

**good,  
natured**  
better everyday products



## Discussion Materials

August 9, 2021

# Agenda

2 Capital Markets Update & Industry Overview

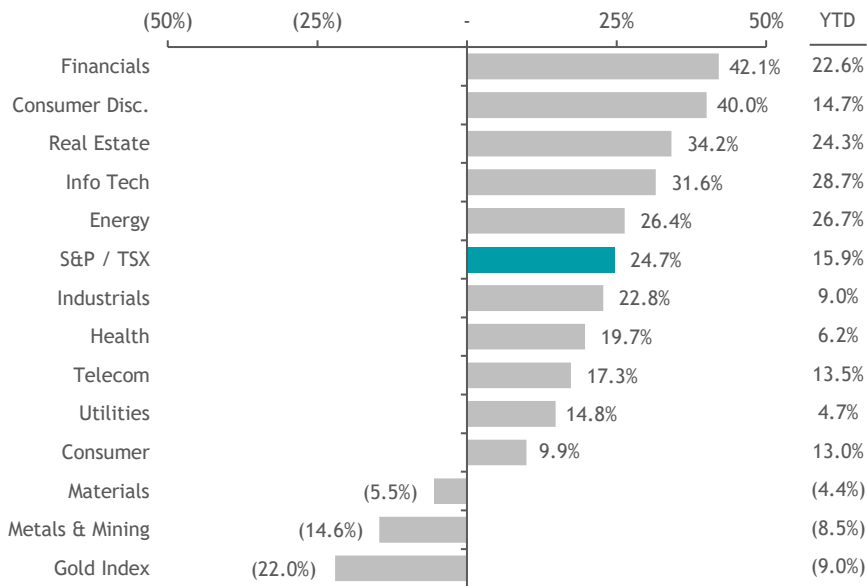
3 Good Natured Products Overview

4 Illustrative Acquisition of Gobble Inc.

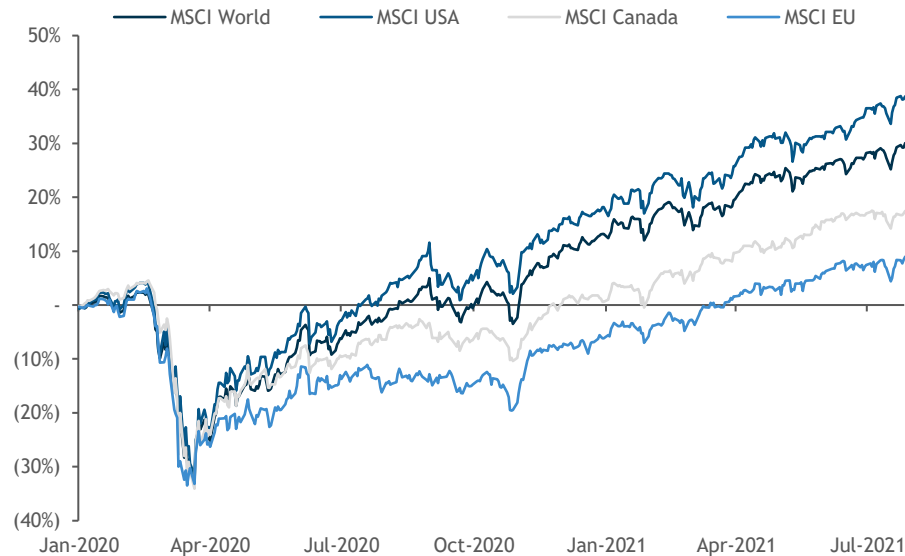
# 2 Equity Capital Markets Update & Industry Overview

## Market Backdrop

### SUB-INDEX PERFORMANCE - LTM



### CANADIAN MARKETS HAVE RETURNED TO PRE-PANDEMIC LEVELS



### INDUSTRY TRENDS

#### Highly Fragmented Market

- The fast-moving consumer goods industry consists of many small companies focusing on single products and larger ones that expand their product offerings through acquisitions.
- In the containers/packaging industry, the largest players like Amcor, Ball Corp., Pactiv Evergreen, and Sealed Air all have under \$20 billion in annual revenues and less than 3% market share.

