gross profit		6,634		2,789	138%
Gross margin %		25.6%		35.3%	
Fulfilment & logistics		(2,253)		(1,208)	87%
Selling, general & administrative, excluding acquisition costs and one time charges[1]		(3,528)		(1,561)	126%
Share-based compensation		(601)		(270)	760%
Depreciation		(671)		(236)	123%
Financing costs		(975)		(1,034)	-6%
Exchange gain (loss)		26		(71)	-137%
Loss on debt repayment and conversion		-		(166)	-%
Gain on interest free loan		-		-	-%
Acquisition related expenses & one time charges		(278)		(146)	90%
Deferred income taxes recovery		(54)		-	-%
Net loss for the period	$	(1,592)	$	(1,903)	77%
Adjusted EBITDA [1]	$	1,157	$	155	646%

[1] See “non-IFRS Financial Measures” above.

Revenue

Revenue for Q1 2022 increased 228% to $25,936, compared to $7,900 for Q1 2021. The growth in revenue in Q1 2022 was driven by revenue from the Ex-Tech acquisition completed in May 2021, strong organic revenues driven by new customer additions which include a National US food producer announced in October 2021, and increases in average selling price per unit.

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

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 March 31	
	2022	2021
Revenue	$ 25,936	$ 7,900
Business Groups		
Industrial	73%	69%
Packaging (Stock & Custom)	24%	26%
General Merchandise	1%	3%
Commercial and Business Supplies	-%	-%
Services	2%	1%
Revenue from the U.S.	90%	67%
Revenue from Canada	10%	33%

For Q1 2022, revenue for the Industrial business group grew by 248%, or $13,530 in comparison to Q1 2021. The Industrial business group contributed 73% of total revenue, compared to 69% for Q1 2021, and 77% for FY2021. The increased percentage of revenue from the Industrial business group in Q1 2022, as compared to Q1 2021, was driven by the completion of the Ex-Tech acquisition in May 2021 and an increase in average selling price for the Company's Industrial products.

For Q1 2022, revenue for the Packaging business group increased by 198% or $4,126 in comparison to Q1 2021. The Packaging business group contributed 24% of total revenue, compared to 26% for Q1 2021. The increase in Packaging revenue was driven by the addition of new customers, increase in average selling price, and the addition of a National U.S. food producer announced in October 2021.

The Packaging business group revenue increased by 41% or $1,817 in comparison to the three months ended December 31, 2021 ("**Q4 2021**"). The Packaging business group revenue mix contribution improved to 24% from 19% of total revenues when compared to Q4 2021. This improvement can be attributed to the Company's continued efforts to leverage its significant extruded sheet production capacity secured through the acquisitions of Ex-Tech and IPF.

Customer Revenue Mix

	3 months ended Mar. 31		Year ended Dec. 31	
	2022	2021	2021	2020
Revenues to Top 4 Customers	31%	34%	22%	49%

As at March 31, 2022, the Company served over 1200 active National, Regional, and Small B2B customers across Canada and the United States compared to 600 B2B customers at March 31, 2021. On a year-over-year basis, the Company's customer mix continues to diversify, with the top 4 customers in Q1 2022 representing 31% of total revenues, compared to 34% in Q1 2021. Revenue from the top 4 customers in Q1 2022 increased compared to FY 2021 due to higher revenue from the large U.S. food producer announced in October 2021.

Variable Gross Margin & Variable Gross Profit

The table below provides a reconciliation of gross profit to Variable Gross Profit, the most directly comparable financial measure:

		3 months ended Mar. 31		
		2022		2021
Revenue	$	25,936	$	7,900
Variable cost of product		(17,715)		(4,678)
Variable Gross Profit[1]		8,221		3,222
Variable Gross Margin %		31.7%		40.8%
Fixed factory overhead		(1,283)		(298)
Depreciation		(304)		(135)
Gross profit	$	6,634	$	2,789
Gross margin %		25.6%		35.3%

[1] See "non-IFRS Financial Measures" above.

