Consolidated Financial Statements
(Expressed in Canadian dollars)

GOOD NATURED PRODUCTS INC.

Years ended December 31, 2022 and 2021

Independent Auditor's Report

To the Shareholders and the Board of Directors of
good natured Products Inc.

Opinion

We have audited the consolidated financial statements of good natured Products Inc. (the “Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of net loss and comprehensive loss, changes in shareholders’ equity (deficiency) and cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition - Refer to Note 3 (o) to the financial statements

Key Audit Matter Description

The Company’s revenue is primarily generated from the sale of its products to customers in the United States and Canada. Revenue is recognized at a point in time when the performance obligation is satisfied. This occurs when control of the Company’s products is transferred to its customers based on contractual terms with the customer. The Company’s consolidated product revenue was $101 million for the year ended December 31, 2022.

Revenue is a key audit matter due to the significant audit effort required in performing audit procedures related to the Company’s revenue recognition as a result of the high volume of transactions, the manual process associated with revenue recognition, the pricelist changes through the year and the nature of the product being sold whereby unit measurements can vary across source documents.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to revenue recognition included the following, among others:

- Evaluating whether revenue was recognized in accordance with IFRS 15, Revenue from contracts with customers;
- Evaluating the recognition of revenue, on a sample basis, by obtaining and inspecting source documents, including purchase orders, invoices, bill of ladings, proof of delivery, and subsequent cash receipts, where applicable.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Jayana Darras.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
April 26, 2023

GOOD NATURED PRODUCTS INC.

Consolidated Statements of Financial Position
(In thousands)

		31-Dec 2022		31-Dec 2021
Assets				
Current assets:				
Cash and cash equivalents	$	11,860	$	10,655
Trade and other receivables (note 16 (f))		9,360		13,689
Inventory (note 5)		12,663		16,036
Prepaid expenses		929		987
		34,812		41,367
Non-current assets:				
Property and equipment (note 6)		44,692		30,463
Right-of-use assets (note 7)		5,001		2,165
Customer relationships (note 8)		6,447		5,725
Intangible and other assets (note 8)		4,523		3,125
Goodwill (note 8)		8,966		7,684
	$	104,441	$	90,529
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (note 16 (f))	$	18,265	$	17,699
Current portion of long-term debt (note 9)		6,593		39,681
		24,858		57,380
Non-Current liabilities:				
Long-term debt (note 9)		55,320		6,674
Contingent consideration liability (note 9)		2,035		1,890
Deferred income tax liabilities (note 12)		3,278		3,493
		60,633		12,057
Shareholders' Equity:				
Common share capital		63,446		57,083
Contributed surplus		7,563		5,883
Foreign currency translation reserve		2,269		872
Deficit		(54,328)		(42,746)
		18,950		21,092
Total Liabilities and Shareholders' Equity	$	104,441	$	90,529

Subsequent events (note 19)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Jim Zadra" Director *"Keith Spencer"* Director

GOOD NATURED PRODUCTS INC.

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

	Year ended December 31 2022	2021
Product revenue	$ 100,966	$ 61,132
Cost of product revenue (note 13)	(74,644)	(45,495)
Gross profit	26,322	15,637
Other (Expenses) Income:		
Selling, general, and administrative (note 14)	(17,872)	(12,821)
Fulfilment and logistics	(9,317)	(6,382)
Share-based compensation (note 10 (b))	(2,150)	(2,254)
Depreciation and amortization	(1,950)	(1,071)
Financing costs (note 9)	(5,550)	(4,552)
Foreign exchange gain (loss)	(847)	(315)
Loss on debt repayment and conversion (note 9 (b))	(449)	(1,148)
Gain on interest free loan (note 9 (c))	15	85
Net loss before taxes	(11,798)	(12,821)
Deferred income tax recovery (note 12)	216	126
Net loss for the year	$ (11,582)	$ (12,695)
Other comprehensive Income (loss), net of tax		
Items that may be reclassified subsequently to profit or loss:		
Unrealized currency gain on translation of foreign operations	1,397	628
Other comprehensive loss for the year	$ (10,185)	$ (12,067)
Basic and diluted loss per share	$ (0.05)	$ (0.06)
Weighted average shares outstanding – basic and diluted	227,845	210,831

See accompanying notes to consolidated financial statements.

GOOD NATURED PRODUCTS INC

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

	Number of common shares	Common share capital	Contributed surplus-warrants and conversion features	Contributed surplus-stock options	Foreign currency translation reserve	Deficit	Equity
Balance at December 31, 2020	179,258	$ 28,883	$ 1,497	$ 1,239	$ 244	$ (30,051)	$ 1,812
Issuance of common shares, net (note 10)	19,263	20,155	612	-	-	-	20,767
Shares issued upon warrant exercise	12,762	2,849	(413)	-	-	-	2,436
Shares issued upon debenture conversion (note 10(a))	4,613	1,061	(199)	-	-	-	862
Conversion feature and warrants of convertible debenture	-	-	1,880	-	-	-	1,880
Shares issued upon option exercise (note 10(a))	1,174	239	-	(72)	-	-	167
Shares issued upon debt conversion	2,720	3,239	(67)	-	-	-	3,172
Share based compensation (note 10(b,d))	-	-	-	2,254	-	-	2,254
Vested RSU & PSU incentive issuance (note 10(d))	893	657	-	(848)	-		(191)
Net comprehensive loss	-	-	-	-	628	(12,695)	(12,067)
Balance at December 31, 2021	220,683	$ 57,083	$ 3,310	$ 2,573	$ 872	$ (42,746)	$ 21,092
Issuance of Special Warrants, net (note 10(a))	16,403	4,802	959	-	-	-	5,761
Shares issued upon warrant exercise	1,989	320	(68)	-	-	-	252
Shares issued upon debenture conversion (note 10(a))	217	50	(4)	-	-	-	46
Shares issued upon option exercise (note 10(a))	302	60	-	(20)	-	-	40
Share based compensation (note 10(b,d))	-	-	-	2,150	-	-	2,150
Vested RSU & PSU incentive issuance (note 10(d))	2,113	1,131	-	(1,337)	-		(206)
Net comprehensive loss	-	-	-	-	1,397	(11,582)	(10,185)
Balance at December 31, 2022	241,707	$ 63,446	$ 4,197	$ 3,366	$ 2,269	$ (54,328)	$ 18,950

Supplementary disclosure with respect to cash flows (note 18).

