good natured Products Inc.

Management Discussion & Analysis
for the Three and Nine Months Ended September 30, 2022

as at November 22, 2022

good natured Products Inc.
TSX-V: GDNP   OTCQX: GDNPF

introduction

This Management's Discussion and Analysis ("**MD&A**") of good natured Products Inc. ("*good natured*®", "GDNP", "the Company", "management", "we", "us" or "our") is prepared as at November 22, 2022 and provides an analysis of the Company's financial results for the three and nine months ended September 30, 2022. The following information should be read in conjunction with the Company's amended and restated audited consolidated annual financial statements and related notes for the years ended December 31, 2021 and 2020 ("**FY2021**" and "**FY2020**", respectively), as well as the unaudited interim consolidated financial statements for the three months ("**Q3 2022**" and "**Q3 2021**") and nine months ("**YTD 2022**" and "**YTD 2021**") ended September 30, 2022 and 2021.

Unless otherwise indicated, all financial data in the MD&A was prepared with International Financial Reporting Standards ("IFRS") and all dollar figures are in thousands of Canadian dollars. This MD&A uses financial measures that are not defined by IFRS. Please refer to the section entitled "*non-IFRS financial measures*" for a complete description of these measures.

cautionary note regarding forward-looking statements

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

Forward-looking statements in this MD&A include all disclosure regarding possible events, conditions, circumstances, or results of operations that are based on assumptions about future economic conditions, courses of action and other future events. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. These forward-looking statements appear in a number of different places in this MD&A and can be identified by words such as "may", "estimates", "should", "will", “projects”, "predicts", "targets", “expects”, “intends”, “believes”, “plans”, “anticipates”, “continue”, “growing”, “expanding”, or their corresponding negatives or other comparable words. Forward-looking statements include statements regarding the Company’s estimate of anticipated revenue of approximately USD $13 million in the first year of a three-year commercial contract with a large U.S. food producer, the outlook for the Company’s future operations; anticipated product development, plans and timing for the introduction or enhancement of its services and products; strategies or developments; future market and operating conditions; supply conditions; end customer demand conditions; channel inventory and sell through; forecasts of future costs and expenditures; future product sales and production volumes, expenses and costs; our customers, suppliers and partners; sources of capital, liquidity and our financial outlook; our business, financial condition and results of operations; and our beliefs, objectives, estimates, expectations, intentions and plans that are not historical fact.

The future-oriented financial information contained in this MD&A with respect to anticipated revenue of approximately USD $13 million in the first year of a three-year commercial contract with a large U.S. food producer is included to provide information about management’s current expectations with respect to the benefit of the recently signed agreement, however actual results may differ materially from the information provided in this MD&A. Readers are cautioned that such information should not be used for purposes other than for which they are disclosed in this MD&A. The future-oriented financial information contained in this MD&A has been approved by the management of the Company as of the date of this MD&A.

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. These assumptions have been derived from information available to the Company including information obtained by the Company from third parties. While management considers these assumptions to be reasonable based on information currently available, such information may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied, or forecasted in such forward-looking statements.

There are many risk factors and uncertainties that may affect the Company's actual results, performance, achievements, or developments. Consequently, all forward-looking statements in this report are qualified by this cautionary statement and the Company cannot assure investors that actual results, performance, achievements, or developments that the Company anticipates will be realized. Forward-looking statements are based on the beliefs of management and reflect management's current plans, expectations, estimates, projections, beliefs and opinions and the Company does not undertake any obligation to update forward-looking statements should the assumptions related to these expectations, plans, estimates, projections, beliefs, and opinions change, except as required by law. The forward-looking statements contained in this MD&A speak only as of the date of this MD&A.

non-IFRS financial measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the Company's financial information reported under IFRS. These non-IFRS measures are used to provide investors with supplemental measures of operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS measures.

The Company relies on the following non-IFRS measures in this MD&A:

Adjusted EBITDA

The Company employs Adjusted EBITDA internally to measure its operating and financial performance and to assist in business decision making. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use this non-IFRS measure as information to evaluate the Company's operating and financial performance. Adjusted EBITDA provides an indication of the Company's continuing capacity to generate income from operations before considering the Company's financing decisions, share compensation, costs of amortizing capital assets and other items that management believes are not reflective of the Company's underlying operating performance for the reporting period. Accordingly, Adjusted EBITDA comprises net income (loss) excluding financing costs, foreign exchange gains or losses, share compensation, amortization and depreciation, asset impairment, gains or losses on loans, acquisition related costs, selling, general and administrative ("**SG&A**") costs tied to acquisition activities, restructuring, one-time charges, operational process, engineering-related consultancy costs, asset impairment, and income taxes. With the Company focused on revenue growth and productivity improvements, Adjusted EBITDA provides management a valuable, normalized metric for the evaluation of ongoing operating performance, strategic decisions, and future operating plans.

For a reconciliation of Adjusted EBITDA and net income (loss), the most directly comparable financial measure, see "Adjusted EBITDA" in the discussion of operations section below.

Variable Gross Margin & Variable Gross Profit

Variable Gross Margin ("**VGM**") and Variable Gross Profit ("**VGP**") are non-IFRS measures of the Company's product margin and profit contribution without fixed factory overhead. Management believes that VGM and VGP provide deeper insight into normalized product margins and profit related to variable material input costs, inbound freight and labor costs associated with producing the goods being sold. VGM and VGP also reflect contribution absent of fluctuations due to changes in volumes from factors such as mix of insourced versus outsourced manufacturing to respond to specific customer requirements for multiple-facility production, depreciation from facility capital investments and the addition of manufacturing facility acquisitions with factory overhead charges.

For a reconciliation of Variable Gross Profit to gross profit and Variable Gross Margin to gross margin, the most directly comparable financial measures, see "Variable Gross Margin & Variable Gross Profit" in the discussion of operations section below.

SG&A Excluding Acquisition Costs and One-Time Charges

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

For a reconciliation of SG&A Excluding Acquisition and One-Time Charges to SG&A, the most directly comparable financial measure, see "Selling, General and Administrative" in the discussion of operations section below.