Variable Gross Margin for Q1 2022 was 31.7%% compared to 40.8% for Q1 2021. Variable Gross Margins will fluctuate over financial periods based on short-term revenue mix adjustments caused by completed acquisitions, market segment mix (National, Regional, Small Business, Direct to Consumer) and by business groups and product categories. The Company currently targets a Variable Gross Margin range of 28% to 35% on an annual basis.

Variable Gross Margin for Q1 2022 was largely influenced by the following factors:

- lower Packaging business group revenue mix, which tends to be at higher margin rates – the Packaging business group accounted for 24% of revenues for Q1 2022, as compared to 26% in Q1 2021. The change in the revenue mix was primarily driven by completing the acquisition of Ex-Tech, as well as increases in average selling prices for the Company's Industrial products. This acquisition was specifically targeted to strengthen the Company's supply chain capability and further accelerate the Company's Packaging business group growth rate and production capability;
- higher mix of revenues from the National market segment in Q1 2022 as compared to Q1 2021 – the higher revenue mix of National customers was

primarily driven by the completion of the Ex-Tech acquisition and from revenue attributable to the National U.S. food producer announced in October 2021; and
- external supply chain and Inflationary cost increases – the Company saw higher raw material and logistics costs driven by external supply chain increases and inflation, which intensified in the second half of FY2021 and continued through Q1 2022. The Company continues to adjust product pricing to offset cost increases, but with a lagged effect over certain periods.

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 material 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 the margins for these customers are lower in the near term prior to upward pricing adjustments.

Gross Margin

Gross margin for Q1 2022 was 25.6% compared to 35.3% for Q1 2021. 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, customer mix (National, Regional, Small Business, Direct to Consumer), and by business groups and product categories. The Company currently targets a gross margin range of 21% to 28% on an annual basis.

The decrease in gross margin in Q1 2022 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 the Company owned and operated facilities, referred to as "insourced manufacturing", contributed approximately 87% of revenues for Q1 2022, as compared to 67% for Q1 2021. The higher insourced manufacturing revenues in Q1 2022 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 in its own facilities or outsourced.

Fulfilment & Logistics

The following is a breakdown of the material components of fulfilment and logistic expenses in Q1 2022 compared to Q1 2021:

	3 months ended Mar 31		
	2022	2021	+/-
Outsource fee	$ 417	$ 434	-4%
Fulfilment	1,417	577	146%
Warehousing and other	419	197	113%
Total Fulfilment & Logistics	$ 2,253	$ 1,208	87%
Total Fulfilment & Logistics as a % of Revenue	9%	15%	

Fulfilment and logistics costs as a percentage of revenue for Q1 2022 were 9%, compared to 15% in Q1 2021. The decline was in part due to cost optimization realized by greater efficiency in transportation fees associated with larger trucking loads. Fulfillment and logistics costs in Q1 2022 increased 87% or $1,045 compared to Q1 2021, driven by the Ex-Tech acquisition, external inflationary supply chain costs, and increased warehousing costs. This was partially offset as the Company concurrently experienced a decrease in outsourced manufacturing fees due to the acquisition of Ex-Tech in May 2021 which, prior to the acquisition, served as an outsourced manufacturing partner for the Company.

Selling, General and Administrative

The following is a breakdown of the material components of SG&A expenses in Q1 2022:

	3 months ended Mar 31				
		2022		2021	+/-
SG&A Wages		2,086		889	135%
SG&A Other		1,250		573	118%
Product Development		192		99	94%
Acquisition related activity & One-Time Charges		278		146	90%
SG&A	$	3,806	$	1,707	123%
SG&A % of Revenue		15%		22%	
SG&A excluding acquisition activity & One-Time Charges[1]	$	3,528	$	1,561	126%
SG&A % of Revenue excluding acquisition related & One-Time charges		14%		20%	
SG&A Wages % of Revenues		8.0%		11.3%	

[1] See "non-IFRS Financial Measures" above.