See accompanying notes to consolidated financial statements.

GOOD NATURED PRODUCTS INC.

Consolidated Statements of Cash Flow

(In thousands)

	Year ended December 31 2022	2021
Cash provided by (used in):		
Operations:		
Net loss	$ (11,582)	$ (12,695)
Items not involving cash:		
Depreciation and amortization	2,579	1,545
Unrealized foreign exchange (gain) loss	416	690
Amortization of right of use assets	957	396
Share based compensation (note 10(b, d))	2,150	2,063
Loss on debt retirement and conversion	449	1,148
Gain on interest free loan	(15)	(85)
Gain on equipment disposal	(107)	-
Financing costs	5,550	4,552
Deferred income tax	(216)	(126)
	181	(2,512)
Changes in non-cash operating working capital:		
Trade and other receivables	5,102	(3,304)
Inventory	4,170	(7,302)
Prepaid expenses	44	(231)
Accounts payable and accrued liabilities	(561)	3,678
	8,755	(7,159)
Finance costs paid	(4,371)	(3,990)
Cash provided by (used in) operating activities	4,565	(13,661)
Financing:		
Issuance of common shares and Special Warrants, net of issuance costs (note 10(a))	5,540	20,767
Exercise of warrants for common shares	252	2,436
Exercise of options for common shares	40	167
Credit line repayment	-	(3,073)
Proceeds from convertible debenture, net of issuance costs (note 9)	-	16,228
Proceeds from long-term debt, net of issuance costs (note 9)	35,127	29,358
Repayment of long-term debt (note 9)	(25,927)	(29,496)
Proceeds from equipment sale leaseback (note 9)	1,431	-
Cash provided by financing activities	16,463	36,387
Investments:		
Business acquisition (note 4)	(5,304)	(15,470)
Proceeds on equipment disposal	109	-
Purchase of land and building (note 6)	(9,623)	-
Purchase of equipment	(5,440)	(4,264)
Purchase of other assets	(264)	(517)
Cash used in investing activities	(20,522)	(20,251)
Effect of foreign exchange rate changes on cash	699	66
Increase in cash	1,205	2,541
Cash and cash equivalents, beginning of year	10,655	8,114
Cash and cash equivalents, end of year	11,860	10,655

Supplementary disclosure with respect to cash flows (note 18).

See accompanying notes to consolidated financial statements.

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. The Company endeavors to convert the businesses' 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.

2. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on April 26, 2023.

2. Basis of presentation (continued):

(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 and assumptions:

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. Significant areas having estimation uncertainty include the following:

Fair value estimates associated with business combinations (note 4)

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

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

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

2. Basis of presentation (continued):

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

(i) Significant estimates (continued):

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.

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.

Share based payments and warrants:

The critical estimates and assumptions underlying the measurement of share-based payments and warrants are set out in notes 10 (b), 10 (c) and 10(d) respectively.

(ii) Significant judgments:

Determination of a business

Determination of whether a set of assets acquired, and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes, that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders.

In the years ended December 31, 2022 and 2021, the Company concluded that FormTex Plastics Corporation (“FormTex”) and Ex-Tech Plastics Inc. (“Ex-Tech”) met the definition of a business and, accordingly, the acquisitions were accounted for as a business combination (note 4).

2. Basis of presentation (continued):

(*ii*) Significant judgments (continued):

Functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each operates. The Company has determined that its functional currency is the Canadian dollar for its Canadian subsidiaries and the United States dollar for its US subsidiaries. The one exception is the subsidiary, good natured Products (CAD) Inc., which is the United States dollar. The determination of functional currency may require certain judgements to determine the primary economic environment and is determined based on the currency that mainly influences sales prices, labour, materials, other costs of sales and in which financing is raised. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

Going concern:

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating in the foreseeable future and will be able to service its debt obligations, realize its assets and discharge its liabilities in the normal course as they come due.

The Company has financed its operating cash requirements primarily through revenues generated by its operations, debt facility, convertible debentures and equity raises. The Company's ability to realize the carrying value of its assets and to continue as a going concern is based upon the continued support of its shareholders, senior lender and the operational success at its operations. The Company has in place a planning, budgeting, and forecasting process to determine the funds required to support its operations and expansionary plans. As a result, after considering all relevant information, management has concluded that there are no material uncertainties related to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for at least the next year.

(In thousands)

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation:

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions have been eliminated on consolidation. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Entity Name	Ownership %	Country of Incorporation
good natured Products (CAD) Inc.	100% owned	Canada
good natured Products (US) Inc.	100% owned	USA
Shepherd Thermoforming & Packaging Inc. [1]	100% owned	Canada
Good Natured Real Estate Holdings (Ontario) Inc. [1]	100% owned	Canada
Integrated Packaging Films GP Inc. [1]	100% owned	Canada
Mechar Amco Ltd. [1]	100% owned	Canada
IPF Holdings Inc. [1]	100% owned	Canada
1306187 BC Ltd.	100% owned	Canada
good natured Products Real Estate U.S. LLC	100% owned	USA
good natured Products (Illinois) LLC	100% owned	USA
good natured Products Texas U.S., LLC [2]	100% owned	USA

[1] Acquired or incorporated during the year ended December 31, 2021.

[2] Acquired or incorporated during the year ended December 31, 2022.

3. Significant accounting policies (continued):

(b) Foreign currency translation:

The functional currency of each of the Company's entities is determined using the currency of the primary economic environment in which that entity operates. The presentation currency of these financial statements is the Canadian dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting dates and are recognized in profit and loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of preparing the consolidated financial statements, the assets and liabilities are first expressed in the entity's respective functional currency and translated into the presentation currency using exchange rates prevailing at the reporting date, while the income and expense items are translated at the average exchange rates for the period. Translation differences are recognized in other comprehensive income (loss) and recorded in the "foreign currency translation reserve" included in equity.

(c) Business combinations:

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Contingent consideration is measured for fair value at its acquisition date and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments* with the corresponding gain or loss recognized in profit or loss.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their corresponding tax bases, with the corresponding offset recorded as goodwill.

3. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash at banks and short-term deposits with a maturity of three months or less at the date of purchase. Cash equivalents at December 31, 2022 were $595 (December 31, 2021 – $444). Cash equivalents are restricted.

(e) Inventory:

Inventory is carried at the lower end of cost and net realizable value. Inventory cost is determined on the basis of first-in, first-out ("FIFO") for finished goods and weighted average for raw material. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(f) Impairment:

(*i*) Financial assets:

The Company applies the simplified approach in determining expected credit losses, which requires a probability-weighted estimate of expected lifetime credit losses to be recognized upon initial recognition of financial assets measured at amortized cost. Credit losses are measured as the present value of cash shortfalls from all possible default events, discounted at the effective interest rate of the financial asset. Loss allowances for financial assets at amortized cost are deducted from the gross carrying amount of the assets.

(*ii*) Non-financial assets:

Non-financial assets are reviewed for impairment at each reporting date to determine whether events or changes in circumstances indicate that an asset's carrying amount may be less than its recoverable amount. When there is any indication of impairment, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, non-financial assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

3. Significant accounting policies (continued):

(f) Impairment:

(ii) Non-Financial assets (continued) :

An impairment loss is recognized if the carrying value of an asset, CGU or group of CGU's exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are not subsequently reversed

(g) Property and equipment:

Property and equipment are recorded at cost when acquired. Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment. Depreciation is charged using the following methods and rates:

Asset	Basis	Rate
Building	Straight line	30 years
Manufacturing equipment	Straight line	5-20 years
Other equipment	Straight line	3-5 years

(h) Right-of-use assets

The right-of-use assets are comprised of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset consistent with the amortization policy by asset class (note 3 (h)). If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

3. Significant accounting policies (continued):

(i) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recorded at its estimated fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are reflected in the statement of net loss in the period in which the expenditure is incurred.

Intangible assets consist of customer relationships acquired, brand acquired, proprietary formulas and formulations acquired, which include internally capitalized development costs, and other intangibles. Amortization is recognized in profit or loss on finite life intangible assets using the following methods and rates:

Intangible asset	Basis	Rate
Customer relationship	Straight line	12 years
Proprietary formulas and formulations	Straight line	10 years
Intangibles and other assets	Straight line	3-5 years

Brand, an indefinite life intangible asset, and goodwill are not amortized (note 8). The Company on a quarterly basis review for impairment indicators and assess for impairment annually.

(j) Product development:

Research costs are expensed as they are incurred. Product development costs are expensed as incurred except when they meet specific criteria for capitalization. Development activities involve a plan or design to produce new or substantially improved products and processes. Development costs are capitalized only if costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. Capitalized development costs are amortized when commercial production begins. During the year ended December 31, 2022, $201 of development costs have been capitalized (Year ended December 31, 2021 - $409).

(k) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit (“CGU”) or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

3. Significant accounting policies (continued):

(l) Impairment of property and equipment, intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually at year-end, and whenever events or circumstances indicate an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is tested for impairment based on the level at which it is monitored by management, and not at a level higher than an operating segment. At the date of acquisition, goodwill is allocated to each CGU for the purpose of impairment testing. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is tested at least annually for impairment at the CGU level and is carried at cost less accumulated impairment losses. These CGU's represents the lowest level at which management monitors goodwill (note 8). The allocation of goodwill to the CGUs requires the use of judgment.

(m) Share-based payment transactions:

Share-based compensation arrangements are measured at fair value and the fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For options granted to non-employees, the share-based compensation cost is measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. For non-employees if the fair value cannot be estimated reliably, then the Company will measure the fair value by reference to the fair value of the equity instruments granted. The share-based compensation is measured at fair value at each vesting date and is recorded when goods or services from non-employees are received.

3. Significant accounting policies (continued):

(m) Share-based payment transactions (continued):

Management uses judgment to determine the inputs to the fair value estimates. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in profit or loss.

Share-based payment arrangements in which the Company receives goods or services as a consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

(n) Income taxes:

Income tax expense comprises current tax expense and deferred tax expense. Current and deferred taxes are recognized as an expense and included in income or loss for the period, except to the extent that the tax arises from a transaction which is recognized in other comprehensive income or directly in equity.

Current tax expense is the amount of income taxes payable (recoverable) in respect of the taxable income (tax loss) for a period. Current liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences which are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, the carry-forward of unused tax loses and unused tax credits. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of these deferred tax assets to be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

(o) Revenue recognition:

The Company recognizes the amount of revenue to which it expects to be entitled, for the transfer of promised goods or services to customers under a five-step model: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as a performance obligation is satisfied.

The Company generates revenue primarily through sale of products to various customers.

3. Significant accounting policies (continued):

(p) Financial instruments:

(i) Financial assets:

The Company initially recognizes receivables and deposits on the date that they are originated and all other financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial assets which include cash and cash equivalents, trade and other receivables have fixed or determinable payments and are not quoted in an active market. Such assets are recognized initially at fair value and subsequently at amortized cost using the effective interest method, less any impairment losses.

(ii) Financial liabilities:

Financial liabilities comprise the Company's accounts payable and accrued liabilities, credit facility and loans. The financial liabilities are initially recognized on the date they are originated and are derecognized when the contractual obligations are discharged or cancelled or expire. These financial liabilities are recognized initially at fair value and subsequently are measured at amortized cost using the effective interest method, when materially different from the initial amount. Fair value is determined based on the present value of future cash flows, discounted at the market rate of interest.

(iii) Share capital and contributed surplus:

Share capital and contributed surplus are classified as equity. Incremental costs directly attributable to increases in share capital and paid-in capital are recognized as a deduction from equity. When share capital and paid-in capital are reduced, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity.

(q) Lease liabilities:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

3. Significant accounting policies (continued):

(q) Lease liabilities (continued):

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

(r) Future Changes in Accounting Policies Not Yet Effective as at December 31, 2022:

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted.

Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarify the presentation of liabilities. The classification of liabilities as current or non- current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of ‘settlement’ to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the impact of the amendment on its financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the impact of the amendment on its financial statements.

