good natured Products Inc.

Management Discussion & Analysis
for the six months ended June 30, 2021

The following management discussion and analysis ("MD&A") of financial condition and results of operations of good natured Products Inc. ("*good natured*®", "GDNP", "the Company", "management", "we", "us" or "our") is prepared as at August 25, 2021 and should be read in conjunction with the Company's unaudited consolidated condensed interim financial statements for the six months ended June 30, 2021 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures in this MD&A are in thousands of Canadian dollars unless otherwise stated.

This MD&A is intended to help the reader understand the Company, our operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain risks relating to the Company are set out explicitly in Appendix 1 of this MD&A. In addition, certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 2 of this MD&A.

good natured Products Inc.
TSX-V: GDNP

company profile

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

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

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

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

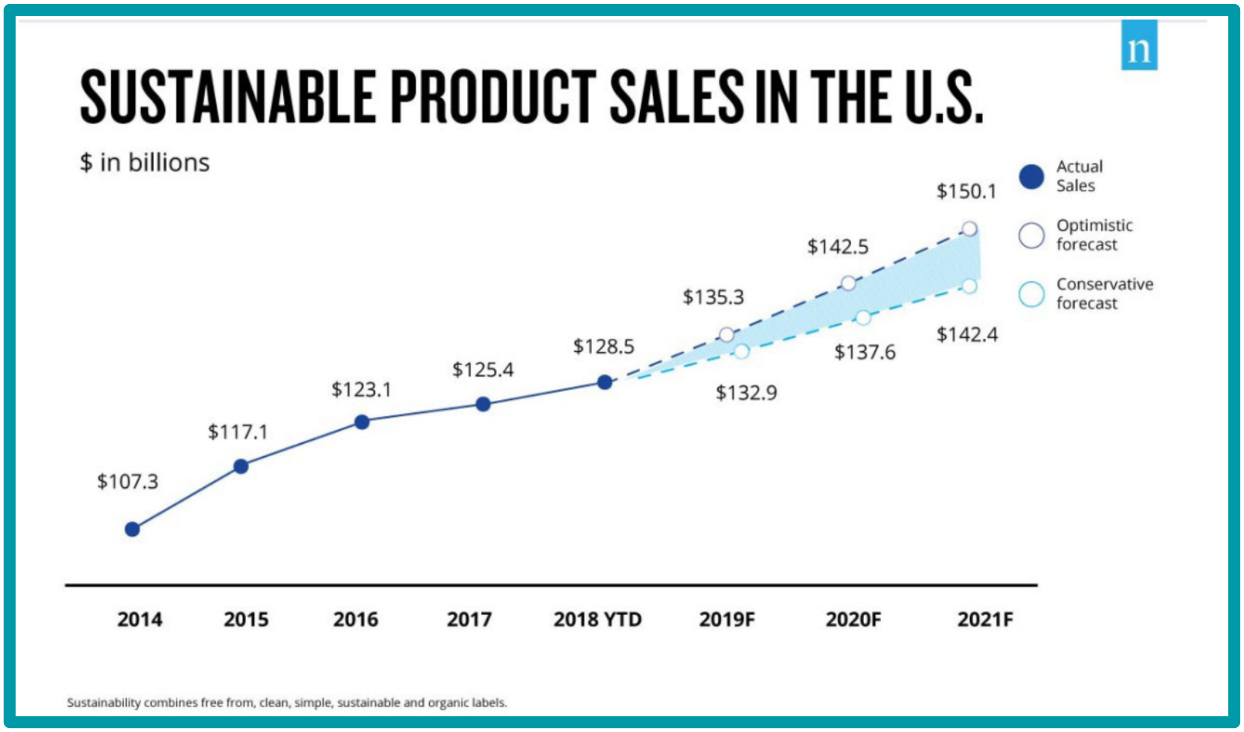
business overview

The Opportunity

Large addressable market with strong Compound Annual Growth Rate (CAGR)

The sustainable segment of the fast-moving consumer goods (FMCG) industry is set to become a US $150 billion market in 2021 at a CAGR of 4x the growth rate for the overall FMCG industry.[1] Per Nielsen, sustainable goods account for over 22% of sales and are estimated to reach 25% in 2021. *good natured®* is positioned to broadly address this market with its own sustainable products, by developing sustainable packaging for consumer goods brands and retailers, as well as by providing bio-based materials to supply chain and logistics companies delivering sustainable consumer goods to store shelves.

Consumer demand for *better everyday products®*



All age groups, especially Millennials and Gen Z, are more aware of the negative health and environmental impacts of hazardous chemicals and non-renewable products and packaging. They increasingly expect brands and retailers to be more socially and environmentally

[1] Source: Nielsen 2020. https://www.statista.com/statistics/956968/us-sales-value-of-sustainable-products/

responsible. Consumer packaging goods categories are particularly scrutinized, driving more urgency for change on the part of brands and retailers.[2]

Increasing regulatory pressure

Bans on chemicals of concern, non-renewable materials and single-use disposables are driving change in how everyday products are packaged and sold. For example, the Canadian government has announced a plan to ban single-use, non-biodegradable plastics by December 2021.[3] At the same time, more recent pressure for increased health and safety of food and medical supplies due to COVID-19 has created additional demand for securely packaged one-time-use products that will also do less harm to the environment.

Go-To-Market Strategy

The Company anticipates it will continue to broaden its plant-based product assortment organically and through its acquisition strategy. Organically, *good natured*® plans to utilize its supply chain capabilities to design, develop, produce and/or source new plant-based products that broaden its assortment across new product categories or expand products within existing category. The Company has completed several acquisitions and plans to acquire additional relevant companies that expand product assortment across existing categories, open up new business groups and product categories, while growing its customer base and market reach.

The *good natured*® go-to-market strategy is not dependent on one single product category or a narrow customer segment who values eco-friendly benefits above all else. In order to truly make a difference, *good natured*® recognizes the need to deliver across three core pillars – Ingredients, Design and Approach – and the Company's ability to develop its value proposition across these three core pillars is what management believes will provide *good natured*® with a unique and hard to replicate competitive advantage.

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[2] The Rise of Green Consumerism: What do Brands Need to Know? https://blog.globalwebindex.com/chart-of-the-week/green-consumerism/

[3] Canada one-step closer to zero plastic waste by 2030, October 2020, https://www.canada.ca/en/environment-climate-change/news/2020/10/canada-one-step-closer-to-zero-plastic-waste-by-2030.html

Ingredients

The *good natured®* engineering team looks globally to find the latest and most advanced plant and bio-based materials. These ingredients are combined to meet specific performance characteristics and commercial requirements using the maximum possible annually renewable materials and no chemicals deemed potentially harmful to human health and the environment.

The Company also sources ingredients from bio-refinery companies with whom it can create meaningful partnerships. This is typically done through supplier agreements by which *good natured®* sources plant-based materials and then either converts those materials or customizes them to create branded and non-branded products and packaging, in addition to industrial inputs and commercial supplies for its customers.

The Company also works closely with its supply chain partners leveraging their experience, labs and testing capacity. Through these relationships, *good natured®* has developed wholly owned, proprietary intellectual property, trade secrets and industry credibility, which have allowed *good natured®* to develop, source and secure plant-based materials that delivers equal or greater performance relative to petroleum-based materials.

The Company's product formulas are protected through registered intellectual property, unique supply chain agreements and/or trade secrets across three main ingredients platforms – fiber, bioplastics and biodegradables.

3 ingredient families meet diverse customer needs

PRESSED & MOLDED
fiber

Made from a variety of feedstocks, our fiber products meet the needs of retail and restaurants who need zero-waste single use solutions for take-out and prepared meals.

CHEMICALLY EQUIVALENT
bioplastics

We offer a growing assortment of bioplastics made from plant-based materials that can be fully co-mingled with traditional HDPE, LDPE and PET for ease of recycling.