Overall SG&A increased by 123% compared to Q1 2021, however, it decreased as a percent of revenue to 15% for Q1 2022 compared to 22% for Q1 2021. The increase in SG&A expenses is due to the following factors:

- wages increased by 135%, representing 57% of the total SG&A increase. $1,197 of the increase was a result of headcount added from the Ex-Tech acquisition, as well as additional corporate headcount to manage requirements driven by the growth of the business, people development, and for initiatives to strengthen administrative and compliance functions;
- "SG&A other" increased by 118%, representing 32% of the total SG&A increase. This is largely comprised of, but not limited to, expenses such as

accounting and audit fees, investor relations expenses, marketing & advertising, as well as general legal fees; and

- acquisition-related activity & one-time charges increased $132, representing 6% of the total SG&A increase.

Adjusted EBITDA

The following is a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure:

		3 months ended Mar. 31		
		2022		2021
Income (loss) for the period	$	(1,592)	$	(1,903)
Share-based compensation		601		270
Depreciation		671		236
Depreciation in COGS and SG&A		304		135
Financing costs		975		1,034
Foreign exchange loss (gain)		(26)		71
Loss on debt repayment and conversion		-		166
Acquisition related activity and One-time charges		278		146
Deferred income taxes		(54)		-
Adjusted EBITDA[1]	$	1,157	$	155

[1] [1] See "non-IFRS Financial Measures" above.

For Q1 2022, the Company recorded Adjusted EBITDA of $1,157 compared to $155 for Q1 2021. Adjusted EBITDA as a percent of revenue also increased to 4.5% compared to 2.0% in Q1 2021. In addition to factors already outlined in the "SG&A" section above, the increase of Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue was driven by the following factors:

- overall revenue grew by $18,036 or 228% compared to Q1 2021, and Variable Gross Profit increased by $4,999 or 155%; and
- the increase in gross profit contribution of $3,845 exceeded the growth in SG&A expenditures (excluding non-cash items);
- fulfilment and logistics as a percent of revenues declined to 9% in Q1 2022 compared to 15% in Q1 2021; and
- SG&A as a percent of revenues declined to 15% in Q1 2022 from 22% in Q1 2021, allowing for greater contribution for non-operating/one-time costs.

Net Loss

For Q1 2022, the Company incurred a net loss of $1,592 or $0.01 per common share compared to a net loss of $1,903 or $0.01 per common share in Q1 2021. In addition to factors already outlined in the “Adjusted EBITDA” section above, the decrease in net loss in Q1 2022 was driven by the following factors:

- an overall increase in gross profit after the deduction of fulfilment and SG&A expenses more than offset the increase in other expenses, primarily share-based compensation and amortization.

Update on Use of Proceeds

On October 28, 2021, the Company successfully closed an offering of convertible debentures (the “Offering”) and a senior credit facility with its primary lender (the “Senior Credit Facility”) (for additional information, see 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"). Under the Senior Credit Facility, the Company secured $25.8 million in credit facilities for a total of $43.3 million in debt financing with an additional uncommitted $10 million in facilities available at the discretion of the Company’s primary lender. The Company received $17.2 million in gross proceeds from the Offering.

The Company's objective in completing the Refinancing was to improve working capital, reduce principal payments through the end of 2024 and reduce the Company's weighted average interest cost on long term debt. As noted in the “Recent Developments” section of this MD&A, the primary lender determined that the Company breached a covenant of the Senior Credit Facility as at December 31, 2021, resulting in the debt issued as part of the convertible debentures, a mortgage and the Senior Credit Facility being classified as current liabilities as at March 31, 2022.

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.