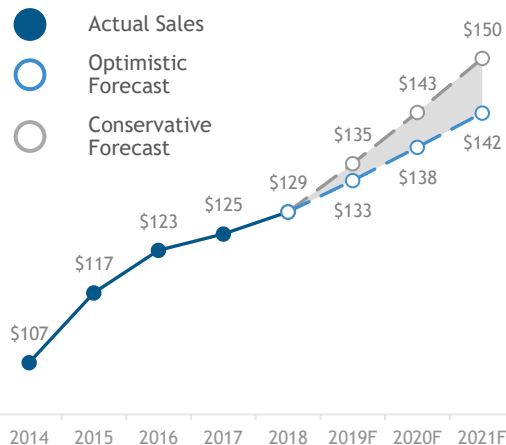
#### Growing Demand for Sustainable Products

- A shift in consumption trends by millennials is driving the accelerated adoption of sustainable products.

#### Increasing Government Regulations

- Many countries like Canada, the U.K., China, and parts of the U.S. are enacting policies to reduce the use of plastics including bans and taxes on single-use plastics.

### SUSTAINABLE SEG. OF FAST-MOVING CONSUMER GOODS



**\$1 trillion** Packaging market is currently dominated by petroleum-based products

**14.6%** CAGR growth expected in bioplastic packaging between 2019 and 2026 to reach \$37B

**17%** CAGR growth expected in biodegradable plastic packaging between 2020 and 2025 to reach \$12B

Source: Capital IQ, Company filings, and publicly available information.  
 Note: Information as at July 29, 2021. All figures in US\$ B, unless otherwise noted.

# 3 Good Natured Products

## Company Overview



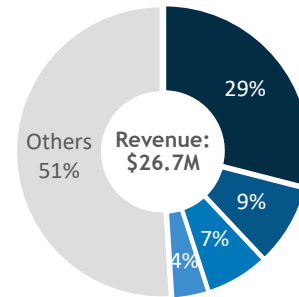
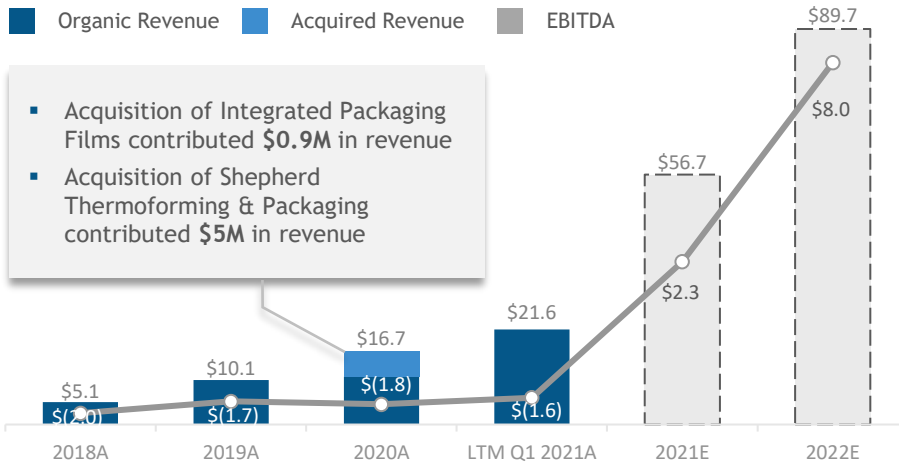
- Good Natured Products Inc. (“Good Natured Products” or the “Company”) produces and distributes a wide assortment of eco-friendly products made from plants and without the use of BPAs, phthalates or other harmful chemicals
- The Company’s product offerings include food packaging, compostable take-out containers, home & business products like bins and crates, commercial products like stretch wrap and resin, and other custom services
- Good Natured Products explores three ingredient families: fiber, bioplastics, and biodegradables
- The Company recently launched a compostable Microwavable To Go Container and a bio-PET material (bioplastic)
- The Company has 9 manufacturing/sourcing locations in North America and offers over 400 products
- Founded in 2006 and headquartered in Vancouver, Canada

## PRODUCT OVERVIEW



## FINANCIAL PERFORMANCE AND REVENUE BREAKDOWN

■ Organic Revenue ■ Acquired Revenue ■ EBITDA



**49%**  
 Of total 2020 revenue is made up of the top 4 customers

## MATERIAL TYPES

- ✓ **Fiber**  
 Compostable in commercial compost facilities and can withstand grease and heat
- ✓ **Bioplastics (bio-PET)**  
 30% plant based; can be curb recycled
- ✓ **Biodegradables (PLA)**  
 Certified compostable in industrial facilities and made from 97-100% renewable, plant-based material

Source: Capital IQ, Company filings, and publicly available information.  
 Note: Information as at August 9, 2021. All figures in C\$ M, unless otherwise noted.