Net Working Capital Excluding Current Portion of Long-Term Debt

Net Working Capital Excluding Current Portion of Long-Term Debt is a non-IFRS measure that management has included as another metric to evaluate the Company's net working capital position. In the second fiscal quarter of 2022 ("**Q2 2022**"), the Company filed amended and restated audited annual financial statements for FY2021 and FY2020 as a result of a covenant breach under its since-retired senior credit facility with National Bank of Canada ("**National Bank**"), which resulted in a reclassification of $36,631 in long-term debt into current liabilities. This measure was used to provide the readers better insight and comparability between reporting periods on the Company's net working capital position, without consideration of the reclassification of the current portion of long-term debt as a result of the covenant breach. On August 26, 2022, the Company closed a financing (the "**Mortgage Refinancing**") with Business Development Bank of Canada ("**BDC**"), completed a senior secured revolving credit facility (the "**Senior Credit Facility**") with Wells Fargo Bank, N.A., through its wholly owned subsidiary Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), and retired all outstanding credit facility debt with National Bank.

For a reconciliation of Net Working Capital Excluding Current Portion of Long-Term Debt to net working capital, the most directly comparable financial measure, see "Capital Resources" in the discussion of operations section below.

company overview

good natured® is passionately pursuing its goal of becoming North America's leading earth-friendly product company by offering the broadest assortment of plant-based products made all, or in part, from renewable resources instead of fossil fuels. The Company is focused on making it easy and affordable for business owners and consumers to shift away from petroleum to *better everyday products*® that use more renewable materials, less fossil fuel, and no chemicals of concern[1].

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

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

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

growth strategy

The Company aims to become North America's leading earth-friendly product company. In order to maximize the positive environmental impact, *good natured*® aims to offer the widest possible assortment of plant-based products

[1] As outlined in the State of California's Proposition 65, https://oehha.ca.gov/proposition-65/general-info/proposition-65-plain-language

made all or in part from rapidly renewable resources instead of fossil fuels. These products are marketed to a range of customer segments to deliver a diversified revenue and margin mix and reduce the risk of reliance on a single segment. The Company also aims to gain the highest share of each customer's total spend on sustainable products to drive a strong recurring revenue model and enhanced customer loyalty.

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

1. Organic growth that is driven by a "land and expand" sales strategy that includes:
    a. acquiring new customers through direct-to-business and direct-to-consumer customer selling;
    b. cross selling additional products into the existing customer base; and
    c. adding new sustainable product offerings that are relevant and complementary to the Company's most valuable customer segments.

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

The Company's targeted acquisitions may offer petroleum-based products that can be reformulated and re-launched using plant-based materials, or the business may have commercially ready plant-based products that can immediately enhance the *good natured*® product assortment.

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

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

The Company intends to divest any of the acquiree's products and/or customer accounts that cannot be successfully converted to plant-based products over time and then re-invest the proceeds from any such divestiture back into the Company.

business model

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

The Company acquires customers across four distinct market segments and tailors its sales and service interactions accordingly. The Company conducts the vast majority of its marketing and sales activities in North America, which includes National, Regional, Small Business and Direct-to-Consumer customers, and deploys its wide assortment of plant-based products and services across five business groups to tailor its sales and service offerings accordingly to these target segments. Sales cycles and gross margin rates will vary by market segment, target customers, business groups and individual product categories.

The Company's National market segment typically has longer sales cycles and lower gross margin rates, while Direct-to-Consumer sales provide far shorter sales cycles and higher gross margin rates. Quarter over quarter, revenue mix by market segment, business group and product category will vary and will contribute to short-term variation in VGM and gross margin rates in each financial reporting period that may not be indicative of longer-term trends and the successful execution of the business model.

recent developments

- On November 4, 2022, the Company announced that it decided to suspend its short form base shelf prospectus (the "**Base Shelf**") that was filed on January 19, 2022 in order to eliminate the professional fees and costs associated with keeping the Base Shelf active.
- On October 3, 2022, the Company purchased the land and buildings located at the Company's Ayr, Ontario manufacturing location for cash consideration of approximately $9.4 million (the "**Ayr Purchase**"). The Ayr Purchase was funded by a $6.5 million non-revolving capital loan from HSBC Bank Canada ("**HSBC**") and $2.9 million from the available $3.9 million second tranche of the Company's credit facility with BDC that was announced on August 26, 2022.

COVID-19 pandemic update

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

To date, the Company has not experienced a material disruption to operations as a result of the COVID-19 pandemic. While there have been ongoing impacts to supply chain, timing of production and new product launches, the Company was able to generate strong revenue growth in 2021 and 2022. The impact of the ongoing COVID-19 pandemic on the demand for the Company's products, as well as on the Company's operations and those of its suppliers and customers, remains uncertain and cannot currently be predicted. The COVID-19 pandemic and the varying actions taken by government authorities and other businesses to reduce the spread could still directly or indirectly disrupt the Company's operations and/or those of its suppliers or customers, which in turn could adversely impact the business, financial position, results of operations and cash flow of the Company.

overall performance

Selected Financial Information

The following tables summarize certain data from the financial statements of the Company for the periods ended September 30, 2022 and 2021.

	Three months ended Sep 30		Nine months ended Sep 30	
	2022	2021	2022	2021
Revenue	$ 26,178	$ 18,001	$ 77,660	$ 38,272
Adjusted EBITDA[1]	$ 792	$ (588)	$ 2,954	$ (608)
Net loss	$ (2,066)	$ (2,919)	$ (6,670)	$ (8,520)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.04)

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

	Sep-22	Dec-21	Sep-21
Total Assets	$ 105,534	$ 90,529	$82,154
Total Liabilities	$ 82,176	$ 69,437	$60,122
Asset to liability ratio	1.28	1.30	1.37
Cash and cash equivalents	$ 11,342	$ 10,655	$ 8,720
Net Working Capital	$ 19,585	$ (16,013)	$12,393
Net Working Capital Excluding Current Portion of Long-Term Debt[1]	$ 23,252	$ 23,668	$16,667

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

Selected Financial & Operational Highlights

The following are selected financial and operational highlights for the three and nine months ended September 30, 2022:

- Achieved record quarterly revenue of $26,178 for Q3 2022 as compared to $18,001 for Q3 2021, an increase of 45%.
- Achieved record revenue of $77,660 for YTD 2022 as compared to $38,272 in YTD 2021, an increase of 103%.
- Generated VGM of 34% for Q3 2022 compared to 29% for Q3 2021. Gross margin was 27% for Q3 2022 compared to 22% for Q3 2021.
- Achieved Adjusted EBITDA for Q3 2022 of $792 compared to a loss of $588 for Q3 2021, representing the fourth consecutive quarter of positive Adjusted EBITDA.
- The Company recorded a net loss of $2,066 in Q3 2022 and $2,919 in Q3 2021.
- As a percent of revenue, SG&A declined to 18% and 17% for Q3 2022 and YTD 2022 respectively, compared to 21% and 23% in Q2 2021 and YTD 2021 respectively.
- Fulfillment and logistics as a percent of revenues was 10% and 9% for Q3 2022 and YTD 2022 respectively, compared to 9% and 12% in Q3 2021 and YTD 2021.
- Cash generated (used) by operating activities for YTD 2022 was $522 compared to ($12,077) for YTD 2021.
- Assets increased to $105,534 as at September 30, 2022, compared to $90,529 as at December 31, 2021, an increase of 17%. This increase can be predominantly attributed to the Company's capital investments in high-speed machinery and acquisition of FormTex Plastics (see "Key Acquisitions" section for further details).
- The Company's asset-to-liability ratio was 1.28 as at September 30, 2022, compared to 1.30 as at December 31, 2021.
- Cash and cash equivalents equaled $11,342 as at September 30, 2022, compared to $10,655 as at December 31, 2021. This increase was driven by cash provided from financing activities and operations, offset by cash used in investment activities (see "Cash Flow" section for further details).
- Net working capital (deficit) improved to $19,585 as at September 30, 2022, compared to $(16,013) as at December 31, 2021. Net Working Capital Excluding Current Portion of Long-Term Debt was $23,252 as at

September 30, 2022, compared to $23,668 as at December 31, 2021. The net working capital deficit at the end of FY2021 was due to the reclassification of long-term debt to current portion of long-term debt as part of the breach of the FCCR ratio under the terms of the Company's former senior credit facility with National Bank. See the restated audited consolidated annual financial statements and related notes for the years ended December 31, 2021 and 2020 for further details.

key acquisitions

In the last four fiscal quarters, the Company made the following acquisition(s):

On July 4, 2022, the Company completed the acquisition of all the business and operating assets of FormTex Plastics Corporation ("FormTex") for cash consideration of approximately USD $4,800. Founded in 1989, FormTex produces custom plastic packaging for the medical, food, electronic, industrial, and retail end markets. FormTex is ISO 9001:2015 certified in the design and manufacture of thermoplastic molded components and operates seven different thermoforming machines in a leased 51,000 square foot facility on 1.9 acres of land in Houston, Texas. The Company used cash from treasury to finance the acquisition and pay related integration costs.

discussion of operations

The Company completed its acquisition of Ex-Tech Plastics Inc. ("**Ex-Tech**") in May 2021. This acquisition had a material impact on the comparability of the information contained in these consolidated financial statements relative to previously reported periods.

	3 mon. ended Sep 30			9 mon. ended Sep 30		
	2022	2021	+/-	2022	2021	+/-
Revenue	$26,178	$18,001	45%	$77,660	$38,272	103%
Variable cost of product	17,287	12,824	35%	52,092	25,582	104%
Variable Gross Profit[1]	8,891	5,177	72%	25,568	12,690	101%
Variable Gross Margin[1]	34%	29%		33%	33%	
Fixed factory overhead	1,759	1,165	51%	5,054	2,383	112%
Gross profit	7,132	4,012	78%	20,514	10,307	99%
Gross margin	27%	22%		26%	27%	
Fulfilment & logistics	2,595	1,671	55%	7,092	4,533	56%
Selling, general & administrative, excluding acquisition costs and one- time charges[1]	4,206	3,219	31%	11,688	7,024	66%
Share-based compensation	381	781	-51%	1,556	1,756	-11%
Depreciation	465	306	52%	1,436	818	76%
Financing costs	1,394	974	43%	3,687	2,934	26%
Foreign exchange gain (loss)	(611)	(486)	26%	152	53	187%
Loss on financing	445	-	-%	449	212	112%
Gain on interest free loan	-	(14)	-100%	(15)	(43)	-65%
Acquisition related expenses & one-time charges	377	626	-40%	1,301	1,686	-23%
Deferred income taxes recovery	(54)	(146)	-63%	(162)	(146)	11%
Net loss for the period	$ (2,066)	$(2,919)	-29%	$(6,670)	$(8,520)	-22%
Adjusted EBITDA[1]	$ 792	$ (588)	-235%	$ 2,954	$ (608)	-586%

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

Revenue

Revenue for Q3 2022 increased 45% to $26,178, compared to $18,001 for Q3 2021. Revenue for YTD 2022 increased 103% to $77,660 compared to $38,272 for YTD 2021. The growth in revenue in Q3 2022 was due to strong organic growth in the Company's Packaging business group, increases in average selling price, and contribution from its recent acquisition of FormTex. Revenue growth was partially offset by a reduction in gross revenue from third-party industrial thermoforming customers. Later in the quarter, management noted a general reduction in demand from the Company's Industrial customers, which may have been due to softening macro-economic conditions leading to lower order volumes as these customers work through inventory that was built up to avoid widespread supply chain disruptions prevalent in prior quarters. In addition, the Company allocated more of its extruded rollstock production capacity to satisfy the requirements of its own thermoformed packaging manufacturing facilities.