Intended Use of Net Proceeds[1]	Proposed Amount of Net Proceeds	Actual Use of Net Proceeds as of March 31, 2022	Remaining to be Spent
Offering of convertible debentures for net proceeds of $16,228,135 and closing of three senior credit facilities with National Bank completed on October 28, 2021.			
Debt Refinancing	$34,551,606	$31,087,095	$2,764,511
Bought deal offering of 19,262,500 Common Shares at a price of $1.20 per Common Share completed on 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 Integrated Packaging Films	$3,649,000	$3,649,000	$0
Brokered private placement of 23,851,436 convertible debenture units at a price of $0.14 per unit completed on September 30, 2020.			
Redemption of 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		Mar. 2022		Dec. 2021		Sept. 2021		Jun. 2021
Revenues	$	25,936	$	22,860	$	18,001	$	12,371
Adjusted EBITDA[1]	$	1,157	$	540	$	(588)	$	(175)
Net income (loss)	$	(1,592)	$	(4,175)	$	(2,919)	$	(3,698)
Basic and diluted loss per common share	$	(0.01)	$	(0.02)	$	(0.01)	$	(0.02)
Three months ended		**Mar. 2021**		**Dec. 2020**		**Sept. 2020**		**Jun. 2020**
Revenues	$	7,900	$	5,326	$	4,659	$	3,676
Adjusted EBITDA[1]	$	155	$	(839)	$	(337)	$	(40)
Net income (loss)	$	(1,903)	$	(3,153)	$	(1,712)	$	(1,514)
Basic and diluted loss per common share	$	(0.01)	$	(0.02)	$	(0.01)	$	(0.01)

[1] See “non-IFRS Financial Measures” above.

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

- the Company completed acquisitions in May 2021, December 2020, and May 2020;
- the Company’s product offering grew to over 400 products at March 31, 2022;
- the Company grew its active B2B customer base of National, Regional, and Small Businesses to over 1200 at March 31, 2022;
- in FY2020, COVID-19 pandemic 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;
- in response to external supply chain and inflationary costs, the Company began increasing product pricing and implemented shipping surcharges in the second fiscal quarter of FY2021 that resulted in higher selling prices per unit; and

- on October 13, 2021, the Company announced it had commenced shipping commercial quantities to a large U.S. food producer that is expected to produce approximately US$13.0 million in revenue in the first year.

Over the last eight quarters, the Company's net loss ranged from $1,514 to $4,175. Factors that affected changes in net loss included, but were not limited to:

- additions to headcount driven by the growth of the business, for initiatives to strengthen functional capabilities, and from acquisitions, which resulted in increased selling, general, and administrative costs;
- increase in share-based compensation due to overall headcount increases from acquisitions, new hires, and an increase in share-based compensation for executives;
- the physical and intangible assets associated with acquisitions led to increased depreciation and amortization costs;
- acquisition-related activity and one-time charges based on the number and size of acquisitions completed in any given quarter;
- the Company has utilized credit facilities, long-term debt, loans, and other financing agreements to fund operating activities, working capital, and acquisitions, which has resulted in increased financing costs;
- beginning in Q1 2021, external supply chain and inflationary cost increases resulted in higher costs associated with logistics and fulfillment. In addition, the Company made the strategic decision in Q4 2020 to start building inventory in anticipation of supply chain disruptions, which increased warehousing costs; and
- in Q4 2021, the Company completed the Offering and secured the Senior Credit Facility, the proceeds of which were substantially used to retire existing debt. This resulted in the payment of cash interest costs associated with debt prepayment and the non-cash write-down of deferred financing costs.

Additional details regarding these factors can be found in the Company's amended and restated audited consolidated annual financial statements and related notes for FY2020 and FY2021, in addition to the unaudited consolidated interim financial statements for the period ending March 31, 2022.

The financial data above for the eight (8) most recently completed quarters was prepared in accordance with IFRS, except that 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

As at March 31, 2022, the Company had cash of $12.3 million, net working capital (deficit) of $(18.7) million, and $48.8 million of long-term debt, of which $41.3 million is current, as a result of the Company’s reclassification of long-term debt to meet the requirements of its Senior Credit Facility, as noted in the ”Recent Developments” section and below. The continuing operations of the Company are dependent upon its ability to successfully complete discussions with its primary lender such that its Senior Credit Facility is no longer in default or to obtain new debt or equity financing. There can be no assurance that the outcome of those discussions, or such new financing will be completed on a timely basis under terms acceptable to the Company. The above conditions present material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Management applied judgment assessing the Company’s ability to continue as a going concern when preparing the amended and restated consolidated financial statements for the 3 months ended March 31, 2022. Management considered a wide range of factors including possible outcomes of discussions with its primary lender with respect to remedying the default on the Senior Credit Facility and potential sources of replacement financing. Management believes that it has adequate cash and cash equivalents, in conjunction with its ability to pursue additional sources of funding to fund its minimum obligations and growth plans. As a result of the assessment, management concluded the going concern basis of accounting is appropriate, however there are material uncertainties that remain.

