

Consolidated Condensed Interim Financial Statements (Unaudited)
(Expressed in Canadian dollars)

GOOD NATURED PRODUCTS INC.

Three and six months ended June 30, 2022 and 2021

GOOD NATURED PRODUCTS INC.

Consolidated Statements of Financial Position
(In thousands) (Unaudited)

	30-Jun 2022	31-Dec 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,700	\$ 10,655
Trade and other receivables	13,133	13,689
Inventory (Note 3)	15,564	16,036
Prepaid expenses	1,261	987
	<u>46,658</u>	<u>41,367</u>
Non-current assets:		
Property and equipment (note 4)	31,446	30,463
Right-of-use assets (note 5)	3,842	2,165
Customer relationships (note 6)	5,506	5,725
Intangible and other assets (note 6)	3,182	3,125
Goodwill (note 6)	7,684	7,684
	<u>\$ 98,318</u>	<u>\$ 90,529</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,129	\$ 17,699
Current portion of long-term debt (note 7)	40,213	39,681
	<u>59,342</u>	<u>57,380</u>
Non-Current liabilities:		
Long-term debt (note 7)	8,729	6,674
Contingent consideration liability	1,962	1,890
Deferred income tax liabilities	3,386	3,493
	<u>14,077</u>	<u>12,057</u>
Shareholders' Equity:		
Common share capital	57,552	57,083
Contributed surplus (note 8(a))	13,013	5,883
Foreign currency translation reserve	1,684	872
Deficit	(47,350)	(42,746)
	<u>24,899</u>	<u>21,092</u>
Total Liabilities and Shareholders' Equity	<u>\$ 98,318</u>	<u>\$ 90,529</u>

Nature of operations (note 1)

Subsequent events (note 14)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Jim Zadra" Director

"Michael Thomson" Director

GOOD NATURED PRODUCTS INC.

Consolidated Statements of Net Loss and Comprehensive Loss
(In thousands except per share amounts) (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Product revenue (note 12)	\$ 25,546	\$ 12,371	\$ 51,482	\$ 20,271
Cost of product revenue (note 10)	(18,798)	(8,865)	(38,100)	(13,976)
Gross margin	6,748	3,506	13,382	6,295
Other (Expenses) Income:				
Selling, general, and administrative (note 11)	(4,600)	(3,158)	(8,406)	(4,865)
Fulfillment and logistics	(2,244)	(1,654)	(4,497)	(2,862)
Share-based compensation (note 8(b,d))	(574)	(705)	(1,175)	(975)
Depreciation and amortization	(300)	(276)	(971)	(512)
Financing costs	(1,318)	(926)	(2,293)	(1,960)
Foreign exchange loss	(789)	(468)	(763)	(539)
Loss on debt repayment and conversion	(4)	(46)	(4)	(212)
Gain on interest free loan	15	29	15	29
Net loss before taxes	(3,066)	(3,698)	(4,712)	(5,601)
Deferred income tax recovery	54	-	108	-
Net loss for the period	(3,012)	(3,698)	(4,604)	(5,601)
Other comprehensive (loss) gain, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Unrealized currency gain (loss) on translation of foreign operations	\$ 998	\$ 95	\$ 812	\$ 243
Comprehensive loss for the period	(2,014)	(3,603)	(3,792)	(5,358)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.03)
Weighted average shares outstanding – basic and diluted	223,151	215,107	222,689	203,904

See accompanying notes to unaudited condensed consolidated interim financial statements.

GOOD NATURED PRODUCTS INC

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(In thousands) (Unaudited)