CLOSED LOOP
biodegradables

For customers who are ready to go all the way, our biodegradable and certified compostable polymers create a full closed loop by turning back into soil to be made into more plants.

good natured® materials have been specifically designed and sourced to work with standard manufacturing equipment so that minimal to no investments in retooling are required. This provides a capital efficient and scalable model for both external supply chain partners and the Company's three manufacturing facilities, two located in Ontario, Canada that produce custom thermoformed packaging and industrial extruded sheet used in thermoformed applications and the third located in Illinois United States that produces industrial extruded sheet used in thermoformed applications. This also creates opportunities for *good natured*® to acquire petroleum-based products and packaging companies and then convert the acquired petroleum-based products and customers to plant-based materials from *good natured*®.

good natured® has developed key supply chain relationships for raw plant-based materials to reliably fulfill orders in North America. Pricing for plant-based raw materials is set at market by suppliers with notice of price changes at least 30 days in advance. The Company is not committed to supply purchase minimums through long-term contracts. Instead, it works collaboratively with key suppliers by comparing near-term purchase forecasts of raw material availability to ensure a secure level of supply. The term 'plant-based' means that the material or product is derived from biomass (plants). Biomass used for bioplastics and biodegradables stems from renewable inputs such as corn, sugarcane, cellulose, or other plants with high starch levels.

good natured® products and packaging comply with food safety and environmental health regulations, where applicable, throughout their life cycles – from design, development and selection of material formulations through manufacturing, packaging, product end use and disposal.

Each chemical constituent in material formulations undergoes a rigorous safety assessment in accordance with California's Proposition 65. Only if confirmed as safe per these regulations is an ingredient used in *good natured*® products, and a Material Safety Data Sheet (MSDS) is available for all materials used in *good natured*® branded products. In addition, manufacturing processes undergo technical review by process safety experts.

In addition to material safety, all resins, additives, colorants, coatings and other ingredients used to manufacture *good natured*® products that come in contact with food have been approved for food grade applications under the U.S. Food and Drug Administration's Code of Federal Regulations – Title 21. *good natured*® also does not introduce gluten or other allergens, such as nuts or wheat, into any of material formulations.

The Company refers to the most updated versions of material safety regulations and lists while developing and formulating any new products to ensure ongoing compliance.

<u>Design</u>

The *good natured*® team collaborates directly with brands and retailers to understand their business, environmental and/or health and wellness objectives. *good natured*® then provides recommended solutions that may include products, packaging, and/or services that will contribute to their sustainability objectives. The solution recommended may come from stock assortment or be custom developed to meets the specific client's needs and facilitate their transition from petroleum to renewable, plant-based materials.

good natured® proactively monitors eating trends, consumer shopping and industry trends to enhance its ability to ensure its product offerings, whether stock or custom, are aligned with where brands and retailers are focused on developing new and improved sustainable consumer products.

<u>Approach</u>

The Company is keenly focused on making it easy and affordable for business owners and consumers to shift away from petroleum-based products to *better everyday products*® made from plant-based, renewable materials and free from chemicals of concern. *good natured®* achieves this by offering a broad, affordably priced assortment of plant-based products that give consumers more choice to meet their sustainable and commercial objectives, and by making products and services accessible through multiple channels and at the times that work for the customer. *good natured®* also creates a brand experience that enables customers to feel positive and connected to a shared objective of delivering meaningful environmental and social impact.

Focusing on business fundamentals of strong growth, customer-centric service, and operational excellence as the path to deliver meaningful environmental and social impact is, in management's view, unique in the industry and a key driver of how the Company plans to create shareholder value over the long term.

Growth Strategy

The Company's growth strategy is centered on marketing a leading assortment of plant-based products that generates a diversified customer and product sales mix. The objective is to gain the highest share of each customer's total spend on sustainable products. The Company is driving this growth strategy through a two-pronged approach:

1. Organic Sales driven by a "land and expand" sales strategy that includes:
    a. acquiring new customers through direct-to-business and direct-to-consumer customer segments;
    b. cross selling existing and new products into the existing customer base; and
    c. adding products that extend the Corporation's product lines and/or create new product offerings that are relevant and complementary to the Corporation's existing customer base and/or assortment.
2. Acquisitions that focus on businesses that meet a combination of the following criteria:
    a. diverse customer base;
    b. a large range of product offerings;
    c. product offerings that open up new market segments, categories or business groups;
    d. offer new technology;
    e. open up cross selling of products across existing and acquired customer base;
    f. offer the ability to expand into new market segments and geographies; and

g. have strong supply chain efficiency and positive EBITDA.

The targeted acquisitions may currently produce petroleum-based products that can be reformulated and re-launched using plant-based materials, or the business may have commercially ready plant-based products that enhance the *good natured*® product assortment. If the acquired business is a petroleum-based product or packaging company, the Company will plan to convert the petroleum-based products and customers to plant-based alternatives within an approximate 18-month timeframe. The length of time to convert an acquired petroleum-based company will be primarily dependent on, but not limited to, the following five items: (1) how quickly the Company can procure the required demand of plant-based materials needed to fully convert the business; (2) current obligations the acquiree has in place with their current petroleum supplier; (3) existing material inventory levels; (4) seasonality or peak business timing of the material transition; and (5) any material commercial supply agreements entered into by the customers of the acquired business which require the delivery of petroleum-based products. The Company intends to divest any products and or customer that it cannot successfully convert to plant-based products, and then reinvest the proceeds from divesting back into the business.

The Company strives to achieve 50% of its growth organically and 50% of its growth through acquisitions. The Company's organic growth is delivered through net new customer acquisitions and cross selling, which are mutual supported by new product launches.

Key Acquisitions

On May 28, 2021, the Company completed the acquisition of all of the operating assets of Ex-Tech Plastics Inc. ("Ex-Tech") and real estate assets owned by a related company ETP Inc. for cash consideration of $15,337 (the "Ex-Tech Acquisition"). Ex-Tech is a manufacturer of high quality, rigid plastic sheets that operates seven different extrusion lines in a dedicated 75,000 square foot facility on 9.5 acres of land. Ex-Tech's 105 customers, primarily located in the midwestern and southwestern United States, serve a diverse set of end markets, including retail, food, and medical packaging. The Company used $5,843 in cash from treasury and secured the following financing to complete the acquisition and pay related integration costs: $6,067 term loan from a Canadian financial institution and a $3,427 mortgage with American Community Bank & Trust. Ex-Tech's revenues for the year ended December 31, 2020 were approximately $33,000. In 2016, the Company acquired Ex-Tech's bioplastics division for consideration of 6,650,000 common shares of the Company with a fair value of $1,131.

On December 22, 2020, the Company completed the acquisition of Integrated Packaging Films (IPF), a manufacturer of high-quality rigid plastic sheet serving a diverse set of end markets, including electronics, retail, industrial, food and medical packaging. The purchase was effective as of December 1, 2020 and the purchase price of $17,240 was paid through a combination of $12,540 in cash, the issuance of $1,046 in common shares of the Company, plus a $3,654 vendor note. IPF is located in Ayr, Ontario, and at the time of acquisition served nearly 100 customers from a dedicated 32,000 square foot leased facility on 2.9 acres of land. IPF generated revenue of approximately $17,000 and EBITDA of approximately $3,700 for the twelve-month period ending September 2020.

On May 12, 2020, the Company completed the acquisition of Shepherd Thermoforming & Packaging Inc. and all its real estate assets. Shepherd is a leading thermoforming facility with over 35 years' experience. The purchase was effective May 1, 2020. The total purchase price of $11,240 included a vendor note of $1,350 and contingent consideration of $1,674. The assets included machinery and equipment, molds and a 42,000 square foot manufacturing facility, all located on 2.31 acres of land in Brampton, Ontario. The Shepherd acquisition further strengthened the Company's custom packaging capability with engineering, mold production and final product manufacturing for both thin gauge and heavy gauge applications. Shepherd generated an average annual revenue of over $5,500 and average annual Adjusted EBITDA of $420 over the last 3 years prior to acquisition. Its customer base ranged from 75 to 100 customers over the same period including several Fortune 500 companies located throughout eastern Canada and the northeastern United States.