The convertible debentures that mature on October 31, 2026 accrue interest at the rate of 7%, 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 $25.8 million in senior credit facilities were secured in connection with the Senior Credit Facility include:

- $15.0 million revolving working capital facility with a 2-year term and an uncommitted $10.0 million accordion available at the discretion of National Bank;
- $4.0 million revolving term credit facility to finance capital expenditures, amortized over 84 months; and
- a $6.8 million non-revolving term credit facility.

As at March 31, 2022, the Company has drawn an aggregate of $20.5 million across all three credit facilities. As at March 31, 2022, the Company had not drawn $3.8 million from the revolving facility and $1.3 million from the capital expenditure facility, and had not drawn upon the uncommitted $10.0 million accordion. As discussed in the “Recent Developments” section and above, the Company is in negotiations to remedy a default of the FCCR covenants of its Senior Credit Facility. The outcome of these discussions is unknown but could result in changes to the structure of the credit facilities.

Management 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 Q1 2022 compared to Q1 2021:

	3 months ended		Change	
	Mar. 2022	Mar. 2021	$	%
Cash provided by (used in) operating activities	$ 3,140	$ (2,837)	$ 5,977	211%
Cash provided by financing activities	414	21,130	(20,716)	-98%
Cash used in investing activities	(1,693)	(1,253)	(440)	-35%
Effect of foreign exchange rate changes on cash	(142)	(41)	(101)	-246%
Net change in cash	$ 1,719	$ 16,999	$ 15,280	90%
Beginning cash	10,655	8,114	(2,541)	-31%
Ending cash	$ 12,374	$ 25,113	$ 12,739	-51%

Cash provided by operating activities for Q1 2022 was $3,140 compared to $2,837 used in operating activities for Q1 2021. A total of $2,681 of the increase in operating cash flow for Q1 2022 was driven by an increase in non-cash working capital, which was primarily due to increases in accounts payable of $4,774 and was partly offset by an increase in inventory levels of $2,071.

Cash provided by financing activities in Q1 2022 was $414 compared to $21,130 in Q1 2021. In Q1 2021, the Company received net proceeds of $21,184 from issuing shares. In Q1 2022, the Company drew an additional $700 from the Senior Credit Facility.

Cash used by investing activities in Q1 2022 was $1,693 compared to $1,253 in Q1 2021. In Q1 2022, the Company invested $1,466 in high-speed manufacturing equipment and robotics to improve overall manufacturing output.

capital resources

Management has funded operations through a mix of revenue growth, an increase in gross profit dollars, 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 Q1 2022, Q1 2021 and Q4 2021 net working capital:

		Mar. 31, 2022		Dec. 31, 2021	Mar. 31, 2021
Cash	$	12,374	$	10,655	25,113
Trade and Other receivables		13,685		13,689	5,557
Inventory		18,043		16,036	8,749
Prepaid expenses		993		987	943
Accounts payable and accruals		(22,473)		(17,699)	(9,675)
Credit facility		-		-	(2,250)
Current portion of loans		(41,289)		(39,681)	(3,828)
Net working capital	$	(18,667)	$	(16,013)	24,629
Adjust for current portion of long-term debt		41,289		39,681	3,828
Net working capital excluding current portion of long-term debt[1]	$	22,622		23,668	28,457

		Mar. 31, 2022		Dec. 31, 2021	Mar. 31, 2021
Raw materials	$	14,782	$	11,817	8,048
Finished goods		3,267		4,219	701
Inventory	$	18,043	$	16,036	8,749

[1] Refer to Non-IFRS definitions section above.

The change in net working capital from Q1 2021 to Q1 2022 is due primarily to:

- the Company being in default under the Senior Credit Facility. As a result, IFRS required the Company to reclassify $38,414 of non-current debt as current. The Company and its primary lender are working on a plan to remedy the default, and these discussions are ongoing at the time of this MD&A. To illustrate the impact of the reclassification, net working capital excluding the current portion of long-term debt was $22,622 at March 31, 2022 (see "Recent Developments" and "Liquidity" sections for additional information);

- completion of a short form prospectus equity offering with net proceeds of $21,582 on March 4, 2021;
- investment in non-cash net working capital for the increased purchasing of raw materials 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; and
- investment of $1,466 in high-speed manufacturing equipment and the internal development of new product lines such as Microwavable To-Go Containers.