# 3 Good Natured Products Inc.

## Trading & Capitalization



### CAPITALIZATION & VALUATION (MAR 31, 2021)

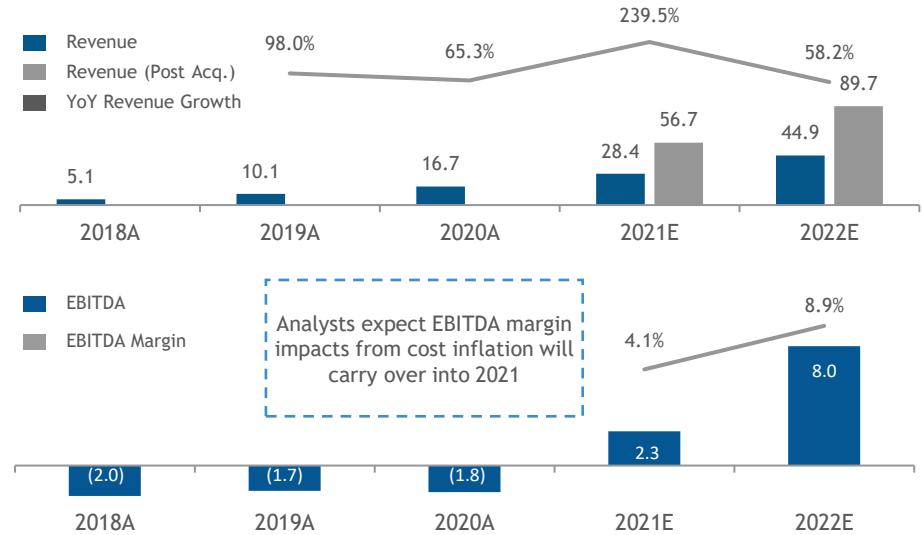
Price (09-Aug-21) - CAD	\$0.97
52-week high	\$1.98
52-week low	\$0.13
% 52-week high	49.0%
F.D. Shares Outstanding	238.2
<b>Market Capitalization - CAD</b>	<b>\$231.1</b>
Credit Line	\$2.3
Corporate Debt	\$28.0
Less: Cash	(\$25.1)
<b>Net Debt</b>	<b>\$5.1</b>
<b>Enterprise Value</b>	<b>\$236.2</b>
EV / 2021E Revenue	4.2x
EV / 2022E Revenue	2.6x