Revenue Mix by Business Group and Geography

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

	3 mon. ended Sep 30		9 mon. ended Sep 30		Year ended Dec
	2022	2021	2022	2021	2020
Revenue	$ 26,178	$ 18,001	$ 77,660	$ 38,272	$ 16,713
Industrial	58%	80%	70%	76%	49%
Packaging	38%	18%	27%	20%	44%
General Merchandise	1%	1%	1%	2%	5%
Commercial Supplies	0%	0%	0%	0%	0%
Service / Other	2%	1%	2%	1%	2%
Revenue to US	88%	73%	89%	73%	80%
Revenue to CAD	12%	27%	11%	28%	20%

For Q3 2022, revenue for the Industrial business group grew by 6%, or $841 in comparison to Q3 2021. Industrial revenue for YTD 2022 grew by 85% or $24,878 in comparison to YTD 2021. The change in Industrial revenue in Q3 2022 compared to Q3 2021 was driven by an increase in average selling price and offset by a reduction of third-party volume (as described above). The increase in Industrial revenue for YTD 2022 compared to YTD 2021 was driven by the completion of the Ex-Tech acquisition in May 2021 and an increase in average selling price, offset by the factors noted for Q3 2022. The Industrial business group contributed 58% of total revenue in Q3 2022, compared to 80% for Q3 2021. For YTD 2022, the Industrial business group contributed 70% of total revenue as compared to 76% in YTD 2021. The decrease in Industrial business group revenue mix in Q3 2022 and YTD 2022, compared to Q3 2021 and YTD 2021, was driven by higher growth rate in Packaging revenues than Industrial revenues and softening demand from industrial thermoforming customers as described above. The Company's Packaging business group's rapid growth led to higher level of extruded rollstock production capacity utilization within its own thermoformed packaging facilities.

For Q3 2022, revenue for the Packaging business group increased by 213% or $6,854 in comparison to Q3 2021. Packaging revenue for YTD 2022 grew by 168% or $13,182 in comparison to YTD 2021. Packaging revenue growth was driven by the addition of new customers, increases in average selling price, the addition of a large U.S. food producer originally announced in October 2021, and the acquisition of FormTex in July 2022. The Packaging business group contributed 38% and 27% of total revenue for Q3 2022 and YTD 2022, compared to 18% and 20% for Q3 2021 and YTD 2021, respectively.

Customer Revenue Mix

	3 mon. ended Sep 30		9 mon. ended Sep 30	
	2022	2021	2022	2021
Revenues from Top 4 Customers	30%	19%	26%	24%

As at September 30, 2022, the Company served over 1,600 active National, Regional, and Small B2B customers across Canada and the United States. The top 4 customers represented 30% of total revenues in Q3 2022, compared to 19% in Q3 2021. This increase was primarily driven by the addition of a National U.S. food producer originally announced in October 2021.

Variable Gross Margin & Variable Gross Profit

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

	3 mon. ended Sep 30			9 mon. ended Sep 30		
	2022	2021	+/-	2022	2021	+/-
Revenue	$ 26,178	$ 18,001	45%	$ 77,660	$ 38,272	103%
Variable cost of product	17,287	12,824	35%	52,092	25,582	104%
Variable Gross Profit[1]	8,891	5,177	72%	25,568	12,690	101%
Variable Gross Margin[1]	34%	29%		33%	33%	
Fixed factory overhead	1,759	1,165	51%	5,054	2,383	112%
Gross profit	7,132	4,012	78%	20,514	10,307	99%
Gross margin	27%	22%		26%	27%	

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

Variable Gross Margin for Q3 2022 and YTD 2022 increased to 34% and 33% compared to 29% and 33% for Q3 2021 and YTD 2022 respectively. Variable Gross Margin will fluctuate over financial periods based on short-term revenue mix adjustments caused by completed acquisitions, market segment mix (National, Regional, Small Business, Direct to Consumer) and by business groups and product categories. The Company currently targets a Variable Gross Margin range of 28% to 35% on an annual basis.

Variable Gross Margin for Q3 2022 was largely influenced by the following factors:

- a higher mix of revenues from the Packaging and Service business groups in Q3 2022 as compared to Q3 2021, primarily driven by the addition of new customers, increases in average selling price, the acquisition of FormTex, and lower Industrial business group revenue mix contribution;
- productivity improvements resulting from the rate of revenue growth in Q3 2022 exceeding the rate of growth in the variable cost of products, such as direct labor, as evidenced by the growth rate of Variable Gross Profit exceeding revenue growth for the first time since the Company began reporting this metric; and
- increases in average selling price in Q3 2022 compared to Q3 2021 more than offset the inflationary impact from higher input costs over the same period.

The Company, like many businesses and industries, has been impacted by recent global supply chain disruptions. Supply chain dislocations that are evident within shipping routes and other forms of transportation and warehousing are caused by labor, port entry delays, and material shortages in various aspects of global logistics networks. These factors may result in shortages of key manufacturing components, order backlogs, delivery delays and an increase in transportation costs. The Company continues to take a position to minimize supply chain disruptions for its existing customers and to secure new customers who are not being adequately served by their current suppliers, even if the margins for these customers may be lower in the near term prior to upward pricing adjustments.

Gross Margin

Gross margin for Q3 2022 was 27% compared to 22% for Q3 2021. Gross margin for YTD 2022 was 26% compared to 27% for YTD 2021. Gross margin reflects the deduction of fixed factory overhead, which includes manufacturing equipment depreciation and allocated costs such as utilities, insurance, maintenance, and property taxes. Gross margin will vary over financial periods based on revenue mix changes caused by completed acquisitions, customer mix (National, Regional, Small Business, Direct to Consumer), and by business groups and product categories. The Company currently targets a gross margin range of 21% to 28% on an annual basis.

The increase in gross margin in Q3 2022 was largely driven by the same factors that impacted Variable Gross Margin, as outlined above.

Fulfilment & Logistics

The following is a breakdown of the material components of fulfilment and logistics expenses in Q3 2022 and YTD 2022 compared to Q3 2021 and YTD 2021:

	3 mon. ended Sep 30			9 mon. ended Sep 30		
	2022	2021	+/-	2022	2021	+/-
Outsource fee	$ 440	$ 139	217%	$ 1,194	$ 1,160	3%
Fulfilment	1,639	1,104	48%	4,493	2,487	81%
Warehousing and other	516	428	21%	1,405	886	59%
Total Fulfilment & Logistics	2,595	1,671	55%	7,092	4,533	56%

Total Fulfilment & Logistics as a % of Revenue	10%	9%		9%	12%	

Fulfilment and logistics costs as a percentage of revenue for Q3 2022 and YTD 2022 were 10% and 9%, compared to 9% and 12% in Q3 2021 and YTD 2021. Fulfillment and logistics costs in Q3 2022 increased 55% or $924 compared to Q3 2021 and increased 56% or $2,559 for YTD 2022 compared to YTD 2021. The increase in fulfillment and logistics costs for Q3 2022 and YTD 2022 was driven by increased shipments volumes associated with revenue growth, external inflationary supply chain costs, increased warehousing costs, the FormTex acquisition, and increased movement of product between the Company's growing network of insourced and outsourced manufacturing locations.