(In thousands)

4. Acquisition

FormTex Plastics Corporation

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 and an indebtedness holdback of approximately $5,981 (or USD $4,649).

The Indebtedness holdback of approximately $677 (or USD$500), included within accounts payable, bears no interest and is payable to the Vendor within 3 business days after the one year anniversary of the acquisition date.

The following table summarizes the consideration paid to the former owners of FormTex as part of the purchase price followed by a summary of the preliminary allocation of the purchase price:

Cash	$	5,304
Indebtedness Holdback		677
Total Purchase Price	$	5,981

The following table summarizes the preliminary allocation of the purchase price:

Accounts receivable	$	774
Inventory		618
Manufacturing and other equipment		1,549
Right-of-use assets		1,083
Customer relationships		1,145
Intangibles and other assets		1,210
Goodwill		1,135
Current liabilities		(450)
Lease liabilities		(1,083)
Net assets acquired	$	5,981

This purchase price allocation is preliminary as the Company finalizes the allocation between goodwill and intangible and other assets.

Accounts receivable acquired are at full contract value. The goodwill is calculated as the difference between the purchase price and the fair value of the assets acquired and liabilities assumed and is attributable to expected synergies between FormTex and the Company’s existing operations including the ability to convert FormTex customers to the Company’s sustainable plastic offerings. The Company considers this as a cash generating unit (“CGU”) and as such the goodwill generated from this acquisition has been allocated to this CGU.

Financial and operating results of FormTex are included in the Company’s consolidated financial statements effective July 1, 2022. For the period of July 1, 2022 to December 31, 2022, FormTex revenues equaled $3,867 with $224 in net income before taxes.

(In thousands)

4. Acquisition (continued):

Ex-Tech Plastics Inc.

On May 28, 2021, the Company completed the acquisition of all the operating assets of Ex-Tech a manufacturer of high quality, rigid plastic sheets, and real estate assets owned by a related company ETP Inc. for cash consideration of $15,337. Founded in 1982, Ex-Tech is located 90 minutes from Chicago in Richmond, Illinois. Ex-Tech operates seven different extrusion lines in a dedicated 75,000 square foot facility on 9.5 acres of land. The acquisition increased the Company's product offerings and production capabilities. The purchase price was financed through a combination of a $6,067 term loan, a $3,427 mortgage and the balance funded by the Company's treasury.

Financial and operating results of Ex-Tech are included in the Company's consolidated financial statements effective May 28, 2021. For the period of May 28th, 2021 to December 31, 2021, Ex-Tech revenues equaled $23,958 with $381 in net loss before taxes.

The following table summarizes the consideration paid to the former owners of Ex-Tech as part of the purchase price:

Cash funded via term loan (note 9(a))	$	6,067
Cash funded via mortgage (note 9(f))		3,427
Cash funded via treasury		5,875
Total Purchase Price	$	15,369

The following table summarizes the allocation of the purchase price:

Accounts receivable	$	4,828
Inventory		2,469
Prepaid expenses		104
Manufacturing and other equipment		6,592
Land and building		5,163
Customer relationships		594
Goodwill		758
Current liabilities		(5,139)
Net assets acquired	$	15,369

Accounts receivable are acquired at full contract value. The goodwill is calculated as the difference between the purchase price and the fair value of the assets acquired and liabilities assumed and is attributable to expected synergies between Ex-Tech and the Company's existing operations includingthe ability to convert Ex-Tech customers to the Company's sustainable plastic offerings. The Company considers the Ex-Tech operations as a CGU and as such the goodwill generated from this acquisition has been allocated to this CGU.

(In thousands)

5. Inventory

		December 31, 2022		December 31, 2021
Raw materials	$	7,548	$	11,817
Finished goods		5,115		4,219
Total	$	12,663	$	16,036

During the year ended December 31, 2022, inventory valued at $59,173 was expensed as cost of goods sold and reflected within cost of product revenue (2021 - $36,613).

6. Property and equipment:

		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		3,025		6,669		5,481		6		(1,912)		13,269
Disposals		-		-		(243)		-		198		(45)
Foreign exchange		47		348		641		-		(31)		1,005
Dec. 31, 2022	$	8,428	$	16,548	$	22,660	$	203	$	(3,147)	$	44,692

On October 3, 2022, the Company completed the purchase of the land and buildings located at the Company's Ayr, Ontario manufacturing location for cash consideration of $9,600 (the "Ayr Purchase"). The Ayr Purchase was funded by a $6,500 non-revolving loan facility from HSBC Bank Canada ("HSBC") with a 5-year term and $2,900 from the available $3,900 million of the credit facility with Business Development Bank of Canada ("BDC").

(In thousands)

7. 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.

	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	3,438	(739)	2,699
Foreign exchange	151	(14)	137
December.31 2022	$ 6,287	$ (1,286)	$ 5,001

(In thousands)

8. Customer relationships, intangible and other 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 (note 4)	1,145	(523)	622
Foreign exchange	175	(75)	100
December. 31, 2022	$ 9,282	$ (2,835)	$ 6,447

	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 (note 4)	-	1,411	(145)	1,266
Foreign exchange	-	133	(1)	132
December 31, 2022	$ 2,200	$ 2,523	$ (200)	$ 4,523

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	$ 7,684	$ -	$ 7,684
Additions (note 4)	1,135	-	1,135
Foreign exchange	147		147
December 31, 2022	$ 8,966	$ -	$ 8,966

Goodwill was generated through various acquisitions. For the purpose of impairment assessments goodwill is allocated to the corresponding plastics and packaging manufacturing and distribution cash generating units

The Company performs goodwill and indefinite life intangibles impairment testing annually or at any time if an indicator of impairment exists. In determining the recoverable amount of its CGUs, the Entity uses the value in use, which is determined using a discounted cash flow model. As of December 31, 2022, no impairment charges were recorded during the years ended December 31, 2022 or 2021.