Note: The acquisition of EX-Tech on May 28, 2021 reduces cash by C\$17M

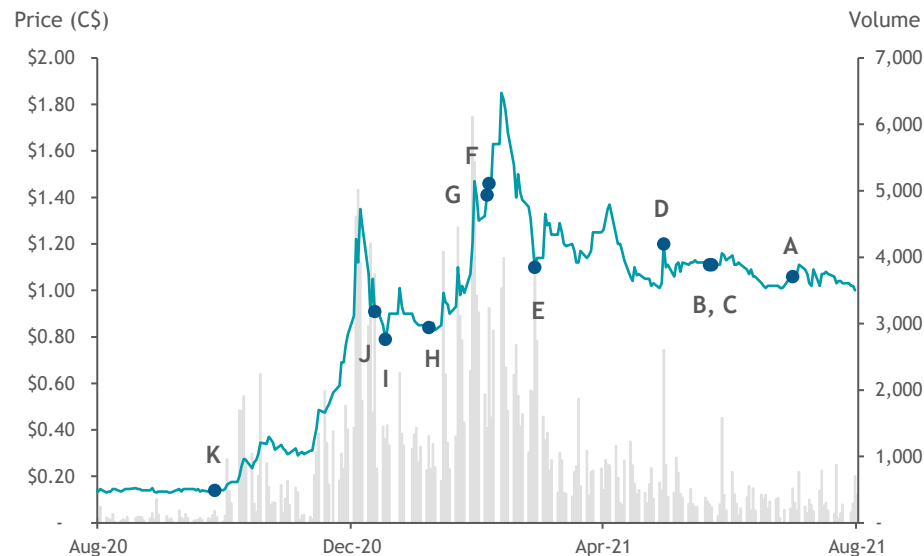
### RECENT NEWS

- A. 6-Jul-21:** Expands capacity at IPF to meet increased demand for plant-based compostable and recyclable packaging
- B. 28-May-21:** Announces the closing of its acquisition of Ex-Tech Plastics
- C. 27-May-21:** Announces Q1 results for the 3 months ended March 31, 2021
- D. 5-May-21:** Announces acquisition of Illinois-based Ex-Tech Plastics
- E. 4-Mar-21:** Announces closing of its \$23.1M bought deal offering & retirement of BDO debt
- F. 10-Feb-21:** Announces upsizing of bought deal offering
- G. 9-Feb-21:** Announces \$15M bought deal offering (at \$1.20 per share) & debt retirement plans
- H. 12-Jan-21:** Announces unaudited results for FY 2020
- I. 22-Dec-20:** Announces the closing of its acquisition of Integrated Packaging Films
- J. 17-Dec-20:** Completes successful closing of \$4M bought deal private placement (at \$0.47 per share)
- K. 1-Oct-20:** Announces redemption of convertible debentures & closing of \$3.1M private placement

### FINANCIAL PERFORMANCE



### SHARE PRICE PERFORMANCE - LTM



Source: Capital IQ, company filings, and equity research.  
 Note: Information as at August 9, 2021. All values in C\$ M, unless otherwise noted.

# 3 Situational Overview

## Good Natured Products



### COMMENTARY

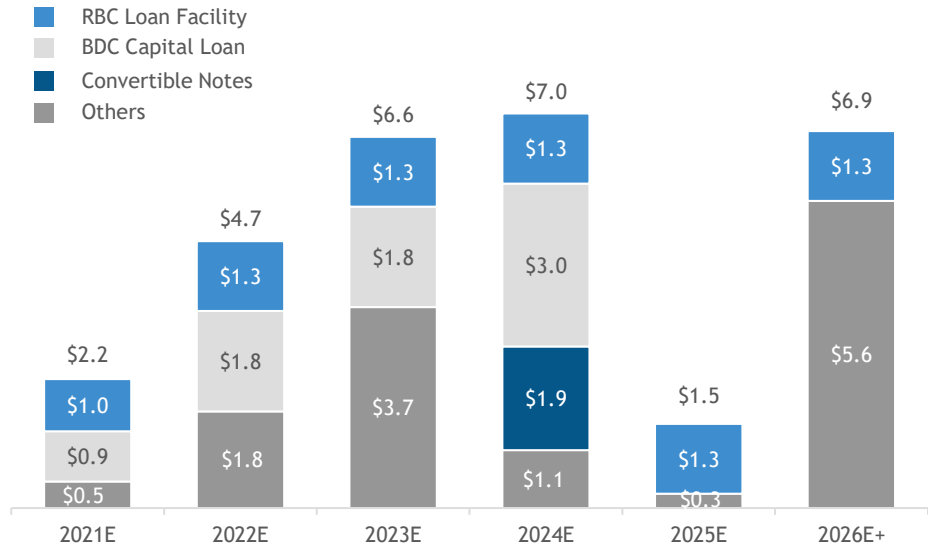
- good natured Products (“GDNP”) is currently supported by a short-term credit line, two institutional credit loan facilities, a mortgage loan and two smaller privatized loans totaling ~\$29.3M
- The Borrower also has ~\$1.9M of convertible notes outstanding with a maturity date of December 30, 2024

### CAPITALIZATION AS OF MAR 31, 2021

Description	Term	Maturity	Interest Rate	Issuance Value	Net Book Value <sup>(1)</sup>
Credit Lines <sup>(2)</sup>	1 year	Jun-21	Prime + 1.00% / Prime + 0.50%	\$4.1	\$2.3
RBC Loan Facility	6 years	Dec-26	Prime + 1.00%	\$7.6	\$7.3
Mortgage Loan	25 years	Apr-25	6.80%	\$6.0	\$5.4
Convertible Debenture	5 years	Dec-24	10.00%	\$3.9	\$1.4
BDC Capital	5 years	Jun-24	Float + 4.00%	\$10.0	\$7.2
Vendor Notes	3 / 4.5 years	Dec-23 / Nov-24	3.75% / 4.00%	\$3.3 / \$1.4	\$3.3 / \$1.3
WINN Loans	5 / 9 years	Jul-23 / Oct-26	0.00%	\$1.6 / \$0.9	\$1.2 / \$0.2
<b>Debt</b>					<b>\$29.6</b>
Lease Liabilities					\$0.6
<b>Debt &amp; Leases Liabilities</b>					<b>\$30.2</b>
Cash					(\$25.1)
<b>Net Debt</b>					<b>\$5.1</b>