Selling, General and Administrative

The following is a breakdown of the material components of SG&A expenses in Q3 2022 and YTD 2022 compared to Q3 2021 and YTD 2021, as well as a reconciliation of SG&A Excluding Acquisition Activity and One-Time Charges to SG&A, the most directly comparable financial measure:

	3 mon. ended Sep 30			9 mon. ended Sep 30		
	2022	2021	+/-	2022	2021	+/-
SG&A Wages	$ 2,630	$ 2,029	30%	$ 7,020	$ 4,183	68%
SG&A Other	1,405	1,096	28%	4,109	2,516	63%
Product Development expense	171	94	82%	559	325	72%
Acquisition related expenses & one-time charges	377	626	-40%	1,301	1,686	-23%
SG&A	4,583	3,845	19%	12,989	8,710	49%
SG&A % of revenue	18%	21%		17%	23%	
SG&A Excluding Acquisition Activity & One-Time Charges	4,206	3,219	31%	11,688	7,024	66%
SG&A Excluding Acquisition Related & One-Time Charges % of revenue	16%	18%		15%	18%	
SG&A Wages % of revenues	10%	11%		9%	11%	

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

Overall SG&A expenses increased in Q3 2022 by 19% compared to Q3 2021, however, SG&A decreased as a percent of revenue to 18% for Q3 2022 compared to 21% for Q3 2021. The increase in SG&A expenses is due to the following factors:

- wages increased by 30% or $601 as a result of growth in average wage rates, the acquisition of FormTex, increased people development costs, and initiatives to strengthen administrative and compliance functions; and
- "SG&A other" increased by 28% or $309, largely as a result of increases in, but not limited to, expenses such as accounting and audit fees, investor relations expenses, marketing & advertising, as well as general legal fees.

The increase in SG&A due to wages and "SG&A other" was partially offset by a 40% or $249 decline in acquisition-related activity & one-time charges.

Adjusted EBITDA

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

	3 mon. ended Sep 30			9 mon. ended Sep 30		
	2022	2021	+/-	2022	2021	+/-
Net loss for the period	$ (2,066)	$ (2,919)	-29%	$ (6,670)	$ (8,520)	-22%
Share-based compensation	381	781	-51%	1,556	1,756	-11%
Depreciation	465	306	52%	1,436	818	76%
Depreciation in COGS & SG&A	461	290	59%	1,220	642	90%
Financing costs	1,394	974	43%	3,687	2,934	26%
Foreign exchange loss (gain)	(611)	(486)	26%	152	53	187%
Gain on interest free loan	-	(14)	-100%	(15)	(43)	-65%
Loss on debt repayment and and conversion	445	-	-%	449	212	112%
Acquisition related expenses & one time charges	377	626	-40%	1,301	1,686	-23%
Deferred income taxes recovery	(54)	(146)	-63%	(162)	(146)	11%
Adjusted EBITDA[1]	$ 792	$ (588)	-235%	$ 2,954	$ (608)	-586%

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

For Q3 2022, the Company recorded Adjusted EBITDA of $792 compared to a loss of $588 for Q3 2021. Adjusted EBITDA as a percent of revenue was 3% compared to -3% in Q3 2021. In addition to factors already outlined in the "SG&A" section above, the increase of Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue was driven by the following factors:

- overall revenue grew by $8,177 or 45% compared to Q3 2021, and Variable Gross Profit increased by $3,714 or 72% compared to Q3 2021;
- the increase in gross profit contribution of $3,120 exceeded the growth in SG&A expenditures (excluding non-cash items) and fulfilment and logistics costs;
- SG&A as a percent of revenues declined to 18% in Q3 2022 from 21% in Q3 2021, allowing for greater contribution for non-operating/one-time costs.

Net Loss

For Q3 2022, the Company incurred a net loss of $2,066 or $0.01 per common share compared to a net loss of $2,919 or $0.01 per common share in Q3 2021. For YTD 2022, the Company incurred a net loss of $6,670 or $0.03 per common share compared to a net loss of $8,520 or $0.04 per common share in YTD 2021. In addition to factors already outlined in the "Adjusted EBITDA" section above, the change in net loss in Q3 2022 was driven by increases in financing costs and depreciation expenses, and a loss on debt repayment and conversion. These were partially offset by a non-cash foreign exchange gain and a decrease in share-based compensation.

Financing Activity and Use of Proceeds

On August 26, 2022, the Company announced it completed the Senior Credit Facility with Wells Fargo, consisting of a USD $30 million asset-based revolving credit facility with a 4-year term and an uncommitted USD $25 million revolving facility, available at the discretion of Wells Fargo. The initial draw on the Senior Credit Facility was used to retire $13.7 million of outstanding credit facility debt with National Bank.

On August 26, 2022, the Company announced it closed the Mortgage Refinancing with BDC for proceeds of $6.6 million. Proceeds of the Mortgage Refinancing were used to retire $6.6 million of outstanding non-revolving term credit facility with National Bank that was secured by a first mortgage on the Company's Brampton, Ontario manufacturing location. BDC also made an additional $3.9 million available as funding toward future capital projects.

On June 1, 2022, the Company announced the closing of a Special Warrant Offering. Pursuant to the Special Warrant Offering, the Company issued 16,402,500 Special Warrants at the Issue Price for gross proceeds of $6.56 million. The proceeds of the Special Warrant Offering were used to acquire, through a wholly owned subsidiary, all the business and operating assets of Houston-based FormTex and for general working capital requirements.