(In thousands)

9. Long-term debt:

	Retired Debt (a)	Debentures (b)	Wells Fargo (a)	Vendor Notes (e)	Leases	Mortgages & other debt (c)	Total
Dec. 31, 2020	$ 24,190	$ 1,814	-	$ 4,684	$ 644	$ 1,499	$ 32,831
Proceeds, net	26,147	14,349	-	-	1,948	3,641	46,085
Repayment	(28,802)	-	-	(300)	(415)	(425)	(29,941)
Conversion	(3,122)	(862)	-	(50)	-	-	(4,034)
Accretion / Loss	1,211	247	-	-	54	97	1,609
Foreign Exchange	(195)	-	-	-	-	-	(195)
Dec. 31, 2021	$ 19,429	$ 15,548	$ -	$ 4,334	$ 2,231	$ 4,813	$ 46,355
Proceeds, net	700	-	16,380	-	3,658	17,974	38,712
Repayment	(20,687)	-	(3,370)	-	(1,280)	(555)	(25,892)
Conversion	-	(42)	-	-	-	-	(42)
Accretion/Loss	496	573	66	-	245	102	1,482
Foreign exchange	62	-	778	-	201	257	1,298
Dec. 31, 2022	$ -	$ 16,079	$ 13,854	$ 4,334	$ 5,055	$ 22,591	$ 61,913

	Dec. 31 2022	Dec. 31 2021
Current portion	$ 6,593	$ 39,681
Non-current portion	55,320	6,674
	$ 61,913	$ 46,355

Undiscounted repayment commitment:

The required undiscounted annual repayments of the Company’s long-term debt for the twelve months ending December 31 follow:

2023	$ 6,593
2024	4,418
2025	2,233
2026	36,749
2027 and beyond	15,768
	$ 65,761

(In thousands)

9. Long-term debt (continued):

a) Retired Debt and Wells Fargo:

On August 26, 2022, the Company completed a USD $55,000 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 $30,000 asset-based revolving credit facility and an uncommitted USD $25,000 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 (October 31, 2026). The initial draw on the Senior Credit Facility, combined with the proceeds of the BDC Mortgage Refinancing (Note 9(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. As of December 31, 2022, the Company was in compliance with all covenants.

As at December 31, 2021, due to a default on its senior credit facility with National Bank, the Company had $39,681 of non-current debt classified as current, which included other long-term debt potentially in cross default. On August 26, 2022, the Company fully repaid the outstanding debt due to National Bank.

	RBC Loan Facility	BDC Mortgage	Fiera	BDC	National Bank	Retired debt total
Dec. 31, 2020	$ 7,600	$ 5,449	$ -	$ 11,141	$ -	$ 24,190
Proceeds, net	400	-	5,716	499	19,531	26,147
Repayment	(8,000)	(5,977)	(6,067)	(8,758)	-	(28,802)
Conversion	-	-		(3,122)	-	(3,122)
Accretion / Loss	-	528	351	330	2	1,211
Foreign Exchange	-	-	-	(91)	(104)	(195)
Dec. 31, 2021	$ -	$ -	$ -	$ -	$ 19,429	$ 19,429
Proceeds, net	-	-	-	-	700	700
Repayment	-	-	-	-	(20,687)	(20,687)
Conversion	-	-	-	-	-	-
Accretion/Loss	-	-	-	-	496	496
Foreign exchange	-	-	-	-	62	62
Dec. 31, 2022	$ -	$ -	$ -	$ -	$ -	$ -

(In thousands)

9. Long-term debt (continued):

b) Convertible Debenture:

		Debentures		Equity component		Issuance Cost		Net Book Value
December 31, 2020	$	2,426	$	(488)	$	(124)	$	1,814
Proceeds (ii)		17,250		(1,998)		(904)		14,348
Redemption		-		-		-		-
Conversion (i)		(1,061)		199		-		(862)
Amortization		-		210		38		248
December 31, 2021	$	18,615	$	(2,077)	$	(990)	$	15,548
Proceeds (ii)		-		-		-		-
Conversion (i)		(50)		5		3		(42)
Amortization		-		382		191		573
December 31, 2022	$	18,565	$	(1,690)	$	(796)	$	16,079

(i) 2019 Convertible Debentures:

As at December 31, 2022, the Company has $1,315 (December 31, 2021 – $1,365) unsecured 10% convertible debentures outstanding due December 30, 2024 (the "Maturity Date"). Each debenture is convertible, at the option of the holder, at any time prior to the close of business on the last business day immediately preceding the Maturity Date, into that number of common shares computed on the basis of the principal amount of the debentures divided by the conversion price set in the issue. The conversion price of the outstanding debenture is $0.23 per common share. During the year ended December 31, 2022, $50 of debentures were converted into 217 common shares (year ended December 31, 2021 - $1,061 into 4,613 common shares).

The interest on the debentures is payable in cash on a semi-annual basis in arrears (May 31 and November 30).

The debentures are subject to an acceleration right exercisable by the Company, which will force the conversion of the debentures into common shares at the price set in the issue. This right is exercisable if the Company's common shares trade at or above a volume-weighted average trade price on the TSX Venture Exchange ("TSX-V") on any 20 consecutive trading days. If the acceleration right is exercised by the Company, the conversion of the Debentures into common shares will occur upon delivering a notice to the Debenture holder specifying the accelerated conversion date and concurrently issuing a press release to such effect.

(In thousands)

9. Long-term debt (continued):

b) Convertible Debenture (continued):

(ii) 2021 Convertible Debentures:

On October 28, 2021, the Company closed the offering of publicly tradable convertible debentures for aggregate gross proceeds of $17,250 which included an over-allotment option to sell up to an additional $2,250 principal amount of debentures. The debentures mature on October 31, 2026, and accrue interest at the rate of 7.00%, payable semi-annually in arrears on April 30 and October 31 of each year, commencing April 30, 2022. The debentures are convertible at the holder's option into fully-paid common shares of the Company ("Shares")at any time prior to the earlier of October 31, 2026 (the "Maturity Date"), 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.

At initial recognition, the $17,250 proceeds were allocated into its debt and equity components using the residual value method. The fair value of the debt portion was estimated at $15,252 using a discounted cash flow model method over the 5 year term using an effective interest rate of 10%. The remainder of the net proceeds were allocated to the equity component. The financial liability is recorded on an amortized cost basis.