	Number of common shares	Common share capital	Contributed surplus- warrants and conversion features	Contributed surplus- stock options	Foreign currency translation reserve	Deficit	Equity/ (Deficiency)
Balance at December 31, 2020	179,258	\$ 28,883	\$ 1,497	\$ 1,239	\$ 244	\$ (30,051)	\$ 1,812
Issuance of common shares, net (note 8)	19,263	20,440	612	-	-	-	21,052
Shares issued upon warrant exercise	10,264	2,289	(315)	-	-	-	1,974
Shares issued upon debenture conversion (note 8(a))	4,395	1,011	(191)	-	-	-	820
Shares issued upon option exercise (note 8(a))	420	99	-	(38)	-	-	61
Shares issued upon debt conversion	2,720	3,239	(67)	-	-	-	3,172
Share based compensation (note 8(b,d))	-	-	-	975	-	-	975
Net comprehensive loss	-	-	-	-	243	(5,601)	(5,358)
Balance at June 30, 2021	216,320	\$ 55,961	\$ 1,536	\$ 2,176	\$ 487	\$ (35,652)	\$ 24,508
Shares issued upon warrant exercise	2,498	347	(98)	-	-	-	249
Shares issued upon debenture conversion (note 8(a))	218	31	(8)	-	-	-	23
Conversion feature and warrants of convertible debenture	-	-	1,880	-	-	-	1,880
Shares issued upon option exercise (note 8(a))	754	87	-	(34)	-	-	53
Share based compensation (note 8(b,d))	-	-	-	1,279	-	-	1,279
Vested RSU & PSU incentive issuance (note 8(d))	893	657	-	(848)	-	-	(191)
Net comprehensive loss	-	-	-	-	385	(7,094)	(6,709)
Balance at December 31, 2021	220,683	\$ 57,083	\$ 3,310	\$ 2,573	\$ 872	\$ (42,746)	\$ 21,092
Issuance of Special Warrants, net (note 8(a))	-	-	6,093	-	-	-	6,093
Shares issued upon warrant exercise	1,989	324	(68)	-	-	-	256
Shares issued upon debenture conversion (note 8(a))	217	50	(4)	-	-	-	46
Shares issued upon option exercise (note 8(a))	229	43	-	(14)	-	-	29
Share based compensation (note 8(b,d))	-	-	-	1,175	-	-	1,175
Vested RSU & PSU incentive issuance (note 8(d))	71	52	-	(52)	-	-	-
Net comprehensive loss	-	-	-	-	812	(4,604)	(3,792)
Balance at June 30, 2022	223,189	\$ 57,552	\$ 9,331	\$ 3,682	\$ 1,684	\$ (47,350)	\$ 24,899

Supplementary disclosure with respect to cash flows (note 13).

See accompanying notes to consolidated financial statements.

GOOD NATURED PRODUCTS INC.

Consolidated Statements of Cash Flow

(In thousands) (Unaudited)

	Six months ended June 30	
	2022	2021
Cash provided by (used in):		
Operations:		
Net loss	\$ (4,604)	\$ (5,601)
Items not involving cash:		
Depreciation and amortization	1,364	739
Unrealized foreign exchange loss	472	142
Amortization of right of use assets	414	126
Share based compensation (note 8(b, d))	1,175	975
Loss on debt repayment and conversion	4	212
Gain on interest free loan	(15)	(29)
Gain on equipment disposal	(63)	-
Financing costs	2,293	1,960
Deferred income tax	(107)	-
	933	(1,476)
Changes in non-cash operating working capital:		
Trade and other receivables	556	(1,071)
Inventory	493	(4,616)
Prepaid expenses	(291)	116
Accounts payable and accrued liabilities	1,430	868
	2,188	(4,703)
Finance costs paid	(1,754)	(1,650)
Cash provided by (used in) operating activities	1,367	(7,829)
Financing:		
Issuance of common shares and Special Warrants, net of issuance costs (note 8(a))	6,093	21,052
Exercise of warrants for common shares	256	1,974
Exercise of options for common shares	29	61
Credit line repayment	-	(800)
Proceeds from long-term debt, net of issuance costs (note 7)	1,191	9,942
Repayment of long-term debt (note 7)	(1,222)	(3,168)
Proceeds from equipment sale leaseback	1,431	-
Cash provided by financing activities	7,778	29,061
Investments:		
Business acquisition	-	(15,337)
Proceeds on equipment disposal	109	-
Purchase of equipment	(3,364)	(1,673)
Purchase of other assets	(60)	(183)
Cash used in investing activities	(3,315)	(17,193)
Effect of foreign exchange rate changes on cash	215	(71)
Increase (decrease) in cash	6,045	3,968
Cash and cash equivalents, beginning of period	10,655	8,114
Cash and cash equivalents, end of period	16,700	12,082

Supplementary disclosure with respect to cash flows (note 13).

See accompanying notes to consolidated financial statements.