On December 23, 2016, *good natured*® acquired the bioplastics division of LINDAR Corporation. This acquisition expanded *good natured*® food packaging assortment with over 100 plant-based stock food packaging applications, custom packaging design capabilities, and a customer base. *good natured*® and LINDAR subsequently entered into an outsourcing agreement in which *good natured*® is the exclusive provider of plant-based materials to LINDAR. LINDAR also provides a range of services such as sales, marketing, warehousing, customer services, order management, design, engineering, and other back office support. LINDAR owns an estimated 5,882,000 shares of in the Company. Recognized as Thermoformer of the Year in 2019, LINDAR is a leader in packaging innovations, including unique single-serve and tamper evident designs.

Market Segments & Business Groups

The *good natured®* business model is designed to engage a diverse mix of customers across a broad and complementary range of eco-friendly products in order to drive organic growth by acquiring net new customers, cross selling additional products to the existing customer base to maximize revenue per customer and enhance gross margins while also allowing the Company to react quickly to changing market conditions.

good natured® acquires customers across four distinct market segments and tailors its sales and service interactions accordingly:

1) National – customers with multiple centers for decision making and operational presence across various states, provinces and regions in North America.
2) Regional – customers with centralized decision making and typically with operations in one region, state or province.
3) Small Business – customers that are owner-operated and/or operating within one key metropolitan area.
4) Direct to Consumer – proprietary and 3rd party e-commerce shopping platforms in the US and Canada.

To serve these customers, the Company currently offers over 400 products and services across 5 key Business Groups as follows:

1) Packaging - offering both stock and custom designs for grocery, restaurant, general merchandise and medical supplies that meet specific customer requirements and are delivered through exclusive and/or multi-year purchasing agreements.
2) General Merchandise – everyday home/business organization and commercial products with high purchase frequency and a focus on removing chemicals of concern in our kitchens and food supplies.
3) Commercial & Business Supplies – a variety of commercial products that can be cross-sold as complementary products to customers, such as pallet stretch wrap.

4) Industrial – complementary eco-friendly inputs to the retail, restaurant, medical and manufacturing industries, including extruded sheets, flaked products and biodegradable agents.
5) Services – supplemental service offerings, such as design, prototyping, labelling and mold financing to support customer requirements.

good natured® currently counts over 800 active national, regional, and small business recurring customers across Canada and the United States and over 22,000 direct-to-consumer transactions on an annualized basis.

	BUSINESS GROUPS				
MARKET SEGMENTS	**PACKAGING**	**GENERAL MERCHANDISE**	**COMMERCIAL & BUSINESS SUPPLIES**	**INDUSTRIAL**	**SERVICES**
DIRECT TO BUSINESS	✓	✓	✓	✓	✓
National	✓	✓		✓	✓
Regional	✓	✓	✓	✓	✓
Small Business	✓	✓	✓	✓	✓
DIRECT TO CONSUMER	✓	✓	✓		
eCommerce	✓	✓	✓		
Stores		✓			

Supply Chain

The *good natured*® business model combines the benefits of a vertically integrated supply chain added through the acquisitions of IPF and Shepherd Thermoforming, with the benefits of an established outsourced manufacturing supply chain. This enables *good natured*® to develop a leading and highly scalable assortment of plant-based products that can be sold directly to customers, while also supporting its planned growth. The Company intends to maintain both its outsourced and vertically integrated manufacturing capacity and may add to its supply chain based on acquisition opportunities and growth of new or existing categories of the Company's product assortment.

<u>Outsourced Supply Chain</u>

Using its outsourced supply chain partners, the Company has the ability to develop and source products, packaging and materials with minimal investment in capital equipment to produce them. This agile, collaborative approach to sourcing and manufacturing allows *good natured*® increased flexibility to bring industry-leading products and materials to its customers while reducing time and fixed capital requirements for the Company's go-to-market strategy to scale.

<u>Vertically Integrated Supply Chain</u>

The Shepherd acquisition (as discussed in Key Acquisitions) further strengthened the Company's custom packaging capability with engineering, mold production and final product manufacturing for both thin gauge and heavy gauge applications. The Shepherd acquisition also added over 75 accounts to the Company's customer base and increased *good natured*® market reach into eastern Canada and the northeastern United States. The completion of this acquisition brought a full thin-gauge and heavy-gauge custom thermoforming capability in-house, which complemented the Company's established outsourced packaging manufacturing capability to meet expanding capacity requirements.

On December 22, 2020, the Company acquired IPF, a leading rollstock sheet extruder with over 20 years' experience. Founded in 1997, IPF is located in Ayr, Ontario and is a manufacturer of high quality, rigid plastic sheets used to create a variety of products, including thermoformed packaging. IPF's customers serve a diverse set of end markets, including electronics, retail, industrial, food and medical packaging. The IPF acquisition added nearly 100 customers primarily located in the northeastern and midwestern United States and Eastern Canada, plus a dedicated 32,000 square foot leased facility on 2.9 acres of land.

On May 28, 2021 The Company also acquired Ex-Tech plastics, located 90 minutes from Chicago in Richmond, Illinois and produces a variety of plastic sheet and film products, including extruded roll stock sheet for thermoformed packaging. The combined companies will create one of North America's leading sheet extruders, serving over 200 thermoforming customers across North America.

Shepherd and IPF are located about an hour's drive apart with Ex-Tech located along major US transportation routes in the Midwest. *good natured*® is now benefiting from being able to produce extruded sheet at IPF and Ex-Tech that is being utilized for Shepherd produced products. This will reduce sheet extrusion cost and improve time efficiencies on getting products and packaging to market.

The Company expects to expand its supply chain production capacity both for its outsourced and fully owned insourced manufacturing facilities, Shepherd, IPF and Ex-Tech. The Company intends to grow its production capacity at the Shepherd and IPF facilities by either adding or replacing older equipment with high-speed extruders and thermoforming equipment, expanding IPF's existing facility footprint, and by expanding its tool making capacity by adding new CNC (computer numerical control) machines and engineers.

Product Development

good natured® focuses on developing a leading assortment of plant-based products, which requires a continued investment in building product development capabilities and specialized expertise in matters such as assortment planning, research and development, testing, trials, design, material development and processing.

Through a combination of insourced and outsourced capabilities, the Corporation continues to investigate and develop new products in the following areas: flexible film, bioplastic high heat applications, kitchen and home products, commercial packaging supplies, tamper evident packaging applications, fiber-based packaging and products.

New Products

In the second quarter of 2020, *good natured*® launched certified compostable and biodegradable cups, bowls, take-out containers, plates and cutlery for grocery and restaurant take-out and other delivery segments. These products use a variety of sustainable materials, including fiber from sugarcane waste, Sustainable Forestry Initiative (SFI) certified paper and polylactic acid (PLA), a thermoplastic aliphatic polyester derived from renewable resources, such as corn starch. This category also represented expansion for *good natured*® beyond bioplastics into a broader assortment of eco-friendly materials.

In the second quarter of 2021, the Company announced the launch of Canada's first compostable and microwavable plant-based packaging as a viable alternative to businesses faced with the impending single-use plastic ban in Canada. Packaging made from renewable materials that can be commercially composted at the end of its useful life is considered a viable option to create a closed loop, zero-waste solution. The Company is launching the most popular 16, 24 and 32 oz formats along with interchangeable leak-resistant lids – a crystal clear lid for grocers to maximize product visualization and a translucent lid suitable for microwave heating, which is particularly appealing for restaurant and take-out applications. These innovative products will be ready in time to meet the demand anticipated in third and fourth quarters of 2021.

In 2021, the Company anticipates approximately $500 to $1,000 of product development expenditures. In addition, *good natured*® plans on capital expenditure of approximately $3,800. The Company's capital expenditure plans are expected to vary on a year-by-year basis. The Company anticipates placing a high-speed sheet extruder into IPF's manufacturing facility next month and be operational for 2022. The new high speed line is expected to drive improved cost efficiency, capacity, and customer service by lowering order lead times. The Company estimates that the capital investment to purchase and install the sheet extruder will be in the range of $2,800 to $3,200, with the remaining expected capital expenditures for 2021 of approximately $1,000 comprised of thermoforming machinery.