Transaction costs of $903 relate to the issuance of the convertible debentures were allocated to the liability and equity components in proportion of the gross proceeds of the offering. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are amortized over the life of the convertible debenture.

c) Mortgages and other debt:

	WINN Loan (i)	ACBT Mortgage	BDC (ii)	HSBC (ii)	Other	Total
Dec. 31, 2020	$ 1,460	$ -	$ -	$ -	$ 40	$ 1,499
Proceeds, net	134	3,507	-	-	-	3,641
Repayment	(363)	(62)	-	-	-	(425)
Accretion / Loss	97	-	-	-	-	97
Foreign Exchange	-	-	-	-	-	-
Dec. 31, 2021	$ 1,328	$ 3,445	$ -	$ -	$ 40	$ 4,813
Proceeds, net	28	-	10,500	6,500	946	17,974
Repayment	(268)	(61)	(140)	-	(86)	(555)
Accretion/Loss	102	-	-	-	-	102
Foreign exchange	-	234	-	-	23	257
Dec. 31, 2022	$ 1,190	$ 3,618	$ 10,360	$ 6,500	$ 923	$ 22,591

9. Long-term debt (continued):

c) Mortgages and other debt (continued):

(i) Western Innovation Initiative loan:

On June 20, 2014, the Company entered into a Western Innovation Initiative Agreement with Western Economic Diversification Canada (“WINN”). The WINN agreement provided the Company with an interest-free, repayable loan of $1,600 from the government.

On August 7, 2018, the Company entered into a second WINN agreement. The second WINN agreement provides the Company with an interest-free, repayable contribution from the government not to exceed $850 towards total project cost estimated at $1,750. The project funds are directed at the Company’s development and commercialization of its new non-toxic high-heat bioplastic food containers for the grocery, take-out, and consumer markets. Such funds are to be repaid monthly over five years commencing October 1, 2021. The claim period for shared project costs commenced April 1, 2018.

On May 14, 2022 the Company reached an agreement to restructure and temporarily defer monthly grant repayments for the first and second WINN grants. Full repayment will be completed July 1, 2023 and March 2027 for the first and second WINN loans respectively. At December 31, 2022, the undiscounted balance of the WINN loan is $1,347.

As the funds were advanced, the Company recognized a gain and discounted the WINN loan by $157 as a result of the imputed interest benefit received from the interest-free WINN loan.

(ii) Mortgage Refinancing

On August 26, 2022, the Company closed a $6,700 financing (the “Mortgage Refinancing”) with Business Development Bank of Canada (“BDC”). Proceeds of the Mortgage Refinancing were used to retire $6,600 of outstanding non-revolving term credit facility with National Bank 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 $3,900 available as funding toward future capital projects.

9. Long-term debt (continued):

d) Contingent Consideration Liability

In conjunction with the completed acquisition of Shepherd in 2020, if the appraised value of the owned real estate is greater than or equal to $9,500 at a date between the May 12, 2023 and May 12, 2025, the Company shall pay to the vendors an additional $2,250 as early as May 12, 2024 or at the latest November 12, 2025 subject to the timing of the appraisal. If the appraised value is not greater than or equal to $9,500 at a date between the May 12, 2023 and May 12, 2025, then the contingent earnout amount will be reduced to zero. The Company has recognized the contingent earnout at a fair value of $1,674 using a discount rate of 7.4% and a payout date of May 12, 2024. The contingent consideration liability is $2,035 at December 31, 2022 (December 31, 2021 - $1,855).

e) Vendor Notes:

A Vendor note of $1,000 bearing interest at 4% per year is payable to the former owners of Shepherd. Under the terms of an agreement with other lending parties to the Shepherd acquisition, the vendor has a subordinate interest and is secured by a second mortgage on the property. Interest is payable quarterly and started on August 10, 2020. The remaining principal is to be repaid as follows - $500 on November 12, 2023; and $500 on November 12, 2024. On January 19, 2021, the lending parties converted $50 into 63 common shares of the Company at a fair value of $0.80 per share.

A Vendor note of $3,334 bearing interest at 3.75% per year is payable to the former owners of IPF. Interest is payable quarterly beginning January 1, 2021. Principal is to be repaid as follows - $1,111 on January 1, 2023 and $2,223 on December 31, 2023.

10. 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 December 31, 2022, 241,707 common shares were issued and outstanding (December 31, 2021 – 220,683).

Special Warrants Offering

In June 2022, the Company completed the offering of Special Warrants 16,403 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 Warrants representing 6.0% of the aggregate number of Special Warrants issued pursuant to the Offering. Each Compensation Warrant will be exercisable at a price of $0.40 for one common share of the Company for 24 months from the closing date.

Pursuant to the terms of the Offering, each Special Warrant automatically converted, for no additional consideration and with no further action on the part of the holder thereof, into one unit of the Company (a "Unit") on October 4, 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.

Shares for debenture conversion and debt repayment:

During the year ended December 31, 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).

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.

(In thousands)

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

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

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.

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	1,155	0.66
Exercise of options	(302)	0.13
Forfeiture of options	(269)	0.82
Outstanding at December 31, 2022	8,616	$ 0.30
Exercisable at December 31, 2022	6,495	$ 0.23

(In thousands)

10. 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	4,500	3,815	5.6
$0.16 to $0.20	2,048	2,048	2.7
$0.21 to $0.25	192	192	1.5
$0.26 to $1.29	1,876	440	5.6
	8,616	6,495	5.4

The weighted average exercise price per option granted in the year ended December 31, 2022 was $0.66 (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:

	Year ended Dec. 31, 2022	Year ended Dec. 31, 2021
Risk-free interest rate	0.30 – 3.75%	00.26 – 0.30%
Dividend yield	0.00%	0.00%
Expected life (years)	4	4
Volatility	77.8%	79.84 - 82.7%
Forfeiture rate	0.0%	0.0%
Common share price at grant date	$0.40-$0.62	$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 warrants upon conversion note (10(a))	8,201	0.52
Issuance of warrants to brokers note (10(a))	963	0.40
Exercise of warrants	(1,989)	0.19
Expiration of warrants	(1,048)	0.32
Outstanding at December 31, 2022	10,320	$ 0.58

(In thousands)

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

(c) Share purchase warrants (continued):

Expiry date	Warrants outstanding		Exercise price	Weighted average remaining life (in years)
March 2023	1,156		1.20	0.17
June 1, 2024 (note 10(a))	8,201		0.52	1.42
June 1, 2024 (note 10(a))	963		0.40	1.42
	10,320	$	0.58	1.28

(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/cancellation	(306)	-	(964)	(1,270)
Share Issuance upon vesting	(893)	-	-	(893)
December 31, 2021	2,996	128	493	3,617
Unit Issuance	2,647	-	2,667	5,314
Forfeiture/cancellation	(543)	-	(213)	(756)
Share Issuance upon vesting	(1,553)	-	(561)	(2,114)
December 31, 2022	3,547	128	2,386	6,061

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.