Note: The acquisition of EX-Tech on May 28, 2021 reduces cash by C\$17M

### DEBT REPAYMENT AS OF MARCH 1, 2021



### CURRENT CONVERTIBLE DEBENTURE PROFILE

Debt Profile	Amount Outstanding	Coupon	Conversion Price	Maturity Date	Time to Maturity
10.0% Dec 2019 Converts	\$1.9M	10.0%	\$0.23	30-Dec-24	3.4 Years

Well staggered credit profile aligns with company growth outlooks and allows for short and long-term growth opportunities

All units in C\$ M unless otherwise specified. USD/CAD exchange rate of 1.25787 as of Mar 31, 2021 reporting date.

Source: Capital IQ, Bloomberg, company filings and public information.

1. Net of equity component and issuance cost.

2. Credit lines consist of two tranches with issuance values of US\$1.0M and C\$2.8M respectively. Total issuance and net book values shown in C\$.

# 3 good natured Products Inc.

## Comparable Companies Analysis

### Bioplastics and Biotech

### Containers/Packaging



CRODA



	good natured	CRODA	Corbion	danimer scientific	Ball	CROWN	PCA	CCL	Berry	SealedAir	Reynolds	pactiv evergreen	WINPAK	ipg
Market Cap	C\$231	£12,153	€2,720	\$1,510	\$29,004	\$13,365	\$13,453	C\$12,954	\$9,110	\$8,862	\$5,924	\$2,507	\$2,139	\$1,361
Enterprise Value	C\$253	£13,031	€3,004	\$1,255	\$36,621	\$21,493	\$15,115	C\$14,216	\$19,158	\$12,396	\$8,045	\$6,379	\$1,675	\$1,904
EV / 2022E Revenue	2.8x	6.9x	2.8x	8.2x	2.5x	1.8x	1.9x	2.5x	1.4x	2.2x	2.2x	1.2x	1.8x	1.3x
2020E - 2022E Revenue Growth	416.3%	26.8%	8.8%	226.0%	23.5%	(14.3%)	16.6%	7.3%	11.3%	14.8%	13.0%	19.6%	12.3%	20.2%
EV / 2022E EBITDA	31.6x	22.7x	16.5x	nmf	14.8x	10.9x	9.1x	11.4x	8.2x	10.3x	11.5x	8.3x	8.1x	7.3x
2022E EBITDA Margin	8.9%	30.2%	16.9%	7.1%	16.7%	16.9%	21.4%	21.5%	17.2%	21.4%	19.4%	14.2%	20.7%	17.6%
2022E P/E	nmf	35.4x	30.8x	nmf	20.9x	13.4x	15.6x	20.3x	9.9x	14.7x	14.6x	9.6x	18.7x	11.2x
Total Debt/Equity	1.1x	0.6x	0.7x	0.2x	2.2x	3.0x	0.8x	0.6x	3.7x	40.6x	1.3x	4.1x	0.0x	1.6x

Containers and Packaging Companies Trade Narrowly Compared to Bioplastics and Biotech Comparables

# 3 Overview of Common Public Financing Alternatives

## Equity Alternative

### A Common Equity

- ✓ Permanent capital to **reduce leverage**
- ✓ Adds institutional support with **new shareholders** to the mix
- ✓ Could be a bought or marketed offering
- ✓ In the case of a bought deal, price certainty and guaranteed proceeds

- Highly **dilutive**
- Issued at a discount to market



## Equity-Linked Alternatives

### B Convertible Debentures

#### Benefits

- ✓ **Flexibility to pay** principal in cash or shares
- ✓ Interest payments are tax deductible
- ✓ Lowers senior leverage
- ✓ **Less dilutive** vs. issuing common equity

#### Considerations

- Most are **treated as debt** by rating agencies
- Conversion at the option of the holder and not redeemable for 3-5 years