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
Six months ended June 30, 2022 and 2021
(In thousands)

1. Nature of operations:

good natured Products Inc. (the “Company”) is a Canadian company incorporated under the British Columbia Business Corporations Act. Its common shares are listed on the Canadian TSX Venture Exchange (“TSX-V”) as a Tier 2 issuer under the symbol “GDNP” and on OTCQX Best Market in the United States under the symbol of “GDNPF”. The Company’s head office is located at 814 - 470 Granville Street, Vancouver, British Columbia, Canada. The Company offers a broad assortment of plant-based products made all, or in part, from the maximum possible amount of rapidly renewable resources. All of the Company’s operations are within the packaging and consumer goods manufacturing industry. The Company manufactures and/or sources over 400 products that are grouped into five business groups: General Merchandise, Packaging, Industrial, Commercial Supplies, and Services. The Company offers its products through wholesale, direct to business, and retail channels. As part of its acquisition strategy, the Company has acquired and may acquire businesses that produce petroleum-based products. 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 Company has continued to operate all of its North American facilities during the COVID-19 pandemic and continues to reinforce government-mandated measures implemented to mitigate health risks to employees, business partners and communities where the Company operates and prevent disruptions. The Company’s operations have been deemed an essential business as defined by the US Department of Homeland Security and the Canadian provinces where it manufactures food packaging. To date, the Company has not experienced a material disruption to operations as a result of the COVID-19 pandemic. 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.

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
Six months ended June 30, 2022 and 2021
(In thousands)

2. Basis of presentation:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's amended and restated consolidated financial statements for the year ended December 31, 2021, and have been prepared in compliance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, these unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

These unaudited consolidated financial statements were authorized for issue by the Board of Directors on August 23, 2022.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for items that are measured at fair value consisting of the contingent consideration liability.

(c) Use of estimates, assumptions, and judgments:

(i) Significant estimates:

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. The underlying assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances, and are subject to change as new events occur, as more industry experience is acquired, as additional information is obtained and as the Company's operating environment changes

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period during which the estimates are revised and in any future periods affected. Subsequent to the period end, the Company successfully secured a new financing facility from a US-based lender and fully repaid the outstanding debt in default due to National Bank of Canada ("National Bank") (Note 14). As such, the Company believes there is no longer a significant going concern judgment required as disclosed in Note 2(c) to the Company's amended and restated annual consolidated financial statements for the year ended December 31, 2021.

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
Six months ended June 30, 2022 and 2021
(In thousands)

3. Inventory

		June 30, 2022	December 31, 2021
Raw materials	\$	11,689	\$ 11,817
Finished goods		3,875	4,219
Total	\$	15,564	\$ 16,036

During the 6 months ended June 30, 2022, inventory valued at \$30,968 was expensed as cost of goods sold and reflected within cost of product revenues (June 30, 2021 - \$12,424).

4. Property and equipment, net:

	Land	Building	Manufacturing Equipment	Other Equip.	Accumulated Depreciation	Total
Dec. 31, 2020	\$ 4,943	\$ 4,320	\$ 6,537	\$ 82	\$ (466)	\$ 15,416
Additions	413	5,211	10,244	115	(936)	15,047
Dec. 31, 2021	\$ 5,356	\$ 9,531	\$ 16,781	\$ 197	\$ (1,402)	\$ 30,463
Additions	-	74	1,574	6	(900)	754
Foreign exchange	-	92	137	-	-	229
Jun. 30, 2022	\$ 5,356	\$ 9,697	\$ 18,492	\$ 203	\$ (2,302)	\$ 31,446

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
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5. Right of use assets

The company enters into leases for manufacturing equipment, buildings, and office spaces for its operations. The Company is required to recognize a right of use assets for the underlying assets from these leases.

These right of use assets are initially measured at cost less accumulated depreciation, equivalent to the fair value of the lease liability, and subsequently amortized on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

	Cost	Accumulated amortization	Net Book Value
December 31, 2020	\$ 751	\$ (107)	\$ 644
Additions	1,947	(426)	1,521
December 31, 2021	2,698	(533)	2,165
Additions	2,091	(414)	1,677
June 30 2022	\$ 4,789	\$ (947)	\$ 3,842

6. Customer relationships, other intangible assets and goodwill:

	Customer Lists	Accumulated Amortization	Net Book Value
December 31, 2020	\$ 7,341	\$ (1,633)	\$ 5,708
Additions	621	(604)	17
December 31, 2021	\$ 7,962	\$ (2,237)	\$ 5,725
Additions	-	(217)	(217)
Foreign exchange	(2)	-	(2)
June 30, 2022	\$ 7,960	\$ (2,454)	\$ 5,506

	Brand and Formulas	Other Assets	Accumulated Amortization	Net Book Value
December 31, 2020	\$ 2,200	\$ 570	\$ (25)	\$ 2,745
Additions	-	409	(29)	380
December 31, 2021	\$ 2,200	\$ 979	\$ (54)	\$ 3,125
Additions	-	138	(81)	57
June 30, 2022	\$ 2,200	\$ 1,117	\$ (135)	\$ 3,182

GOOD NATURED PRODUCTS INC.