Intellectual and Intangible Property

good natured® sees intrinsic value creation and recognition for its engaging and approachable brand names and has secured registered trademarks and/or submitted priority claims for its "*good natured*®" and "*better everyday products*®" brand marks across all relevant categories in Canada, the United States and internationally through the Madrid Protocol, which secures protection in 123 countries.

good natured® has a patent for Traverse®. Traverse is a line of bio-based plastics that use the maximum possible bio-based content, plus some synthetic ingredients to meet the most demanding performance requirements for certain consumer packaging and durable product applications.

good natured® continues to develop new formulations and technology for which it may not seek IP protection, and instead rely on building technology moats using secret formulations and know-how as efficient protection.

good natured® has exclusive rights to the following US and Canada packaging design patents: Tamper Evident Container Patent D698241-Publication number 20140209607 - 8807385, Egg Clamshell Container Patent D626014, Bakery Goods Container Patent D601416.

Competitive Conditions

In management's view, large and established industries usually see their markets disrupted with new emerging entries of multiple new companies offering disruptive products to what the current market leader incumbents are providing. The relatively slow response rate from the current market incumbents creates a window for an emerging company to gain market share with their first to market position and rapid market growth that provides the opportunity accelerated revenue growth. Management's assessment is that the sustainable products market is currently reflecting these market conditions, creating a window for *good natured*® to become the industry leader by strengthening its first to market strategy by being an earlier consolidator of emerging sustainable products companies. The Company sees the sustainable consumer goods space is currently characterized by two types of competitors: 1. multiple small entrants typically focused on one product line or niche market segment; and 2. established traditional brands seeking out new entrants to add sustainable products to their overall assortment. This creates an opportunity for *good natured*® to expand its current assortment offering, capitalize on product cross selling, enter into new market segments, strengthen its business model, and become one of the leading earth-friendly product companies in North America.

Although there are a growing number of direct and indirect competitors vying for lucrative "sustainable" dollars, in management's view, the sustainable goods industry remains fragmented. Without a clear leader *good natured*® believes it is well-positioned to solidify a leadership position in this high-growth industry based on its unique combination of core competencies, product assortment and customer mix. In particular, the Company believes the following are key to its competitive advantage:

- Offering a leading assortment of plant-based packaging, products and industrial supplies across multiple industry segments;
- a retail-oriented sales strategy by business groups and market segments to enhance customer acquisition, frequency and cross selling;
- unique and defensible ingredient sourcing agreements;
- proprietary, patented and/or patent pending designs;
- processing trade secrets and know-how;
- exclusive and highly scalable supply chain agreements;
- competitive product and packaging pricing;
- a flexible mix of outsourced/in-house manufacturing; and
- consumer-oriented, trademarked brand and market positioning.

At this stage, the Company views its primary competitors to be the incumbent petroleum and synthetic chemical-based companies that are producing, distributing, marketing, and/or selling petroleum products within the Corporation's current business groups, product category/market segments, and customer segments.

Fiscal 2021 Year To Date Achievements

- Achieved record quarterly revenue of $12,371 for the quarter ended June 30, 2021 (“Q2 2021”) as compared to $3,676 for the quarter ended June 30, 2020 (“Q2 2020”), an increase of 237%;
- Achieved record first half year revenue of $20,271 for the six months ended June 30, 2021 (“H1 2021”) as compared to $6,728 for the six months ended June 30, 2020 (“H1 2020”), an increase of 201%;
- Recorded the Company’s first positive Adjusted EBITDA profit of $155 for the quarter ended March 31, 2021;
- On March 4, 2020, the Company completed a short form prospectus offering for gross proceeds of $23,115 (19,262,500 shares of the Company at an issue price of $1.20 per common share). The underwriters received a cash commission of $1,387 representing 6.0% of the aggregate gross proceeds of the offering; and 1,155,750 compensation options;
- Announced the conversion of $3,188 of the Company’s existing long term credit facility with BDC Capital inc. (“BDC”), a subsidiary of the Business Development Bank of Canada, at a price of $1.20 per common share. The Company issued 2,656,875

shares to BDC which increased its total ownership in good natured® to 12,323,542 shares;

- Named as a 2021 Venture 50 Company and ranked as 4th in the Clean Technology & Life Sciences sector by the TSX Venture Exchange. This award recognizes the top 10 performing companies from five industry sectors which are selected and ranked based on three equally weighted criteria: market capitalization growth, share price appreciation and trading volume amount; and,
- Launched food safe Bio-PET, a game-changing thermoformed packaging material that will be used to make packaging and extruded rollstock sheet that contains 20-30% plant-based content, up to 50% recycled content and is readily accepted in curbside recycling programs across both Canada and the US.
- Launched Canada's First Compostable & Microwavable plant-based packaging as a viable alternative for businesses faced with the impending single-use plastic ban in Canada.
- On May 28, 2021, the Company closed the acquisition of Ex-Tech (see "Key Acquisitions" for more details). The acquisition of Ex-Tech has created one of North America's leading sheet extruders, serving over 200 thermoforming customers across North America.

COVID-19 pandemic update

Deemed an essential business in the United States of America and Canada, the Company has continued to operate all its North American facilities during the COVID-19 pandemic. The Company continues to reinforce government mandated measures implemented to mitigate the health risks to its employees, business partners and communities where it operates and prevent disruptions. These measures include rigorous hygiene and cleaning practices, physical distancing policies, return to work health monitoring and testing protocols, business travel restrictions and phased workplace reintegration of office employees.

To date, the Company has not experienced a material disruption to operations and it has not incurred significant increases in costs outside of logistics and fulfilment as a result of COVID-19. While there have been negative impacts to revenue growth rates and timing of new product launches, the Company's revenue results for the year showed growth and the results of operations were as planned. The impact of the ongoing COVID-19 pandemic on the demand for the Company's products, as well as on the Company's operations and those of its suppliers and customers, remains uncertain and cannot currently be predicted. The COVID-19 pandemic and the varying actions taken by government authorities and other businesses to reduce the spread could directly or indirectly disrupt the Company's operations and/or those of its suppliers or customers, which in turn could adversely impact the business, financial position, results of operations and cash flows of the Company.

results of operations

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

Amounts are expressed in thousands of Canadian dollars.

	Three months ended June 30			Six months ended June 30		
	2021	2020	+/-	2021	2020	+/-
Revenue	$ 12,371	$ 3,676	237%	$ 20,271	$ 6,728	201%
Variable cost of product	8,080	2,047	295%	12,758	3,991	220%
Variable gross margin[1]	4,291	1,629	163%	7,513	2,737	174%
Variable GM%	34.7%	44.3%		37.1%	40.7%	
Fixed factory overhead	785	-	-	1,218	-	-
Gross margin	3,506	1,629	115%	6,295	2,737	130%
GM%	28.3%	44.3%		31.1%	40.7%	
Product development	(132)	(100)	32%	(231)	(221)	5%
Selling, general & administrative	(3,766)	(1,569)	140%	(6,436)	(2,864)	125%
Share-based compensation	(705)	(63)	1019%	(975)	(73)	1236%
Depreciation	(276)	(109)	153%	(512)	(151)	239%
Financing costs	(926)	(840)	10%	(1,960)	(1,758)	11%
Exchange gain (loss)	(468)	(174)	169%	(539)	465	(216%)
Loss on debenture redemption and conversion	(46)	-	-	(212)	(132)	61%
Gain on interest free loan	29	21	38%	29	67	(57%)
Acquisition related expenses	(914)	(309)	196%	(1,060)	(470)	126%
Deferred income taxes recovery	-	-	-	-	80	-
Net loss for the period	$ (3,698)	$ (1,514)	144%	$ (5,601)	$ (2,320)	141%
Adjusted EBITDA loss[2]	$ (175)	$ (40)	338%	$ (20)	$ (348)	(94%)

[1] Variable gross margin is a non-IFRS measure that management believes provides a measure of the Company's product gross margin contribution as it removes fixed factory overhead. Variable gross margins provide operating insights to product gross margin % tied to variable materials, inbound freight, and labor cost associated with producing the products being sold. It also removes gross margin % fluctuations due to changes in revenue from factors such mix of insource vs outsource sales mix, depreciation increase from factory investments, and from completing insourced manufacturing acquisitions with factory overhead charges.