#### Recent Issuances



### C Sr. Unsecured Subordinated Debentures (Hybrid Debentures)

- ✓ **Covenant-lite**, providing greater financial flexibility
- ✓ **Not dilutive to shareholders**
- ✓ Interest payments are tax deductible
- ✓ Most **banks treat as equity**

- **Treated as debt** by market and rating agencies
- **Limited size** available
- All issuers have **previously issued** successful convertible debentures



Opportunity for good natured Products to raise a combination of the different financing alternatives available to them



# 4 Good Natured Products' M&A Strategy

## M&A Strategy Overview



Adding new products



Expanding the customer base



cross-selling opportunities

50%

Of total growth will come from acquisition activities

Immediate Revenues Additions	Immediately additive in revenue to achieve inorganic growth
TAM Expansion	Expand in the sustainable segment of fast-moving consumer goods industry Acquisition of complementary expertise, technology, capabilities
Defensive	Acquisition of direct competitors Assumption of customer relationships and cross-selling opportunities
Vertical Integration	Vertical integration within existing capability set Bring in-house processes currently outsourced to improve supply chain security



- Produces plastic sheets & film products
- Operates 7 extrusion lines in 75,000 ft<sup>2</sup> facility near Chicago, U.S.
- 105 existing customers in retail, food, and medical packaging

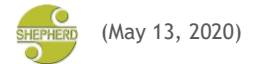
Cash consideration of **~US\$14.1M**  
Implied EV/LTM Revenue: **0.5x**  
Implied EV/FY 2020 EBITDA: **5.4x**

## Recent Acquisitions



- Produces plastic sheets for products including thermoformed packaging
- ~100 customers
- 32,000 ft<sup>2</sup> facility in Ayr, Canada

Total consideration of **~C\$16.7M**  
Implied EV/LTM Revenue: **1.0x**  
Implied EV/LTM EBITDA: **4.5x**



- Provides custom thermoforming and vacuum forming solutions
- 42,000 ft<sup>2</sup> facility in Brampton, Canada
- Holds certificates to produce food-safe material

Cash consideration of **~C\$9.5M**  
Implied EV/Average 3Yr Revenue: **1.7x**  
Implied EV/Average 3Yr EBITDA: **22.6x**

## Selection Criteria

- ✓ Large diverse customer base
- ✓ Large range of product offerings
- ✓ Cross-selling opportunities
- ✓ Strengthens supply chain efficiency
- ✓ Positive EBITDA
- ✓ New product categories
- ✓ New geographies
- ✓ Petroleum-based products that can be reformulated, and re-launched