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 $0.64 per unit for a total of $1,689 which will be amortized over the life of the respective terms (Year ended December 31, 2021 - $1.28 - $1,839).

The Company granted PSUs based on achievement of internal operating performance metrics as detailed by management. The total value for the PSUs of $534 on date of grant will be amortized over the life of the respective terms (Year ended December 31, 2021 - $1,096)

(In thousands)

11. Related party transactions

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

	Year ended December 31 2022	2021
Salaries, consulting and director fees	$ 1,961	$ 1,346
Share based payments[(i)]	1,013	1,193
	$ 2,974	$ 2,539

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

As at December 31, 2022, $105 (December 31, 2021 - $233) was due to directors and officers of the Company for accrued bonus, management, consulting, director fees and expense reimbursement.

12. Income taxes:

The income taxes recognized in profit or loss are as follows:

	Year ended December 31 2022	2021
Current tax expense	$ -	$ -
Deferred tax recovery	(216)	(126)
	$ (216)	$ (126)

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	Year ended December 31 2022	2021
Loss before income taxes	$ (11,798)	$ (12,821)
Expected income tax recovery at 27.0% (2021 - 27.0%)	(3,185)	(3,462)
Permanent adjustments and other	292	522
Differing effective tax rates in other jurisdictions	87	75
Change in unrecognized deferred tax assets	2,590	2,739
Total income tax recovery	$ (216)	$ (126)

(In thousands)

12. Income taxes (continued):

The approximate tax effect of each item that gives rise to the Company's recognized deferred tax assets and liabilities as December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Net operating loss carry forwards	$ 1,417	$ 671
Deferred tax liabilities:		
Intangible assets	(1,445)	(1,662)
Property, plant and equipment	(2,347)	(2,270)
Long-term debt and other	(902)	(232)
	$ (3,278)	$ (3,493)

The Company's movement of net deferred tax liabilities is described below:

	Year ended December 31 2022	2021
At January 1	$ (3,493)	$ (3,620)
Deferred income tax (expense) recovery	216	120
Equity	(1)	7
At December 31	$ (3,278)	$ (3,493)

The Company has the following deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized:

	December 31, 2022	December 31, 2021
Non-capital losses	$ 37,258	$ 29,458
Property and equipment	721	183
Intangible assets	4,022	2,518
Financing fees	2,216	3,187
Other	3,324	1,948
	$ 47,541	$ 37,294

At December 31, 2022 the Company has non-capital loss carried forward in Canada aggregating $40,765 (December 31, 2021: $30,782) which expires over the period between 2035 and 2041, available to offset future taxable income in Canada.

Tax attributes are subject to review, and potential adjustment, by a competent authority.

In addition, the Company has $633 (December 31, 2021 - $633) of SR&ED expenditure pool which is available to reduce future taxable income. This amount carries forward indefinitely.

(In thousands)

13. Cost of product revenue:

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

	Year ended December 31 2022	2021
Variable cost of product	$ 67,744	$ 41,462
Fixed factory overhead	5,238	3,182
Depreciation	1,662	851
	$ 74,644	$ 45,495

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.

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

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

	Year ended December 31 2022	2021
SG&A wages	$ 9,488	$ 5,700
SG&A other	5,479	4,030
Product development	741	519
Acquisition related activity and One-time charges	2,164	2,572
	$ 17,872	$ 12,821

15. Management of capital:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to pursue its strategy of organic growth combined with strategic acquisitions and to deploy capital to provide an appropriate return on investment to its shareholders. In the management of capital, the Company includes loans, share capital and contributed surplus.

In order to maintain its capital structure, the Company, is dependent on debt and equity funding and when necessary, raises capital through issuance of equity instruments. The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances. To date, no dividends have been paid to the Company's shareholders and none are planned.

The Company is subject to certain covenants on its credit facility and long-term debt. Along with customary covenants such as limitations on, among other things, additional debt, liens, investments, acquisitions and capital expenditures, future dividends and asset sales, the loans require maintenance of minimum liquidity amounts and EBITDA targets. Other than these required covenants, the Company is not subject to any externally imposed capital requirements.

(In thousands)

16. Financial risk management and financial instruments:

(a) Overview:

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

(b) Market risk:

Market risk is the risk that changes in market prices, such as fluctuations in the prices of inputs for materials, foreign exchange rates or interest rates, will affect the Company's income or the value of its financial instruments. The Company does not engage in risk management practices such as hedging or derivatives.

A portion of the Company's operations are performed in US dollars, giving rise to exposure to market risks from foreign exchange rates.

(c) Currency risk:

(*i*) Exposure to currency risk:

The Company is exposed to financial risks because of exchange rate fluctuations and the volatility of these rates. At December 31, 2022, total assets include cash of US$7,294 (December 31, 2021 - US$4,947) and receivables of US$5,703 (December 31, 2021 - US$9,067); total liabilities include payables and accruals of US$9,091 (December 31, 2021 - US$10,448), credit line of nil (December 31, 2021 - US$2,500) and undiscounted long-term debt of US$17,311 (December 31, 2021 - US$2,718).

(*ii*) Sensitivity analysis:

A change of the US dollar against the Canadian dollar as at December 31, 2022 would have increased or decreased comprehensive loss by the amount shown below. The analysis assumes that all other variables remain constant.

	Profit or loss 2022	2021
10% change of the US dollar	$ 1,341	$ 165

(In thousands)

16. Financial risk management and financial instruments (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company mitigates liquidity risk by holding sufficient cash and cash equivalents to meet its short-term financial obligations. The Company's growth is primarily financed through the issuance of equity and debt. Most of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days.