[2] Adjusted EBITDA Loss is a non-IFRS measure that is used as a measure of profit and loss. Management believes Adjusted EBITDA provides a meaningful measure for assessment of Company performance as it removes non-cash and non-operating expenses such as financing and acquisition related expenses. Refer to the Adjusted EBITDA and Net Loss section for further information on the calculation and definition of Adjusted EBITDA.

Revenue and Gross Profit

Revenue for Q2 2021 increased 237% to $12,371 as compared to $3,676 for Q2 2020. Revenue for H1 2021 increased 201% to $20,271 as compared to $6,728 for H1 2020. Revenues for Q2 2021 were driven by our strategic acquisitions of IPF and Ex-Tech, along with our customer base growing to 800 B2B customers from 600 in Q1, with the Ex-tech acquisition adding approximately 100 new customers, and 100 net new customers added from our organic growth initiatives. The demand for our products were robust across our business groups in both the U.S. and Canada as result of lifting of COVID19 restrictions, with the Industrial Business group showing the strongest year over year revenue gains resulting from the IPF acquisition and 1-month of revenue contribution from the Ex-Tech acquisitions.

Variable Gross Margin, a non-GAAP measurement, are gross margins before the deduction of fixed factory overhead which includes manufacturing equipment depreciation and allocated costs such as utilities, insurance, maintenance, and property taxes. Variable Gross Margin as a percentage of sales for Q2 2021 was 34.7% compared to 44.3% for Q2 2020. Variable Gross Margin as a percentage of sales for H1 2021 was 37.1% compared to 40.7% for H1 2020. Variable Gross Margins declined year over year due to the smaller revenue mix from COVID-19 packaging and face shields verses last year, a higher revenue mix of industrial business group driven by recent acquisitions of IPF and Ex-Tech, higher mix of National customer revenue mix, 1-month revenue mix from Ex-Tech acquisition which has a higher concentration of national customers with lower variable gross margins, petroleum material cost increase not being offset by price increases at Ex-Tech, and higher inbound logistics costs driven by external inflationary cost increase.

The Company tracks Variable Gross margin for consistent year over year comparison and analysis when reviewing revenue mix contribution from insource and outsource manufacturing mix, customers which includes B2B National, Regional, Small Business customers and Direct to Consumer, and business group and category mix, and product mix. Analyzing revenue and variable gross margin mix provides the company insights to position its products pricing competitively in the market while generating consistent variable gross margins, selling strategies, new customer acquisition strategies, and other operational matters.

Gross margin as a percentage of sales for Q2 2021 was 28.3% compared to 44.3% for Q2 2020. Gross Margin as a percentage of sales for H1 2021 was 31.1% compared to 40.7% for H1 2020. Gross Margin reflects the deduction of fixed factory overhead which includes manufacturing equipment depreciation and allocated costs such as utilities, insurance, maintenance, and property taxes. The decrease of year over year gross margin percentage was driven by a higher mix of insource manufacturing from last year, lower mix of medical packaging and face shields driven by COVID-19 last year, high mix of industrial business group, 1-month revenue mix from Ex-Tech acquisition which has a higher concentration of national customers with lower gross margins, higher concentration of national customer mix which, material cost increase at our Ex-Tech facility not being offset by price increases, and higher inbound logistics costs driven by external inflationary cost increase.

The Q2 2021 and H1 2021 variable gross margin and gross margin percentages are within expected range and are affected by changes in product mix, customer mix, insource vs outsource sales mix, the addition of customers from the Company's new acquisitions, and external inflationary cost increases in transportation.

Variable Gross Margin percentages may fluctuate quarter over quarter due to the effect of revenue variation among business groups and categories, product mix, customer mix, insource and outsource sales mix, seasonality and/or customer demand against cost of goods sold. The Company actively monitors product mix, customer mix, insource vs outsource sales mix, and the overall availability of labor and manufacturing capacity to optimize profitability.

Revenue by Business Group

The following table breaks down the percentage of the Corporation's revenues by Business Group and geography and provides revenue concentration for the top four customers for the respective financial period. The Business Group categorization listed in the table was adopted in 2020 to reflect the diverse and expanded revenue composition brought in by the fiscal 2020 acquisitions of Shepherd and IPF, and Ex-Tech in 2021. The revenue mix growth from the Industrial Business group was driven by the recent acquisitions of IPF and Ex-Tech, that latter of which was accounted for in the results of operations for the final month of the second quarter. The customer contribution from the recent Ex-Tech acquisition and 100 net new customers through the Company's organic growth initiatives contributed to the reduction of the top 4 customer concentration to 29%.

Business Groups	Six months ended June 30 2021		Year ended December 31 2020		2019
Total Revenue	$	20,271	$	16,713	$ 10,099
Industrial		73%		49%	69%
Packaging (Stock & Custom)		23%		44%	26%
General Merchandise		2%		5%	5%
Commercial & Business supplies		0%		0%	n/a
Services		1%		1%	n/a
Sales to US Customers		73%		67%	97%
Sales to Canadian customers		27%		33%	3%
Sales to top 4 customers		29%		49%	74%

Product Development ("PD")

The following is a breakdown of the material components of PD expense:

	Three months ended June 30					Six months ended June 30				
		2021		2020	+/-		2021		2020	+/-
Wages	$	99	$	64	55%	$	161	$	125	29%
Other		81		72	13%		156		164	(5%)
Gross PD expense	$	180	$	136	32%	$	317	$	289	10%
Capitalized expenditures		(48)		(36)	33%		(86)		(68)	26%
Net PD expense	$	132	$	100	32%	$	231	$	221	5%

PD expense for Q2 2021 increased 32% compared to the same period in the prior fiscal year. PD expense for H1 2021 increased 5% compared to the same period in the prior fiscal year. The H1 2021 increase is caused by continued PD efforts in key growth categories to develop new lines of products and/or replace existing lines with enhanced designs, as well as secure new and additional bio-based raw material supply. *good natured*® currently has three material platforms used to create finished packaging and products – fiber, bioplastics and biodegradables.

Selling, General and Administrative (“SGA")

The following is a breakdown of the material components of SGA expenses:

	Three months ended June 30			Six months ended June 30		
	2021	2020	+/-	2021	2020	+/-
Wages	$ 1,265	$ 545	132%	$ 2,154	$ 943	128%
Selling and G&A costs	847	356	138%	1,420	570	149%
Outsource supply chain & fulfilment	1,654	668	148%	2,862	1,351	112%
Acquisition related activity	914	309	196%	1,060	470	126%
SG&A	$ 4,680	$ 1,878	149%	$ 7,496	$ 3,334	125%
SG&A excluding acquisition activity	$ 3,766	$ 1,569	140%	$ 6,436	$ 2,864	125%

The increase in SGA is primarily due to additional SGA at each of the acquired companies and supply chain logistic and fulfilment cost increases. The increases in supply chain costs are due to two main factors: (i) warehousing and logistics costs related to the supply buildup of plant-base resins to be used to convert the production of the Company’s three acquisitions in the past twelve months and (ii) recent rapid inflation cost in logistics and fulfilment costs throughout the economy. Other reasons for the change in SGA are higher costs for (i) additional headcount and other expenditures to support growth initiatives for 2021, (ii) investor relations activities to enhance corporate exposure and attract new shareholders, (iii) professional services to meet regulatory requirements (e.g. audit) or to advise on matters related to growth initiatives and (iv) variable outsourced supply chain & fulfilment expenses that rose less then H1 2021 revenue increase of 201%, due to the higher mix of insource product sales. The Company will continue to invest to drive rapid growth in revenue while maintaining its focus on being disciplined in improving its Adjusted EBITDA. The Company anticipates through external inflationary cost increases that logistic and fulfilment costs will continue to rise through FY 2021.

Other Items

Financing costs for Q2 2021 were $926 compared to $840 for Q2 2020, an increase of 10%. Financing costs for H1 2021 were $1,960 compared to $1,758 for H1 2020, an increase of 11%. In general, the increase is due to higher levels of debt primarily as a result of three acquisitions, Shepherd, IPF and Ex-Tech. At June 30, 2021, the book value of interest-bearing debt was $37,952 as compared to $21,375 at June 30, 2020. Financing costs for H1 2021 are comprised primarily of interest expense of $1,650. In addition, financing costs include fees for international letters of credit issued to key suppliers and bank audit fees which total $213.