On October 28, 2021, the Company closed an offering of convertible debentures for aggregate gross proceeds of $17.25 million (the "**Convertible Debenture**"**)** and a $35.8 million senior credit agreement with National Bank. The Company used the proceeds from the Convertible Debenture Offering and senior credit facility with National Bank to consolidate its remaining senior indebtedness with one senior secured debt financing partner (the "**Debt Refinancing").** As part of this Debt Refinancing, the Company secured $25.8 million in credit facilities for a total of $43.3 million in debt financing with an additional uncommitted $10 million in facilities available at the discretion of National Bank.

As noted previously, on August 26, 2022, all outstanding credit facility debt with National Bank was retired and new facilities were arranged.

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

Intended Use of Net Proceeds[(1)]	**Proposed Amount of Net Proceeds**	**Actual Use of Net Proceeds as of September 30, 2022**	**Remaining to be Spent**
On August 26, 2022, the Company successfully secured a USD $30 million asset-based revolving credit facility and an uncommitted USD $25 million revolving facility from Wells Fargo and a $6.6 million mortgage with BDC for debt retirement, acquisitions, capital asset additions, working capital and general corporate purposes.			
Debt Retirement, working capital, Mortgage Refinancing and growth initiatives	$23,238	$21,549	$1,689
Special Warrant Offering for net proceeds $6,093 on June 1st 2022. The net proceeds were used to complete the acquisition of FormTex.			
Acquisition of FormTex	$5,933	$5,933	$0
Convertible Debenture Offering of $16,228 and closing of a senior credit facility with National Bank completed on October 28, 2021.			
Debt Refinancing	$34,552	$31,087	$2,765
Bought deal offering of 19,262,500 common shares at a price of $1.20 per common share completed on March 4, 2021.			
Capital Expansion Projects [(2)]	$4,275	$1,673	$2,602
Future Acquisitions [(3)]	$10,000	$6,515	$3,484

(1) Table does not include proceeds from financings that were intended to be applied to the Company's working capital.
(2) Monies remaining to be allocated were redirected toward working capital, and/or to fund upcoming growth initiatives.
(3) The Company's capital projects have long term completion dates and monies remaining to be spent will be deployed over coming quarters.

summary of selected quarterly results

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

Three months ended		Sep. 2022		Jun. 2022		Mar. 2022		Dec. 2021
Revenues	$	26,178	$	25,546	$	25,936	$	22,860
Adjusted EBITDA[1]	$	792	$	1,005	$	1,157	$	540
Net income (loss)	$	(2,066)	$	(3,012)	$	(1,592)	$	(4,175)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)	$	(0.01)	$	(0.02)
Three months ended		**Sept. 2021**		**Jun. 2021**		**Mar. 2021**		**Dec. 2020**
Revenues	$	18,001	$	12,371	$	7,900	$	5,326
Adjusted EBITDA[1]	$	(588)	$	(175)	$	155	$	(839)
Net income (loss)	$	(2,919)	$	(3,698)	$	(1,903)	$	(3,153)
Basic and diluted loss per common share	$$	(0.01)	$$	(0.02)	$$	(0.01)	$	(0.02)

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

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Over the last eight quarters, the Company's quarter-over-quarter revenue growth has ranged from -2% to 57%. Factors that affected quarter-over-quarter revenue growth include, but are not limited to:

- the Company completed acquisitions in July 2022, May 2021, and December 2020;
- the Company grew its active B2B customer base to over 1,600 as at September 30, 2022;
- in FY2020, COVID-19 pandemic restrictions caused sudden and extreme impact on revenues associated with the hospitality industry, which were offset over a longer period with stronger revenues from grocery food packaging, eCommerce sales, COVID-19 medical face shields and COVID-19 testing kit packaging;
- in response to external supply chain and inflationary costs, the Company began increasing product pricing and implemented shipping surcharges in the second fiscal quarter of FY2021 that resulted in higher selling prices per unit;
- in Q3 2021, the Company commenced shipping commercial quantities to a large U.S. food producer, however shipment timing related to

seasonality, and the rollout of new products from the food producer to its retail customers fluctuated from quarter to quarter;

- in Q3 2022, gross revenue from third-party industrial customers declined compared to Q2 2022, as management witnessed late in Q3 2022 a general reduction in demand from the Company's Industrial thermoforming customers linked to softening macroeconomic conditions as customers worked through inventory that was built up to avoid widespread supply chain disruptions prevalent in prior quarters; and
- the Company increased its internal allocation of industrial extruded rollstock production capacity to satisfy the rapid growth in its Packaging business group in Q3 2022.

Over the last eight quarters, the Company's net loss ranged from $1,592 to $4,175. Factors that affected changes in net loss included, but were not limited to:

- the Company completed acquisitions in July 2022, May 2021 and December 2020, resulting in increased quarterly gross profit contributions;
- additions to headcount driven by the growth of the business, for initiatives to strengthen functional capabilities, and from acquisitions, which resulted in increased SG&A costs;
- increase in share-based compensation due to overall headcount increases from acquisitions, new hires, and an increase in share-based compensation for executives;
- the physical and intangible assets associated with acquisitions led to increased depreciation and amortization costs;
- quarter to quarter fluctuations in FX rates, resulting in non-cash foreign exchange gains or losses;
- acquisition-related activity and one-time charges based on the number and size of acquisitions completed in any given quarter;
- the Company has utilized credit facilities, long-term debt, loans, and other financing agreements to fund operating activities, working capital, and acquisitions, which has resulted in increased financing costs;
- beginning in the first quarter of 2021, external supply chain and inflationary cost increases resulted in higher costs associated with logistics and fulfillment. In addition, the Company made the strategic

decision in Q4 2020 to start building inventory in anticipation of supply chain disruptions, which increased warehousing costs; and

- in the fourth fiscal quarter of 2021, the Company completed a Convertible Debenture offering and secured a senior credit facility with National Bank, the proceeds of which were substantially used to retire existing debt. The Debt Refinancing resulted in the payment of cash interest costs associated with debt prepayment and the non-cash write-down of deferred financing costs; and
- in Q3 2022, the Company secured the Senior Credit Facility with Wells Fargo and closed a Mortgage Refinancing with BDC, the proceeds of which were used to retire all outstanding credit facility debt with National Bank. The financing resulted in the payment of cash interest penalties, transaction and legal costs and the non-cash write-down of deferred financing costs.