The change in net working capital from Q4 2021 to Q1 2022 is due primarily to:

- non-cash net working capital used for purchases of raw materials and overall level of inventory. The increase in inventory balance was largely attributable to higher input costs associated with new material purchases rather than a buildup of physical raw material; and
- investment of $1,466 in high-speed manufacturing equipment and the internal development of new product lines such as Microwavable To-Go Containers.

As at March 31, 2022, the Company had no new commitments for significant capital expenditures.

outlook

Growing consumer demand for sustainable products, increasing regulatory pressure, lifting of COVID-19 pandemic restrictions, 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 its 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, which may negatively impact financial metrics.

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

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

In 2022, the Company is focused on increasing the percentage of revenue contribution from its Packaging business group by leveraging its acquisitions and executing on its organic growth initiatives to augment its thermoformed packaging capability. The Company is also looking to increase revenue contributions from General Merchandise, Services and Commercial & Business Supplies business groups.

off-balance sheet arrangements

As at March 31, 2022 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 Q1 2022 compared to Q1 2021:

	3 months ended Mar 31,			
		2022		2021
Salaries, management, consulting, and directors' fees	$	405	$	329
Share based payments(i)	$	334		184
	$	739	$	513

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

At March 31, 2022, $323 (December 31, 2021 - $233) was due to directors and officers of the Company for accrued bonus, management, consulting, director fees and expense reimbursement.

proposed transactions

On May 4, 2022, the Company announced that it entered into a definitive agreement to acquire all of the business and operating assets of FormTex, a manufacturer of high-quality custom plastic packaging headquartered in Houston, Texas, for cash consideration of US$4.8 million. In the calendar year ended December 31, 2021, FormTex generated revenue of US$5.1 million and Adjusted EBITDA of US$0.6 million. The Company expects FormTex to be immediately accretive on an Adjusted EBITDA basis. The acquisition is subject to customary closing conditions but does not require shareholder or regulatory approval.

significant estimates and accounting policies

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.

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, revenue 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 March 31, 2022, 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, labour, 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 three months ended March 31, 2022. 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 amended and restated annual audited consolidated financial statements for, or subsequent to, the year ended December 31, 2021.

changes in accounting policies including initial adoption

The Company notes that there were no changes to significant accounting policies for the financial year ended 2021 and no significant accounting policies were adopted during the period.

financial instruments

The Company's financial instruments as at March 31, 2022 include cash, trade and other receivables, accounts payable and accrued liabilities, credit facilities, and loans.

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

Credit Risk

The Company's exposure to credit risk primarily arises from the possibility that its customers may fail to meet their obligations. The Company has credit evaluation, approval and monitoring processes in place which mitigates these potential credit risks. The Company continually evaluates the collectability of accounts receivable and records an allowance for doubtful accounts if required, which reduces the receivables by the amount of any expected credit losses. The failure of a significant customer could have a material adverse effect on the Company. At March 31, 2022, trade and other receivables total $13,685 (March 31, 2021, $5,577). There is allowance for doubtful accounts of $190 included in this balance, which management believes adequately reflects the Company's expected credit losses. The provision for allowance for doubtful accounts is recognized within operating expenses, if any.

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 assets are 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 U.S. 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.

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/or
- 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 Company's assessment of 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	223,174,332	N/A-
Options	8,435,307	8,435,307
Other equity incentive compensation	7,045,493	7,045,493
Warrants	1,752,150	1,752,150
Convertible Debentures	21,990,976	21,990,976
Total Fully Diluted Capital		262,398,258

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 response to the covenant breach which has resulted in the refiling of the Company's FY2021 financial statements. Management continues to evaluate its internal processes regarding covenant calculations to identify areas for improvement.

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.goodnaturedproducts.com.