The Company recorded a loss on conversion of long-term debt of $212 for H1 2021. The loss represents the write-off of the pro-rata portion of initial costs incurred for the issuance of the debt.

The Company recorded a foreign exchange loss of $539 for H1 2021. The CAD/USD foreign exchange rate used for translating the Company's US$ functional operations and monetary items decreased to 1.239 at June 30, 2021 from 1.273 at December 31, 2020.

Adjusted EBITDA and Net Loss

		Three months ended				Six months ended		
		Jun. 2021		Jun. 2020		Jun. 2021		Jun. 2020
Income (loss) for the period:	$	(3,698)	$	(1,514)	$	(5,601)	$	(2,320)
Share-based compensation		705		63		975		73
Depreciation		276		109		512		151
Depreciation included in COGS		180		-		315		-
Depreciation included in SG&A		37		-		37		-
Financing costs		926		840		1,960		1,758
Foreign exchange loss (gain)		468		174		539		(465)
Loss on convertible debenture redemption		46		-		212		132
Gain on interest-free loan		(29)		(21)		(29)		(67)
Acquisition related activity		914		309		1,060		470
Deferred income taxes		-		-		-		(80)
Adjusted EBITDA	$	(175)	$	(40)	$	(20)	$	(348)

For Q2 2021, the Company recorded an Adjusted EBITDA loss of $175 compared to an Adjusted EBITDA loss of $40 for Q2 2020. The Adjusted EBITDA loss for Q2 2021 is due to integration costs for the Ex-tech acquisition, external inflationary cost increase in transportation and fulfilment, professional fees tied to audit and tax, and higher costs for additional headcount.

For H1 2021, the Company recorded an Adjusted EBITDA loss of $20 compared to an Adjusted EBITDA loss of $348 for H1 2020. The Company remains focused on revenue growth through stable year-over-year gross margins and plans to work toward consistent positive Adjusted EBITDA and improving year-over-year Adjusted EBITDA.

The Company has included the non-IFRS performance measure, Adjusted EBITDA and Variable Gross Margin, in the MD&A. The Company employs Adjusted EBITDA internally to measure its operating and financial performance and to assist in business decision making. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use this non-IFRS measure as information to evaluate the Company's operating and financial performance. As there are no standardized methods of calculating this non-IFRS measure, the Company's methods may differ from those used by others and, therefore, the use of this measure may not be directly comparable to similarly titled measures used by others. Accordingly, this non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA provides an indication of the Company's continuing capacity to generate income from operations before considering the Company's financing decisions, share compensation, costs of amortizing capital assets and other items. Accordingly, Adjusted EBITDA comprises net income (loss) excluding financing costs, foreign exchange gains or losses, share compensation, amortization and depreciation, gains or losses on loans, acquisition related activity and income taxes.

For Q2 2021, the Company incurred a net loss of $3,698 or $0.02 per common share compared to a net loss of $1,514 or $0.01 per common share for Q2 2020. For H1 2021, the Company incurred a net loss of $5,601 or $0.03 per common share compared to a net loss of $2,320 or $0.02 per common share for Q1 2020.

Segmented Information

The Company carries on business in the plastics, consumer products and packaging industry and all sales and costs are made in this segment. The vast majority of the Company's operations are performed within the United States and Canada.

Sales in the six months ended June 30, 2021 from the top four customers amounted to $5,947 or 29% of total revenue. (Year ended December 31, 2020 - $8,189 or 49%).

The Company had one account that accounted for greater than ten percent of accounts receivable for a total of $1,702 or 15% at June 30, 2021 (December 31, 2020 – one account: $795 or 14%).

liquidity and capital resources

		Jun. 30, 2021		Dec. 31, 2020
Cash	$	12,082	$	8,114
Trade and Other receivables		11,801		5,557
Inventory		13,375		6,294
Prepaid expenses		778		671
Accounts payable and accruals		(15,426)		(8,882)
Credit facility		(2,239)		(3,073)
Current portion of loans		(4,114)		(3,129)
Net working capital	$	16,257	$	5,552

Excluding unused credit lines of $4,800, the Company had net working capital of $16,257 at June 30, 2021 as compared to net working capital of $5,552 at December 31, 2020. Management has funded operations through a mix of sales growth, an increase in gross profit, operating credit lines, support from vendors, government funding, exercised warrants, equity private placements and long-term debt. The change in Net Working Capital from December 31, 2020 to June 30, 2021 is due primarily to (i) the completion of a short form prospectus equity offering of net $21,052 on March 4, 2021; (ii) the Ex-Tech acquisition which used $5,843 in cash; and (iii) the investment in non-cash net working capital for the increased purchases of raw material and overall level of inventory, increased receivables as a result of the growth of the business, including through acquisitions and increased vendor payments for the industrial segment. As part of the Company's growth plans, debt commitments are actively being re-negotiated to secure lower interest rates and extended terms of repayment.

On January 23, 2020, the Company completed a convertible debenture offering for gross proceeds of $3,930 ($2,740 received in December 2020 and $1,190 received in January 2021). Proceeds of the debenture placement were used for closing costs and to redeem $4,369 of the Company's existing 10% convertible unsecured debentures due February 2022. The redemption included a 5% premium plus accrued interest.

On May 12, 2020, the Company financed the purchase of Shepherd Thermoforming through a combination of a $5,910 BDC Capital Inc. ("BDC") mortgage, a $1,350 vendor promissory note, and a $2,306 drawdown of the Company's BDC credit facility.

Also, on May 12, 2020, the Company entered into a new $2,800 line credit facility with Comerica Bank. This new facility is in addition to the Company's existing $1,000 USD facility with Comerica.

In conjunction with the completed acquisition of Shepherd, the Company completed the conversion of $1,000 of its existing long term credit facility with BDC by issuing 6,666,667 common shares to BDC at a deemed price of $0.15 per share, and also issued 3,000,000 common shares to BDC at a deemed price of $0.15 per share as a loan bonus for BDC providing the mortgage as part of the financing of the Shepherd acquisition.

In September 2020, the Company completed a private placement for gross proceeds of $3,339. The placement involved the issuance of 23,851,436 units at $0.14 per unit. Each unit is comprised of one common share and one half (1/2) of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.21 per common share for a period of 18 months.

On September 18, 2020, the Company redeemed the remaining $1,011 of the Company’s existing 10% convertible unsecured debentures due February 2022. As per the terms of the $8,500 USD credit facility from BDC, the full redemption of this debenture reduced the facility’s annual interest rate by 2%. The credit facility balance at June 30, 2021 was $5,125 USD.

On December 22, 2020, the Company financed the acquisition of Integrated Packaging Films by payment of $12,540 in cash, the issuance of $1,046 in Common Shares at a fair value price of $0.59 per Common Share and the issuance of a $3,654 vendor take-back note. The cash portion of the purchase price was largely financed through a combination of a $7,600 reducing term loan with the Royal Bank of Canada with 6-year amortization at market rates; and a $2,500 USD draw down under the Corporation's existing BDC Loan Agreement plus the private placement noted below.

In December 2020, the Company completed a bought deal private placement totaling 8,520,000 common shares at a price of $0.47 per share for gross proceeds of $4,004.

On March 3, 2021, the BDC Financing was amended to reflect BDC’s agreement to convert $3,188 into 2,656,875 common shares of the Company at a fair value of $1.20 per share.

On March 3, 2021, the Company completed a short form prospectus offering totaling 19,262,500 common shares at a price of $1.20 per share for gross proceeds of $23,115.

On May 28, 2021, the Company financed the acquisition of Ex-Tech Plastics by payment of cash consideration of $15,337. The Company secured the following financing to complete the acquisition and related integration costs: $6,067 term loan from a Canadian financial institution; and $3,427 mortgage with American Community Bank & Trust.

During the six months ended June 30, 2021, the Company issued 4,395,634 shares at an average conversion price of $0.23 per share pursuant to the conversion of $1,011 of outstanding debentures (Year ended December 31, 2020 – 8,105,762 shares; $1,739).

During the six months ended June 30, 2021, the Company issued 10,684,214 shares at an average exercise price of $0.19 per share pursuant to the exercise of $2,019 of outstanding incentive options and warrants.