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6. Customer relationships, other intangible assets and goodwill (Continued):

Included in Brand and Formulas is \$1,400 of brand which is an indefinite life intangible asset and not subject to amortization. Other assets consist of capitalized development costs and other intangibles.

	Goodwill	Accumulated Impairment	Net Book Value
December 31, 2020	\$ 6,824	\$ -	\$ 6,824
Additions	860	-	860
December 31, 2021 and June 30, 2022	\$ 7,684	\$ -	\$ 7,684

7. Long-term debt:

	Retired Debt	Debentures	National Bank	Vendor Notes	Leases	Other debt	Total
Dec. 31, 2020	\$ 24,190	\$ 1,814	-	\$ 4,684	\$ 644	\$ 1,499	\$ 32,831
Proceeds, net	6,616	14,349	19,531	-	1,948	3,641	46,084
Repayment	(28,802)	-	-	(300)	(415)	(424)	(29,941)
Conversion	(3,122)	(862)	-	(50)	-	-	(4,034)
Accretion / Loss	1,209	247	2	-	54	97	1,610
Foreign Exchange	(91)	-	(104)	-	-	-	(195)
Dec. 31, 2021	\$ -	\$ 15,548	\$ 19,429	\$ 4,334	\$ 2,231	\$ 4,813	\$ 46,355
Proceeds, net	-	-	700	-	2,127	434	3,261
Repayment	-	-	(393)	-	(557)	(272)	(1,222)
Conversion	-	(42)	-	-	-	-	(42)
Accretion	-	276	32	-	99	56	463
Foreign Exchange	-	-	53	-	17	57	127
June 30, 2022	\$ -	\$ 15,782	\$ 19,821	\$ 4,334	\$ 3,917	\$ 5,088	\$ 48,942

	Jun. 30 2022	Dec. 31 2021
Current portion	\$ 40,213	\$ 39,681
Non-current portion	8,729	6,674
	\$ 48,942	\$ 46,355

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
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7. Long-term debt (continued):

As at June 30, 2022, due to a default on its senior credit facility with National Bank, the Company had \$37,938 of non-current debt classified as current. As at December 31, 2021, the amount of non-current debt classified as current was \$39,681, which included other long-term debt potentially in cross default. Subsequent to the period end, the Company successfully secured a new financing facility from a US-based lender and fully repaid the outstanding debt due to National Bank (Note 14).

Undiscounted repayment commitment:

The required undiscounted annual repayments of the Company's long-term debt for the twelve months ending June 30 follow:

2023	\$	42,625
2024		4,185
2025		2,969
2026		1,354
2027 and beyond		559
	\$	51,692

The revised undiscounted annual repayments of the Company's long-term debt for the twelve months following the refinancing (note 14 (a)):

2023	\$	2,630
2024		4,566
2025		3,355
2026		4,727
2027 and beyond		39,500
	\$	54,778

8. Share capital and share-based payments:

(a) Common and preferred share capital:

Authorized and issued:

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value, issuable in series.

As at June 30, 2022, 223,188 common shares were issued and outstanding (December 31, 2021 – 220,683).

Shares for debenture conversion and debt repayment:

During the six months ended June 30, 2022, the Company issued 217 shares at an average conversion price of \$0.23 per share pursuant to the conversion of \$50 of outstanding debentures (Year ended December 31, 2021 – 4,613 shares; \$1,061).

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On January 19, 2021, the Company converted \$50 of a Vendor Note into 63 common shares of the Company at a fair value of \$0.80 per share.

On March 3, 2021, the Company completed the conversion of \$3,122 of its long-term credit facility with BDC by issuing 2,657 common shares to BDC at a fair value price of \$1.20 per share.

Prospectus Offering:

In March 2021, the Company completed a short form prospectus offering that totaled 19,263 common shares at a price of \$1.20 per share for gross proceeds of \$23,115.