Additional details regarding these factors can be found in the Company's MD&A for FY2020, Amended and Restated MD&A for FY2021, and the interim MD&A for the first and second quarter of 2022. These MD&As should be read in conjunction with the respective consolidated financial statements.

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

liquidity

As at September 30, 2022, the Company had cash of $11,342, net working capital of $19,585, and $54,115 of long-term debt, of which $3,667 is classified as current. The Company generated positive cash flow from operations in addition to financing activities in YTD 2022. See "Cash Flows" section for further details.

On August 26, 2022 the Company successfully secured the Senior Credit Facility with Wells Fargo. As of September 30, 2022 the Company has drawn a total of $16,560 from this facility. Additionally, on August 26, 2022, the Company secured gross proceeds of $6,600 from its Mortgage Refinancing (see "Financing and Use of Proceeds" section for further details). The initial draw on the Senior Credit Facility was used to retire $13,667 of outstanding credit facility debt with National Bank. Proceeds from the Mortgage Refinancing were used to retire $6,552 of outstanding non-revolving term credit facility with National Bank that was secured by a first mortgage on the Company's Brampton, Ontario manufacturing location. The Company had an additional $3,900 available as funding towards future capital projects, which was drawn on October 3, 2022 to help fund the Ayr Purchase (see "Recent Developments" section for further details). As of September 30, 2022, the Company was in compliance with all associated covenants.

On June 1, 2022, the Company closed the Special Warrant Offering for gross proceeds of $6,561. The proceeds of the Special Warrant Offering were used, through a wholly owned subsidiary, to acquire all the business and operating assets of Houston-based FormTex. See "Financing Activity and Use of Proceeds" in the discussion of operations section for further details.

On October 28, 2021, the Company closed its offering of Convertible Debentures for aggregate gross proceeds of $17.25 million. The Convertible Debentures that mature on October 31, 2026 accrue interest at the rate of 7%, payable semi-annually in arrears on April 30 and October 31 of each year, commencing April 30, 2022. The Convertible Debentures are convertible at the holder's option into fully paid common shares of the Company at any time prior to the earlier of October 31, 2026 and the business day immediately preceding the date fixed for any redemption. The conversion price is $1.06 for each common share, subject to adjustment in certain circumstances.

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

Cash Flows

Below is a summary of cash flows provided by/used in operating, financing, and investing activities in YTD 2022 compared to YTD 2021:

	9 mon. ended Sep 30 2022	2021	+/- $	+/- %
Cash used in operating activities	$ 522	$(12,077)	$ 12,599	-104%
Cash provided by financing activities	10,011	30,786	(20,775)	-67%
Cash used in investing activities	(10,654)	(18,153)	7,499	-41%
Effect of foreign exchange rate changes on cash	808	50	758	1,516%
Net change in cash	687	606	81	13%
Beginning cash	10,655	8,114	2,541	31%
Ending Cash	$ 11,342	$ 8,720	$ 2,622	30%

Cash generated (used) by operating activities for YTD 2022 was $522 compared to ($12,077) for YTD 2021. The $522 operating cash generated for YTD 2022 was driven by an increase in non-cash working capital, which was primarily due to increases in accounts payable of $4,582 and was partly offset by an increase in inventory levels of $430 and finance costs paid of $2,841. In YTD 2021, the $12,077 cash used in operating activities was driven by to $8,229 increase in inventory, which was partly offset by a decrease in accounts receivable of $459, increase in accounts payable of $458 and $2,441 in finance cost paid. The improvement in operating cash contribution was a result of the increase in gross profit contribution, in addition to the decrease in SG&A as a percentage of revenue.

Cash provided by financing activities in YTD 2022 was $10,011 compared to $30,786 in YTD 2021. In YTD 2021, the Company received net proceeds of $21,026 from issuing shares, whereas in YTD 2022, the Company received net proceeds of $5,933 from the Special Warrant Offering.

Cash used by investing activities in YTD 2022 was $10,654 compared to $18,153 in YTD 2021. YTD 2022, the Company invested $5,134 and $5,338 in high-speed manufacturing equipment and acquisition of FormTex respectively. In YTD 2021, the Company acquired Ex-Tech for $15,438 in addition to investing in high-speed manufacturing equipment totaling $2,523.

capital resources

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

Below is a summary of the Company's net working capital as at September 30, 2022, December 31, 2021 and September 30, 2021:

	Sep-22	Dec-21	Sep-21
Cash	11,342	10,655	8,720
Accounts Receivable	16,043	13,689	10,255
Inventory	17,326	16,036	17,017
Prepaids	1,272	987	314
Accounts payable	22,731	17,699	15,015
Credit facility	-	-	4,624
Current portion Long-term Debt	3,667	39,681	4,274
Net Working Capital	19,585	(16,013)	12,393
Net Working Capital Excluding Current Portion of Long-term Debt[1]	23,252	23,668	16,667
Raw Materials	12,640	11,817	14,567
Finished Goods	4,686	4,219	2,421
Inventory	17,326	16,036	17,017

[1] A non-IFRS measure. Refer to the non-IFRS financial measures section of this MD&A for an explanation of these measures.

The change in net working capital from December 31, 2021 to September 30, 2022 is due primarily to:

- the refinancing of the Company's debt with National Bank with the Senior Credit Facility with Wells Fargo, on August 26, 2022. As a result all outstanding credit facility debt with National Bank was retired;
- the closing of the Special Warrant Offering. The Company issued 16,402,500 Special Warrants at the Issue Price for gross proceeds of $6,561. The proceeds were subsequently used in the acquisition of FormTex and for general working capital requirements; and

- improvement in non-cash net working capital management, specifically an increase in accounts payable, overall management of inventory levels and collection of receivables as a result of the growth of the business, including through acquisitions, and increased vendor payments for the Industrial business group.

As at September 30, 2022, the Company had no new commitments for significant capital expenditures.

outlook

Growing consumer demand for sustainable products, increasing regulatory pressure, and continued reshoring of manufacturing are strong macroeconomic trends that management believes support the Company's objective for continued organic and acquisition growth.