Below is a summary of cash flows provided by/used in operating, financing and investing activities:

		Six months ended				Change	
		Jun. 2021		Jun. 2020		$	%
Cash used in operating activities	$	(7,829)	$	(4,112)	$	(3,717)	90
Cash provided by financing activities		29,061		7,197		21,864	304
Cash used by investing activities		(17,193)		(8,665)		(8,528)	98
Effect of foreign exchange rate changes on cash		(71)		207		(278)	-
Net change in cash	$	3,968	$	(5,373)	$	9,341	(174)
Beginning cash		8,114		8,455		(341)	(4)
Ending cash	$	12,082	$	3,082	$	9,000	292

Cash used in operating activities for H1 2021 was $7,829 compared to $4,112 for H1 2020, an increase of $3,717. $4,703 of the operating cash use is due to the Company's investment in non-cash net working capital comprised of increased purchases of raw material and overall level of inventory, increased receivables as a result of the growth of the business and offset by increased vendor payments for its industrial segment. The Company increased the inventory levels of plant-base materials in Q4 2020 and H1 2021 in anticipation of converting over its recent IPF and Ex-Tech acquisitions to plant-based materials. Much of the balance of cash used is a result of interest costs associated with the financing of the acquisitions along with acquisition related costs.

Cash provided by financing activities for H1 2021 was net $29,061 compared to cash used by financing activities of $7,197 for H1 2020. In the six months ending June 30, 2021, the Company received net proceeds of $23,087 from issuing shares from treasury for the exercise of warrants, options and a short form prospectus offering. The Company also received debt financing of $9,494 for the acquisition of Ex-Tech Plastics and $798 from existing debt facilities. During H1 2020, the Company added $9,566 of debt for the purchase of Shepherd Thermoforming, received net proceeds of $1,047 from the issuance of convertible debentures, drew an additional $532 from its revolving credit facility, and received proceeds from warrant exercises of $67. These were offset by the redemption of $3,330 of convertible debentures.

Cash used by investing activities for H1 2021 was $17,193 compared to cash use of $8,665 for H1 2020. On May 28, 2021, invested $15,337 to complete the acquisition of Ex-Tech Plastics. The balance of the cash usage in H1 2021 for investing activities related to the purchase of manufacturing equipment to increase production capacity. Installation and testing of the equipment completed in late Q2 2021. In H1 2020, the Company invested $8,402 to complete the acquisition of Shepherd Thermoforming on May 12, 2020.

historical quarterly results

A summary of the Company's results for the previous eight quarters follows:

Three months ended		Jun. 2021		Mar. 2021		Dec. 2020		Sept. 2020
Sales	$	12,371	$	7,900	$	5,326	$	4,659
Adjusted EBITDA (loss) gain	$	(175)	$	155	$	(870)	$	(334)
Net loss	$	(3,698)	$	(1,903)	$	(3,154)	$	(1,712)
Basic and diluted loss per common share	$	(0.02)	$	(0.01)	$	(0.02)	$	(0.01)

Three months ended		Jun. 2020		Mar. 2020		Dec. 2019		Sept. 2019
Sales	$	3,676	$	3,052	$	2,527	$	3,178
Adjusted EBITDA	$	(40)	$	(308)	$	(387)	$	(349)
Net loss	$	(1,514)	$	(806)	$	(847)	$	(1,085)
Basic and diluted loss per common share	$	(0.01)	$	0.01	$	(0.01)	$	(0.01)

Factors Affecting Comparability of Quarters

Over the last eight quarters, the Company’s quarterly sales growth has ranged from 32% to 237%. Factors that affect quarter over quarter growth include, but are not limited to, corporate acquisitions, new product launches, timing of onboarding new customers, timing of onboarding new products, customers’ inventory transition timelines, product in-stock levels, production lead times, acquisition of new customers, customer attrition, de-listing of certain products to manage life cycle, company sustainability mandate changes and recent COVID-19 government mandated closures.

capital management

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to develop the business, and drive revenue growth and customer acquisitions, as well as fund the research and development of new product line extensions.

The Company is dependent on debt and equity funding to maintain sufficient capital to execute on its growth objectives and maintain sufficient capital for its operations. When necessary, the Company raises additional capital through issuance of debt and 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, may make changes from time to time 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 coverage ratio and earning levels. Other than these required covenants, the Company is not subject to any externally imposed capital requirements.

financial instruments

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

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

fair values hierarchy

An established fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

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

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

off-balance sheet arrangements

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

capital structure

As at August 25, 2021, the Company had:

- 217,123,649 (December 31, 2020 – 179,258,278) common shares outstanding and no preferred shares;
- 8,394,533 (December 31, 2020 – 8,641,983) options outstanding;
- 5,409,045 (December 31, 2020 – 2,885,000) other equity incentive compensation outstanding; and
- 6,421,718 (December 31, 2019 – 29,418,627) warrants outstanding.

critical accounting policies and statements

Use of Estimates and Assumptions

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

Fair Value Estimates Associated with Business Combinations

In business combinations, the fair value of the assets acquired, and liabilities assumed, 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.

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

Financial Instruments

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

Share Based Payments and Warrants

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

Inventory Provision

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

Income Taxes and Recoverability of Deferred Tax Assets

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

Depreciation and Amortization Rates for Intangible Assets, Property and Equipment

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

Significant Judgments

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

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

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

additional information

Additional information relating to good natured Products Inc. is available on SEDAR at www.sedar.com.

APPENDIX 1

risks related to the business

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Problems Resulting from Rapid Growth

The Company is pursuing a plan to grow its revenues by delivering its growing catalogue of bioplastic products and packaging to a broader customer base impacted by environmental legislation, chemical toxicity and corporate sustainability mandates and by continuing to grow revenue with existing customers and acquire businesses with an existing customer base, all of which will require capital in order to meet these growth plans. In the emerging bioplastics industry, up-front expenses can be high and customization on a customer-by-customer basis is often required. Besides attracting and maintaining qualified personnel, employees or contractors, the Company expects to require working capital and other financial resources to meet the needs of its planned growth. No assurance exists that its plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequences on the business of the Company.

Competition

There is significant competition in the bioplastics and high-performance plastics market from a range of players from larger established companies to start-ups. the Company competes with others offering similar products. If the Company's systems and technology fail to achieve or maintain market acceptance, or if new products and/or technologies are introduced by competitors that are more favorably received than the Company's offering, or are more cost-effective or provide legal exclusivity through patents or are otherwise able to render the Company's technology and/or products obsolete, the Company will experience a decline in demand which will result in lower than expected sales performance and associated reductions in expected operating profits, all of which would negatively affect stock prices for the Company.

The Company may also be required to collaborate with third parties to develop its products and may not be able to do so in a timely and cost-effective basis, if at all.

Performance of Material

There are significant technical requirements that customers require the Company's bioplastic products and packaging to meet before they are accepted. The Company may not be able to meet these technical requirements, or additives may need to be added to the bioplastic formulations to meet these technical requirements, which could drive up the price of the Company's bioplastic product and packaging to a point where they are not profitable when sold at the intended prices.

Additional Financing Will be Required

The Company anticipates that it will need additional financing in the future to continue its operations. Financing may not be available to the Company on commercially reasonable terms, if at all, when needed. There is no assurance that the Company will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Possibility of Significant Fluctuations in Operating Results

The Company's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to, access to funds for working capital and market acceptance of its products. Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. There can be no assurance that the Company will be able to reach profitability on a quarterly or annual basis.

The Company has not arranged for any independent market studies to validate its business plan and no outside party has made available results of market research with respect to the extent to which customers are likely to utilize its products or the probable market demand for its products. Plans of the Company for implementing its business strategy and achieving profitability are based upon the experience, judgment and assumptions of key management personnel, and upon available information concerning the bioplastics industry. If management's assumptions prove to be incorrect, the Company may not be successful in growing its business.

Investment in Technological Innovation

If the Company fails to invest sufficiently in research and product development, its products could become less attractive to potential customers, which could have a material adverse effect on the results of operations and financial condition of the Company.