The Company paid a cash commission of \$1,387 representing 6.0% of the aggregate gross proceeds of the placement and 1,156 broker warrants representing 6.0% of the aggregate number of common shares issued pursuant to the placement. Each broker warrant entitles the holder to acquire one common share at the issue price of \$1.20 for a period of 24 months from the issue date.

Special Warrants Offering

In June 2022, the Company completed the offering of special warrants 16,403 Special Warrants at an issue price of \$0.40 per Special Warrant for gross proceeds of \$6,561. In connection with the Offering, the Company paid an aggregate cash commission of \$385, representing 6.0% of the aggregate gross proceeds of the Offering, and issued an aggregate of 963 compensation options representing 6.0% of the aggregate number of Special Warrants issued pursuant to the Offering.

Each Special Warrant is exercisable, for no additional consideration and with no further action on the part of the holder thereof, into one unit of the Company (a "Unit"). Each Unit consists of one common share of the Company and one half of one common share purchase warrant of the Company. The Special Warrants are subject to an automatic conversion provision whereby the Special Warrants will convert into Units on that date that is earlier of:

- I. The 3rd business day following the date on which a prospectus supplement to the Company's base shelf prospectus dated January 19, 2022 is filed qualifying the distribution of the Units underlying the Special Warrants issued under the Private Placement; or
- II. the date that is four (4) months and one day following the closing date of this Private Placement October 2, 2022

Each Unit consists of one common share of the Company and one half of one common share purchase warrant of the Company. Each full Warrant will entitle the holder thereof to acquire one common share of the Company at a price per Warrant Share of \$0.52 for a period of 24 months from the closing of the Offering. The expiry date of the Warrants is subject to acceleration upon 30 days' notice by the Company if the volume weighted average trading price of the common shares of the Company exceeds \$0.65 for a period of 20 consecutive trading days ending at any time following the date which is 12 months following the closing date of the Offering.

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Notes to Consolidated Financial Statements
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(In thousands)

8. Share capital and share-based payments (continued):

(a) Common and preferred share capital (continued):

The fair value at grant date of the broker warrants issued was \$612 based on the Black-Scholes pricing model and was recorded as a share issuance cost. Expected volatility was determined based on comparable publicly listed companies.

The inputs used in the measurement of the fair value of the warrants issued were:

Risk-free interest rate	0.27%
Dividend yield	0.00%
Expected life (years)	2
Volatility	82.34%
Forfeiture rate	0.0%
Common share price at grant date	\$1.29

(b) Share options:

The change in the number of the Company's stock options follows:

	Options	Weighted average exercise price
Outstanding at December 31, 2020	8,642	\$ 0.18
Issuance of options	822	1.17
Exercise of options	(1,174)	0.14
Forfeiture of options	(258)	0.38
Outstanding at December 31, 2021	8,032	\$ 0.28
Issuance of options	801	0.72
Exercise of options	(228)	0.13
Forfeiture of options	(154)	0.91
Outstanding at June 30, 2022	8,451	\$ 0.31
Exercisable at June 30, 2022	6,206	\$ 0.22

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Notes to Consolidated Financial Statements
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(In thousands)

8. Share capital and share-based payments (continued):

(b) Share options (continued):

Range of exercise prices	Number outstanding	Number exercisable	Weighted average remaining life (in years)
\$0.10 to \$0.15	4,606	3,619	6.1
\$0.16 to \$0.20	2,048	2,048	3.2
\$0.21 to \$0.25	192	192	2.0
\$0.26 to \$1.29	1,605	347	6.2
	8,451	6,206	5.4

The weighted average fair value per option granted in the six months ended June 30, 2022 was \$0.39 (year ended December 31, 2021 - \$1.17). The fair value of options granted were measured based on the Black-Scholes pricing model. Expected volatility was determined based on comparable publicly listed companies. The inputs used in the measurement of the fair values at the modification and grant dates follows:

	Six months ended Jun. 30, 2022	Year ended Dec. 31, 2021
Risk-free interest rate	0.30%	00.26 – 0.30%
Dividend yield	0.00%	0.00%
Expected life (years)	4	4
Volatility	77.81%	79.84 - 82.7%
Forfeiture rate	0.0%	0.0%
Common share price at grant date	\$0.34	\$1.12- \$1.29

(c) Share purchase warrants:

	Warrants	Weighted average exercise price
Outstanding at December 31, 2020	15,851	\$ 0.20
Issuance of warrants to brokers	1,156	1.20
Exercise of warrants	(12,762)	0.19
Forfeiture of warrants	(52)	0.19
Outstanding at December 31, 2021	4,193	\$ 0.50
Issuance of Special Warrants note (8(a))	16,403	0.40
Issuance of warrants to brokers note (8(a))	963	0.40
Exercise of warrants	(1,989)	0.19
Forfeiture of warrants	(452)	0.12
Outstanding at June 30, 2022	19,118	\$ 0.43

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
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(In thousands)

8. Share capital and share-based payments (continued):

(c) Share purchase warrants (continued):

Expiry date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (in years)
December 2022	596	0.47	0.47
March 2023	1,156	1.20	0.68
October 2, 2022 (note 8(a))	16,403	0.40	0.25
June 1, 2024 (note 8(a))	963	0.40	1.92
	19,118	\$ 0.47	0.84

(d) Other equity incentives:

	RSUs	DSUs	PSUs	Total
December 31, 2020	2,885	-	-	2,885
Unit Issuance	1,310	128	1,457	2,895
Forfeiture	(306)	-	(964)	(1,270)
Share Issuance upon vesting	(893)	-	-	(893)
December 31, 2021	2,996	128	493	3,617
Unit Issuance	2,036	-	1,720	3,756
Forfeiture	(104)	-	(15)	(119)
Share Issuance upon vesting	(71)	-	-	(71)
June 30, 2022	4,857	128	2,198	7,183

Pursuant to the Company's Omnibus Equity Incentive Compensation Plan, the Company issued restricted share units ("RSUs") which vest over a period of two or three years; deferred share units (DSUs) which vest over a period of two years; and performance share units (PSUs) which vest in accordance with the achievement of certain performance criteria over a period of three years.

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Notes to Consolidated Financial Statements
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(In thousands)

8. Share capital and share-based payments (continued):

(d) Other Equity Incentives (continued):

Each unit entitles the holder to receive either one Common Share from treasury, the cash equivalent of one Common Share or a combination of cash and Common Shares, as the Board may determine in its sole discretion. The Company intends to settle these units in shares. The average value of the RSUs and DSUs was measured on the date of grant at \$0.66 per unit for a total of \$1,207 which will be amortized over the life of the respective terms (Year ended December 31, 2021 - \$1.28 - \$1,839).

The Company granted two types of PSUs. The first group vest based on the Company's market capitalization, with the second group vesting based on achievement of internal operating performance metrics as detailed by management. The total value for the PSUs of \$1,135 on date of grant will be amortized over the life of the respective terms (Year ended December 31, 2021 - \$1,096)

9. Related party transactions

The following table sets forth the remuneration of directors and key management personnel:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Salaries, consulting and director fees	\$ 450	\$ 345	\$ 855	\$ 674
Share based payments	206	427	540	611
	\$ 656	\$ 772	\$ 1,395	\$ 1,285

At June 30, 2022, \$350 (December 31, 2021 - \$233) was due to directors and officers of the Company for accrued bonus, management, consulting, director fees and expense reimbursement.

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10. Cost of product revenue:

The following is a breakdown of the Company's cost of product revenue.

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Variable cost of product	\$ 17,090	\$ 8,080	\$ 34,805	\$ 12,758
Fixed factory overhead	1,253	605	2,536	903
Depreciation	455	180	759	315
	\$ 18,798	\$ 8,865	\$ 38,100	\$ 13,976

Variable cost of product includes direct material, labour, and inbound freight.

Fixed factory overhead includes allocated costs such as utilities, insurance, maintenance, and property taxes.

11. Selling, general, and administrative (SG&A):

The following is a breakdown of the Company's selling, general and administrative expenses.

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
SG&A wages	\$ 2,304	\$ 1,265	\$ 4,390	\$ 2,154
SG&A other	1,454	847	2,704	1,420
Product development	196	132	388	231
Acquisition related activity and One-time charges	646	914	924	1,060
	\$ 4,600	\$ 3,158	\$ 8,406	\$ 4,865

12. Segmented information:

All of the Company's operations are within the packaging and consumer goods manufacturing industry, and its major products are broken out into separate business groups: Industrial, Packaging, General Merchandise, Commercial Business Supplies, and Services. The majority of the Company's operations are performed within the United States and Canada, with 89% of total revenue coming from customers in the United States and 11% in Canada.