The Company anticipates operating conditions will remain challenging and may continue to be volatile due to macroeconomic, geo-political and supply chain conditions. Management continues to prioritize growth by servicing its existing customers with minimal disruption, while seeking to acquire new customers that are interested in switching to sustainable products. The Company anticipates consumer demand for sustainable products and staple goods to be resilient, however spending habits could shift as macroeconomic conditions show signs of slowing, and an economic slowdown may negatively impact financial results. The Company's believes its strategic positioning in the food supply chain will allow it to continue to capture end market demand, even if consumer spending habits shift away from discretionary items in the coming quarters.

The Company is closely monitoring and collaborating with customers and suppliers on supply chain activity, and management has seen signs of supply chain availability improvement, including a build-up of inventory levels amongst the Company's Industrial thermoforming customers over the summer to minimize supply chain disruptions experienced in early 2022. This build-up of inventory may lower short-term demand levels for Industrial products and could negatively impact Industrial business group revenues.

Inflationary cost pressures throughout the Company's supply chain are anticipated to continue for the remainder of 2022, however management has had indications that some input cost will abate in late 2022 and potentially through 2023. If inflationary pressures begin to abate, the Company anticipates a decrease in average selling prices, which may negatively impact revenue growth and financial results. The Company expects that the continued changing macroeconomic backdrop may lead to some volatility in underlying fundamentals over the next few quarters.

In response to this macroeconomic volatility, the Company is keenly focused on driving growth while reducing input costs, operating costs and improving productivity to reduce working capital requirements. The Company is focused on productivity improvements in an effort to self-fund its operations, as well as a portion of its strategic growth initiatives, given the current state of the financial markets and economic conditions.

The Company currently targets through its revenue mix contribution a Variable Gross Margin range of 28% to 35%, with a gross margin range of 21% to 28%. Changes in revenue mix associated with acquisitions, insourced versus outsourced manufacturing operations, and percentage of business with various business groups and market segments may change the Company's margin profile. This may contribute to short-term variation in Variable Gross Margin and gross margin in each financial reporting period that may not be indicative of longer-term trends and the successful execution of the business model.

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

off-balance sheet arrangements

As at September 30, 2022 and the date of this MD&A, the Company did not have any off-balance sheet arrangements.

transactions between related parties

The following table sets forth the remuneration of directors and key management personnel for Q3 2022 and YTD 2022 compared to Q3 2021 and YTD 2021:

	3 months ended Sep. 2022		2021		9 months ended Sep. 2022		2021	
Salaries, management, consulting and directors fees	$	625	$	349	$	1,480	$	1,023
Share based payments(i)		165		428		705		1,039
	$	790	$	777	$	2,185	$	2,062

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

As at September 30, 2022, $344 (December 31, 2021 - $233) was due to directors and officers of the Company for accrued bonus, management, consulting, director fees and expense reimbursement.

proposed transactions

As of the date of this MD&A, the Company does not have any proposed asset or business acquisitions or dispositions.

significant estimates and accounting policies

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

Financial Instruments

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

Share Based Payments and Warrants

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

Inventory Provision

In determining the lower of cost and net realizable value of inventory and in establishing the appropriate provision for inventory obsolescence, management estimates the likelihood that inventory carrying values will be affected by changes in market pricing or demand for the products and by changes in technology or design which could make inventory on hand obsolete or recoverable at less than the recorded value. Management performs regular reviews to assess the impact of changes in technology and design, revenue trends and other changes on the carrying value of inventory. Where it is determined that such changes have occurred and will have a negative impact on the value of inventory on hand, an appropriate provision is made. As at September 30, 2022, no inventory provisions were recorded.

Income Taxes and Recoverability of Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company believes 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 three months ended September 30, 2022. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate.

The Company's significant accounting policies are disclosed in Note 3 of the Company's amended and restated annual audited consolidated financial statements for, or subsequent to, the year ended December 31, 2021.

changes in accounting policies including initial adoption

The Company notes that there were no changes to significant accounting policies for the financial year ended 2021 and since the financial year ended 2021, no significant accounting policies have been adopted or are expected to be adopted.

financial instruments

The Company's financial instruments as at September 30, 2022 include cash, trade and other receivables, accounts payable and accrued liabilities, credit facilities, and loans.

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

Credit Risk

The Company's exposure to credit risk primarily arises from the possibility that its customers may fail to meet their obligations. The Company has credit evaluation, approval and monitoring processes in place which mitigates these potential credit risks. The Company continually evaluates the collectability of accounts receivable and records an allowance for doubtful accounts if required, which reduces the receivables by the amount of any expected credit losses. The failure of a significant customer could have a material adverse effect on the Company. As at September 30, 2022, trade and other receivables total $16,043 (December 31, 2021, $13,689). There is allowance for doubtful accounts of $190 included in this balance, which management believes adequately reflects the Company's expected credit losses. The provision for allowance for doubtful accounts is recognized within operating expenses, if any.

Liquidity Risk

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

Market Risk

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

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Company's interest rate risk includes fluctuations in interest rates on the Company's existing debt.

For significant assumptions made in determining the fair value of financial instruments, see "significant estimates and accounting policies" above.

fair values hierarchy

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

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

The carrying amount shown on the balance sheet approximates the Company's assessment of fair value.

outstanding share data

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

Designation of Securities	Number of instruments outstanding as of the date of MD&A	Number of Common Shares issuable upon conversion or exercise
Common Shares	223,206,193	N/A-
Options	8,424,072	8,424,072
Other equity incentive compensation	6,990,660	6,990,660
Warrants	1,752,150	1,752,150
Special Warrants	17,365,650	26,048,475
Convertible Debentures	21,990,976	21,990,976
Total Fully Diluted Capital		288,412,526

risk factors

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

controls and procedures

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the Interim Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented in the Interim Financial Statements, and (ii) the Interim Financial Statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. In response to the covenant breach which has resulted in the refiling of the Company's FY2021 financial statements. Management continues to evaluate its internal processes regarding covenant calculations to identify areas for improvement.

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

additional information

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