Raw Material Supply

The Company sources its raw material from different unique suppliers both in North Amercia and globaly. These supplies may be subject to macro-economic, channel supply strategy adjustments, logistic disruptions, and other influences that cood make it vulnerable to short and long term supply change shortages or price fluctuations.

Retention or Maintenance of Key Personnel

There is no assurance that the Company can continuously retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of the Company to operate.

Contractual Arrangements

The Company is investing time and resources in developing relationships with a few key customers and prospective customers and if such customers or prospective customers were to terminate their relationships with the Company, it could have a material negative impact on the Company's anticipated performance.

Lack of Control in Transactions

Management of the Company intends to retain other companies to perform various services but may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of the Company may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

Reliance on Third Parties

The Company relies on an outsourced supply chain model and as such certain logistics, technology and manufacturing services are provided to it by third parties, and there can be no assurance that these third-party service providers will be available to the Company in the future on acceptable commercial terms or at all. If the Company were to lose one or more of these service providers, it may not be able to replace them in a cost-effective manner, or at all. This could harm the business and results of operations of the Company.

Acquisition and Integration Strategies

As part of its business strategy, the Company may pursue strategic acquisitions. There can be no assurance that the Company will find additional attractive acquisition candidates or succeed at effectively maintaining the integration of any businesses acquired in the future.

Acquisitions involve a number of risks, including: (i) the possibility that the Company, as a successor owner, may be legally and financially responsible for liabilities of prior owners; (ii) the possibility that the Company may pay more than the acquired company or assets are worth; (iii) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (iv) the difficulty of integrating the operations and personnel of an acquired business; (v) the challenge of implementing standard controls, procedures and policies throughout an acquired business; (vi) the inability to integrate, train, retain and motivate key personnel of and acquired business; and (vii) the potential disruption of the Company's ongoing business and the distraction of management from its day-to-day operations.

These risks and difficulties, if they materialize, could disrupt the Company's ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have an adverse effect on the Company's business, results of operations and financial performance.

No Guarantee of Success

The Company, as well as those companies with which it intends to transact business, have significant business purchases and operational plans pending and are, therefore, subject to various risks and uncertainties as to the outcome of these plans. No guarantee exists that the Company, or any company with which it transacts business, will be successful.

Proprietary Rights Could Be Subject to Suits or Claims

No assurance exists that the Company or any company with which it transacts business, can or will be successful in pursuing or maintaining protection of proprietary rights such as business names, logos, marks, ideas, patents, inventions, and technology which may be acquired over time. In some cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Financial, Political or Economic Conditions

The Company may be subject to additional risks associated with doing business in foreign countries.

The Company expects to do business worldwide. As a result, it may face significant additional risks associated with doing business in other countries. In addition to language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries, the Company may also be subject to risks including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, risks related to shipment of raw materials and finished goods across national borders and cultural and language differences. The Company also may face competition from local companies which have longer operating histories, greater name recognition, and broader customer relationships and industry alliances in their local markets, and it may be difficult to operate profitably in some markets as a result of such competition. Foreign economies may differ favorably or unfavorably from the United States economy or Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects.

When doing business in foreign countries, the Company may be subject to uncertainties with respect to those countries' legal systems and laws, which may impact its ability to enforce agreements and may expose it to lawsuits.

Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations in particular instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit the Company's ability to enforce agreements with its current and future customers and supply chain partners. Furthermore, it may expose the Company to lawsuits by its customers or supply chain partners in which the Company may not be adequately able to protect itself.

When doing business in foreign countries, the Company may be unable to fully comply with local and regional laws which may expose it to financial risk.

When doing business in foreign countries, the Company may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local needs to tax revenues and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require the Company to modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of the Company to maintain compliance with the local laws may result in fines and fees which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operations.

risks related to good natured® intellectual property

Protection of *good natured®* Intellectual Property

The Company's products utilize a variety of proprietary rights that are important to its competitive position and success. The Company has been protecting its intellectual property through patents that focus on composition of matter, that is, the materials that make up its bioplastics formulations. Because the intellectual property associated with the Company's technology is evolving, current intellectual property rights may not adequately protect the Company and/or it may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or products, and protection that is secured may be challenged and possibly lost. the Company generally enters into confidentiality or license agreements or has confidentiality provisions in agreements with the Company's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. The Company's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its products, which would result in a decline in its revenues and profitability.

Third Party Intellectual Property Rights

The Company could become subject to litigation regarding intellectual property rights that could significantly harm its business. The Company's commercial success will also depend in part on its ability to make and sell its products without infringing on the patents or proprietary rights of third parties. Competitors, many of whom have substantially greater resources than the Company and have made significant investments in competing technologies or products, may seek to apply for and obtain patents that will prevent, limit or interfere with the Company's ability to make or sell its products.

Information Technology, Network and Data Security Risks

The business of the Company faces security risks. Any failure to adequately address these risks could have an adverse effect on the business and reputation of the Company. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions or delays in the Company's business.

other risks

Share Price Fluctuation and Speculative Nature of Securities

The market price of the Company's shares could fluctuate substantially, and such shares should be considered speculative securities. In addition, the equity markets in general, and the TSX Venture Exchange in particular, have experienced extreme price and volume fluctuations historically that have often been unrelated or disproportionate to the operating performance of listed companies. These broad market factors may affect the market price of the Company's shares adversely, regardless of its operating performance.

Volatility in the Price of Shares

The market for the Company's shares may be characterized by significant price volatility when compared to seasoned issuers, and management expects that the share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. the Company may in the future be a target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention from day-to-day operations and consume resources, including cash.

Operating results may fluctuate as a result of a number of factors, many of which are outside of the control of the Company. The following factors may affect operating results: ability to compete; ability to attract customers; amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the business, operations and infrastructure; general economic conditions and those economic conditions specific to the bioplastics industry; the success of product line expansion; and ability to attract, motivate and retain top-quality employees.

Dividends

Management intends to retain any future earnings to support the development of the business of the Company and does not anticipate paying cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of the Company after taking into account various factors, including but not limited to its financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that the Company may be a party to at the time. Accordingly, investors must rely on sales of the Company's shares after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase the Company's shares.

Dilution

Any additional offerings of securities effected by the Company may result in substantial dilution in the percentage of the Company's shares held by existing shareholders.

Control of the Company Potentially in the Hands of a Small Number of Shareholders

The Company's largest shareholder owns, directly or indirectly, or exercises control or direction over in the aggregate approximately 21% of the Company's shares on a fully diluted basis. Such shareholder may have the ability to determine the outcome of matters submitted to the shareholders of the Company for approval, including the election and removal of directors, amendments to the Company's corporate governing documents and business combinations. The Company's interests and those of such shareholder may at times conflict, and this conflict might be resolved against the Company's interests. The concentration of control in the hands of such shareholder may practically preclude an unsolicited bid for the Company, and this may adversely impact the value and trading price of the Company's shares.

Conflicts of Interest

The Company may contract with affiliated parties, members of management of the Company, or companies owned or controlled by members of management. These persons may obtain compensation and other benefits in transactions relating to the Company. Certain members of management of the Company will have other minor business activities other than the business of the Company, but each member of management intends to devote substantially all of their working hours to *good natured®* unless otherwise agreed to by the Company on a case-by-case basis. Although management intends to act fairly, there can be no assurance that the Company will not possibly enter into arrangements under terms one could argue are less favorable than what could have been obtained had the Company or any other company had been dealing with unrelated persons.

APPENDIX 2

cautionary note regarding forward-looking statements

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information, as defined in securities laws. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company’s future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company’s actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements in this MD&A include all disclosure regarding possible events, conditions, circumstances or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this MD&A and can be identified by words such as “may”, “estimates”, “projects”, “expects”, “intends”, “believes”, “plans”, “anticipates”, “continue”, “growing”, “expanding”, or their negatives or other comparable words. Forward-looking statements include statements regarding the outlook for the Company’s future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management’s internal projections. While management considers these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. The risk factors and uncertainties that may affect the Company’s actual results, performance, achievements or developments are many and include the matters described in Appendix 1. Consequently, all forward-looking statements in this report are qualified by this cautionary statement and the Company cannot assure investors that actual results, performance, achievements or developments that the Company anticipates will be realized. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.