For the six months ended June 30, 2022 and 2021, the Company's significant reportable segments aggregates its subsidiaries operating performance into five main business groups. The Company's chief operating decision maker evaluates segment performance based on segment revenue and operating earnings defined as "net income before corp. costs". Net income before corp. costs is comprised of each segments discrete revenues, cost of product revenue, logistics and fulfillment, and SG&A. The following table summarizes segment performance:

GOOD NATURED PRODUCTS INC.

Notes to Consolidated Financial Statements
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12. Segmented information (continued):

	Total	Industrial	Packaging	General Merchandise	Commercial Supplies	Services
Jun. 30, 2022						
Revenue	\$ 51,482	\$ 38,917	\$ 10,953	\$ 605	\$ 37	\$ 970
Net income, before corp. costs	4,694	3,528	48	475	(4)	633
Depreciation and Amortization	1,999	1,782	217	-	-	-
Capital Expenditures	1,654	200	1,454	-	-	-
Reportable segments assets	64,927	50,450	14,477			
Jun. 30, 2021						
Revenue	\$ 20,271	\$ 14,788	\$ 4,625	\$ 458	\$ -	\$ 300
Net income, before corp. costs	3,433	2,350	1,040	(22)	-	65
Depreciation and Amortization	827	578	249	-	-	-
Capital expenditures	1,631	1,537	94	-	-	-
Reportable segments assets	63,307	56,551	6,756	-	-	-

	Jun. 30, 2022	Jun. 30, 2021
Reportable segment net income, before corp. costs	\$ 4,694	\$ 3,433
Parent company costs (unallocated)	(3,291)	(3,805)
SG&A (unallocated)	(924)	(1,060)
<i>Adjustments to reconcile to net loss before taxes</i>		
Share based compensation	(1,175)	(975)
Depreciation and amortization	(971)	(512)
Financing costs	(2,293)	(1,960)
Foreign exchange gain (loss)	(763)	(539)
Loss on debt repayment and conversion	(4)	(212)
Gain on interest free loan	15	29
Net loss before taxes	(4,712)	(5,600)

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Notes to Consolidated Financial Statements
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13. Supplementary cash flow information:

	Six months ended June 30	
	2022	2021
Non-cash investing activities:		
Acquisition of right of use asset via equipment lease	\$ 653	\$ -
Non-cash financing activities:		
Capitalized equipment lease liability	\$ 653	\$ -
Shares issued for conversion of debentures	\$ 50	\$ 820
Shares issued for conversion of BDC loan	\$ -	\$ 3,123
Shares issued for conversion of other debt	\$ -	\$ 50

14. Subsequent events:

- a) On August 26, 2022, the Company completed a USD \$55 million financing (the "Senior Credit Facility") with Wells Fargo Bank, N.A. ("Wells Fargo"), through its wholly owned subsidiary Wells Fargo Capital Finance Corporation Canada, consisting of a USD \$30 million asset-based revolving credit facility and an uncommitted USD \$25 million revolving facility, available at the discretion of Wells Fargo. The term length of the revolving credit facility is the lesser of 5 years or 90 days prior to the maturity of the convertible debentures. The initial draw on the Senior Credit Facility, combined with the proceeds of the BDC Mortgage Refinancing (Note 14 (b)) was used to retire all outstanding debt with National Bank, cover transaction costs and to provide additional working capital. The Senior Credit Facility will bear interest at the U.S. Secured Overnight Financing Rate ("SOFR") plus 2.50 - 3.00% subject to certain operating benchmarks. The Senior Credit Facility is secured by a general security interest over the assets of all existing and future subsidiaries of the Company.
- b) On August 26, 2022, the Company closed a \$6.65 million financing (the "Mortgage Refinancing") with Business Development Bank of Canada ("BDC"). Proceeds of the Mortgage Refinancing were used to retire \$6.6 million of outstanding non-revolving term credit facility with National Bank (Note 14 (b)) that was secured by a first mortgage on the Company's Brampton, Ontario manufacturing location. The mortgage loan will bear interest at BDC's Base Rate minus 0.25%, with future downward adjustments, and is secured by, among other collateral, the land and buildings at Brampton. BDC has made an additional \$3.9 million available as funding toward future capital projects.
- c) On July 1, 2022, the Company, through a wholly owned subsidiary, closed the acquisition of all the business and operating assets of Houston-based FormTex Plastics Corporation ("FormTex") for cash consideration of approximately USD \$4.8 million.