**Biodegradable Packaging**

**Consumer Packaged Goods and Meal Kit**

**Petroleum-Based Packaging and Products**

**Bio-PET Production**

## 4 Select M&A Opportunities

Company	Description	Benefits/Considerations	Financials
 <p>HQ: London, U.K.</p>	<ul style="list-style-type: none"> <li>Notpla Limited manufactures packaging products for beverages, sauces, and takeout</li> <li>The company offers biodegradable sachets made from Notpla, and water proofing and grease proofing cardboard takeaway boxes</li> <li>The Notpla material is made by combining seaweed and plants. It is edible and biodegradable in 4-6 weeks</li> <li>Team consists of 33 members</li> <li>Raised a £4m seed round in dec. 2019, led by Lupa Systems and Astanor Ventures</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expands Good Natured Products' biodegradable material and product offerings</li> <li>✓ Can consider similar companies to diversify material offerings</li> <li>! Early start-up, may not be profitable yet</li> </ul>	<ul style="list-style-type: none"> <li>Raised £850,000 in 3 days on crowdfunding platform Crowdcube in April 2017</li> <li>Raised a £4m seed round in dec. 2019, led by Lupa Systems and Astanor Ventures</li> </ul>
 <p>HQ: Montreal, CA (TSXV: IFX)</p>	<ul style="list-style-type: none"> <li>Imaflex Inc. develops, manufactures, and sells flexible packaging materials for consumer, industrial, and agriculture markets internationally</li> <li>The Company offers plastic films; agricultural films, including mulch, solarization, fumigation, compostable, and crop protection films; converter films; and industrial bags, such as garbage, compostable, and gaylord bags, as well as bags on roll products</li> <li>The company's eXtra Strong Blend (XSB) material possesses higher crystallinity and makes the films stronger and lighter</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expansion into agriculture vertical expands TAM</li> <li>✓ Can replace current Imaflex petroleum plastic inputs with Good Natured Products' biodegradable and bio-plastics</li> <li>! The integration of bioplastics with the XSB material may present technical issues to be resolved</li> </ul>	<ul style="list-style-type: none"> <li>As of March 31 2021: LTM Revenue: C\$90.6M LTM EBITDA: C\$12.7M Market Cap: C\$73.4M EV: C\$78.1M</li> </ul>
 <p>HQ: Hillside, U.S. (OTCPK: INBP)</p>	<ul style="list-style-type: none"> <li>Integrated BioPharma Inc. manufactures, distributes, markets, and sells vitamins, nutritional supplements, and herbal products primarily in the United States, Luxembourg, and Canada through 2 segments:</li> <li>The Contract Manufacturing segment manufactures vitamins and nutritional supplements for sale to distributors, multilevel marketers, and specialized healthcare providers</li> <li>The Other Nutraceutical Businesses segment distributes health nutritional products for sale through mass market, grocery, drug, and vitamin retailers under the Peaceful Sleep and Wheatgrass brands; sells private label vitamin and supplements online; provide warehousing and fulfilment services; and distributes fine natural botanicals</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expansion into CPG vertical and increasing TAM</li> <li>✓ Can replace current petroleum-based packaging with Good Natured Products' sustainable options</li> <li>! Operational risks associated with the new vertical expansion</li> <li>! Good Natured Products may not want to invest in a new vertical with a company of such significant size</li> </ul>	<ul style="list-style-type: none"> <li>As of March 31 2021: LTM Revenue: US\$60M LTM EBITDA: US\$5.4M Market Cap: US\$28M EV: US\$36.1M</li> </ul>
 <p>HQ: Madison, U.S.</p>	<ul style="list-style-type: none"> <li>Virent Inc. uses patented catalytic chemistry to convert bio-based sugar feedstocks into products molecularly identical to those made from petroleum</li> <li>Virent's technology can produce a range of fuel products including gasoline, diesel, jet fuel, and chemicals used for plastics, fibers and films</li> <li>Virent is a wholly-owned subsidiary of Marathon Petroleum Corporation and has strategic relationships in place with Johnson Matthey, INEOS Aromatics, Toray Industries and others to accelerate the commercialization of its technology</li> <li>Virent's BioformPX® technology can produce 100% plant-based Purified Terephthalic Acid (PTA), which, when coupled with 100% Mono-Ethylene Glycol (MEG), can produce 100% bio-PET</li> </ul>	<ul style="list-style-type: none"> <li>✓ Vertical integration to secure supply chain; provides input materials for Good Natured Products' bio-PET products</li> <li>✓ Can leverage Virent's BioformPX® technology to launch 100% bio-PET products</li> <li>! Significant in size</li> <li>! May want to consider a partnership instead of an M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>Estimated Annual Revenue: US\$20M+</li> <li>Employees: 100+</li> </ul>

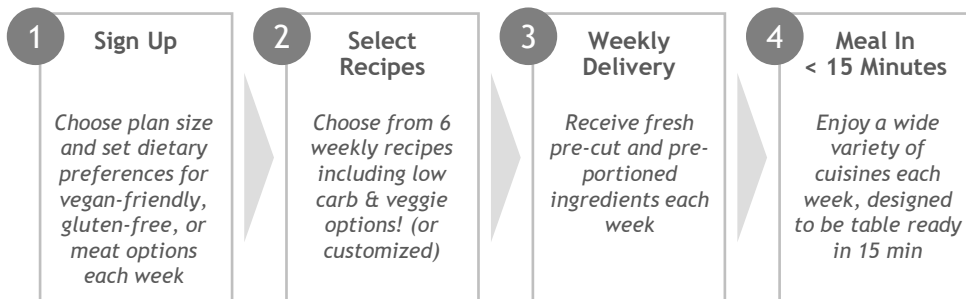
# 4 Gobble Inc.

## Company Overview



- Gobble Inc. (“Gobble” or the “Company”) produces and sells meal kits throughout the U.S.
- The Company offers weekly food delivery services and sells its products online through a subscription-based model offering different customizable weekly recipe options & add-ons with customizable dietary preferences that can be made in under 15 min
- Gobble also provides simpler dishes, balanced food, and smaller portions for children.
- The Company also offers a Lean & Clean meal plan featuring lean protein, healthy fats, and under 600 calories per serving
- Previously partnered with Walmart to sell their third-party meal kits online
- Founded in 2010 and headquartered in Palo Alto, California, U.S.