The following are the contractual maturities of financial liabilities.

	Carrying amount	Contractual cash flows	Less than 1 year	Year 2	Year 3	Year 4+
Non-derivative financial liabilities:						
Trade and other payables and accrued liabilities	$ 18,265	$ 18,265	$ 18,265	$ -	$ -	$ -
Loans payable	61,913	66,334	6,593	4,418	2,233	52,517
	$ 80,178	$ 84,599	$ 24,858	$ 4,418	$ 2,233	$ 52,517

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As at December 31, 2022, the Company had issued letters of credit to key suppliers totaling US$2,400 (December 31, 2021 – US$2,200).

(e) 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 December 31, 2022, trade and other receivables total $9,360 (December 31, 2021, $13,689). There is allowance for doubtful accounts of $20 included in this balance (December 31, 2021 - $190), 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.

16. Financial risk management and financial instruments (continued):

(f) Fair values of financial instruments:

The Company categorizes its fair value estimates using a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1: Values based upon unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based upon quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based upon prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying value of trade and other receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The Company's borrowings are at both fixed and floating rates to offset financial risk, with most carried at a variable rate. The carrying value of the credit facility and long-term debt, approximates their fair values as the interest rate environment has not materially impacted their fair values since the date of issue. The Company's 2019 Convertible Debentures and 2021 Convertible debentures are fixed rate debt at 10% and 7% and principal balances outstanding of $1,315 and $17,250 respectively (note 9).

The Company has no financial instruments which are measured at fair value at December 31, 2022 with the exception of cash and cash equivalents and contingent consideration (note 4) which are considered Level 2.

(In thousands)

17. 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 87% of total revenue coming from customers in the United States and 13% in Canada. 48% of the reportable segments assets are allocated in the Company's Canadian operations, and 52% are allocated to the Company's USA operations.

For the year ended December 31, 2022 and 2021, the Company's significant reportable segments aggregates its subsidiaries operating performance into five main business groups. The

The Company's chief operating decision maker (Chief Executive Officer) 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 is a breakdown of the Company's operating performance by business group for the year ended December 31, 2022 and 2021.

	Total	Industrial	Packaging	General Merchandise	Commercial Supplies	Services
Dec. 31, 2022						
Revenue	$ 100,966	$ 66,776	$ 30,862	$ 1,308	$ 80	$ 1,940
Net income, before corp. costs	8,164	4,187	2,758	14	9	1,196
Depreciation and Amortization	3,557	2,719	838	-	-	-
Capital Expenditures	17,570	13,026	4,544	-	-	-
Reportable segments assets	78,231,	53,679	24,552			
Dec. 31, 2021						
Revenue	$ 61,132	$ 47,198	$ 12,227	$ 943	$ 29	$ 735
Net income, before corp. costs	2,859	2,581	264	(27)	(3)	44
Depreciation and Amortization	1,071	825	246	-	-	-
Capital Expenditures	15,983	15,373	610	-	-	-
Reportable segments assets	83,569	59,888	23,681			

(In thousands)

17. Segmented information (continued):

The following is a reconciliation of total reportable segment net income, before corporate costs to net loss before taxes:

		Year ending
	Dec. 31, 2022	Dec. 31, 2021
Reportable segment net income, before corp. costs	$ 8,164	$ 2,859
Parent company costs (unallocated)	(6,867)	(3,853)
SG&A (unallocated)	(2,164)	(2,572)
Adjustments to reconcile to net loss before taxes:		
Share based compensation	(2,150)	(2,254)
Depreciation and amortization	(1,950)	(1,071)
Financing costs	(5,550)	(4,552)
Foreign exchange gain (loss)	(847)	(315)
Loss on debt repayment and conversion	(449)	(1,148)
Gain on interest free loan	15	85
Net loss before taxes	$ (11,798)	$ (12,821)

18. Supplementary cash flow information:

	Year ended December 31	
	2022	2021
Non-cash investing activities:		
Capitalized equipment and real estate lease asset	$ 1,031	$ 1,948
Business acquisition funded by contingent consideration liability (note 4)	$ 677	$ -
Non-cash financing activities:		
Capitalized equipment and real estate lease liability	$ 1,440	$ 1,948
Shares issued for conversion of debentures	$ 46	$ 1,061
Shares issued for conversion of BDC loan	$ -	$ 3,122
Shares issued for conversion of other debt	$ -	$ 50

19. Subsequent events:

a) On February 28, 2023, the Company entered into an agreement (the "Second Amendment") with Wells Fargo amending the Credit Agreement to lower the minimum EBITDA requirement for the four fiscal quarters ending March 31, 2023, June 30, 2023, September 30, 2023, and December 31, 2023. The Second Amendment also increased the minimum liquidity requirement, as previously disclosed in the Credit Agreement, for the period commencing March 31, 2023 until December 31, 2024.

b) On March 13th, 2023 an aggregate of Options to purchase 1,052 common shares were granted to employees, executive management and members of the Company's board of directors, with an exercise price of $0.27 per common share. Twenty-five percent (25%) of each grant vests on March 3, 2024 with the balance vesting in equal monthly increments over the following three years. Each option is exercisable, once vested, for a period of seven years from the date of the grant. 495 of the Options described were granted to members of the Company's board of directors and executive management.

The Company also granted an aggregate of:

- 2,454 PSUs, of which 1,602 PSUs were issued to executive management, vesting in accordance with certain peer group share price performance criteria for the 2023 calendar year established by the Board of Directors of the Company;
- 2,878 RSUs, of which 1,692 were issued to members of the board of directors and executive management, vesting 1/3 per year on each of March 3, 2024, March 3, 2025 and March 3, 2026; and
- 1,054 additional PSUs, of which 686 PSUs were issued to executive management, vesting in accordance with certain peer group share price performance criteria for the 2023 calendar year established by the Board of Directors, as a retention measure for certain key employees.

The granting of all Equity Incentives is subject to TSX Venture approval. Following the issuances of the Options, PSUs and RSUs, there were a total of 27,259 common shares issuable pursuant to outstanding securities-based compensation issued pursuant to the Company's Omnibus Equity Incentive Compensation Plan.