### HOW IT WORKS



### MEAL PLANS



#### Classic Dinner

Classic recipes & freshly prepped seasonal ingredients



#### Lean & Clean Dinner

600 calories or less, low carb, and feature lean proteins and no filler grains



#### Vegetarian Dinner

Plant-based recipes

### KEY STATS

**US\$23.5M**

Raised in 4 disclosed rounds from 11 investors

**US\$30.5M<sup>(1)</sup>**

At latest post-money valuation (Sep, 2017)

**US\$25-\$50M**

In estimated 2017 revenue

**~70**

Employees

### VALUATION BASED ON PRECEDENT TRANSACTIONS

Date	Buyer	Target	Premium
Jul-13-2021	HELLO FRESH	youfoodz	82%
Jun-10-2020	JUST EAT	Grubhub	30%
Mar-14-2019	PAI PARTNERS	ecotone	20%
May-24-2018	Amerykanka Residence	Pamapol	20%
Jan-15-2018	BELL FOOD GROUP	Hügli	14%
Median			20%
Gobble Equity Valuation			<b>US\$36.6M</b>

Source: Capital IQ, Company filings, and publicly available information.  
 Note: Information as at August 9, 2021. All figures in C\$ millions, unless otherwise noted.

1. Calculated by authorized preferred shares x liquidation price

## 4 Strategic Rationale and Risks

1

### Reformulating Petroleum-Based Packaging



**Internal Cross Selling Opportunities:** Replacing current Gobble petroleum-based packaging with Good Natured Products' biodegradable and bioplastic materials drives top line growth

**Generate Synergies through Cost Cutting:** Good Natured Products can provide all the necessary packing solutions for Gobble at a lowered cost

2

### Vertical Integration into B2C Business

**Grow Retail Customer Base:** Gobble provides a network of retail consumers as well as a platform that Good Natured Products can leverage to drive B2C sales



**TAM Expansion:** The combined company would cover the TAM for both Sustainable packaging and Meal Kit Delivery; Could be expanded to cover Online Direct Marketing Retail in general

**Supply Chain Security:** Gobble can bring their product packaging completely in-house for maximum supply chain security

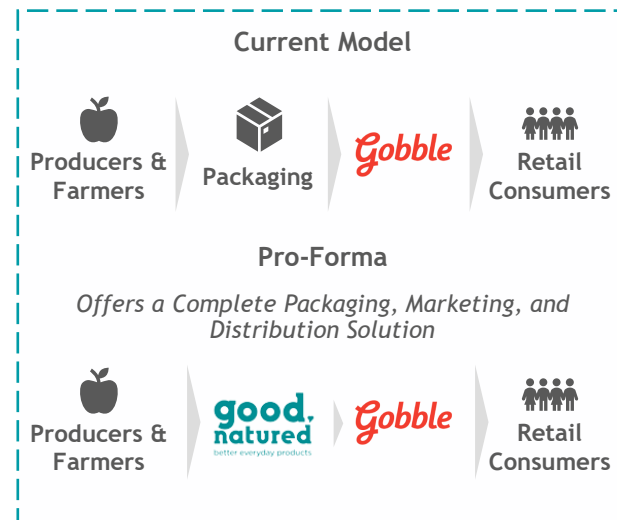
3

### Pave Way for Strategic Partnerships



**Upstream Cross Selling Opportunities:** Can cross sell Good Nature's sustainable packaging solutions to the upstream grocers/producers/farmers by leveraging Gobble's network

**Build long-term partnerships:** Given Gobble's immediate demand for produce inventories, the combined company is in the perfect place to build long-term partnerships with farmers, producers, and grocers by offering them a complete streamlined packaging, marketing, and distribution solution



Risks	Mitigations
Operational risks associated with new vertical expansion; lack of industry expertise	✓ Can keep the Gobble management team and offer a performance or equity-based compensation
Lack of packaging compatibility with Gobble products	✓ Can expand recently acquired manufacturing facilities at Ex-Tech and IPF to include compatible product lines
Lack in financial capabilities to acquiring Gobble	✓ If current size of Gobble is too large for Good Natured Products to acquire, can explore other similar companies in the Meal Kit industry like Fresh Prep