



## **WILDPACK BEVERAGE INC.**

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarter Fiscal 2021

For the three and nine months ended September 30, 2021

Presented in United States dollars unless otherwise stated

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## 1.1 The Company

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The “Company”, “Wildpack”, “we”, and “our” refer to Wildpack Beverage Inc., and its subsidiaries.

Our corporate strategy is to build a network of beverage manufacturing facilities across the United States that are matched in size and speed to the needs of middle market brands as well as limit shipping distance of finished goods to end distribution locations.

We operate two business major business lines: the Can Filling Business Line; and the Can Decorating Business Line.

Filling services involve receiving a customer's raw ingredients, mixing them in accordance with formula specifications, and packaging them in accordance with their specifications. The Company charges a tolling fee on a per case basis for this service.

Decorating services include the application of a customer designed label to a blank aluminum can. Beverage cans have a large, printable surface, which is customarily utilized by beverage brands to advertise manufacturer and product specific designs and information. The Company charges a service fee to coordinate the label printing on a per label basis and an application fee on a per can basis. In many circumstances the Company also provides the aluminum can and charges for this on a per can basis.

We have five manufacturing facilities, located in Baltimore, Maryland (the “Baltimore Facility”), Las Vegas, Nevada (the “Las Vegas Facility”), Sacramento, California (the “Sacramento Facility”), Marietta, Georgia (“the Georgia Facility”), and Longmont, Colorado (“the Longmont Facility”). The Company carries on the Can Filling Business Line through the Baltimore Facility, Las Vegas Facility, and the Longmont Facility. It carries on the Can Decorating Business Line through the Baltimore Facility, Sacramento Facility, Georgia Facility, and Las Vegas Facility.

On November 23, 2021, the Company acquired all of the issued and outstanding securities of KT Murray Corporation, dba Land and Sea Packaging (“Land and Sea”), located in Grand Rapids, Michigan, for \$37.26 million (the “Purchase Price”), through a wholly owned subsidiary Wildpack Holdings US Inc. The Purchase Price was comprised of: (i) cash consideration of \$26.1 million, which was funded through the net proceeds of the CA\$22 million bought deal consisting of 22,680,412 units (share and a half warrant) at a price of CA\$0.97 (warrant price of CA\$1.26) as well as the concurrent CA\$20 million private placement of 20,000 debenture units having a face value of CA\$1,000; and (ii) 12,718,499 common shares issuable at a deemed at a price of CA\$1.10 per common share for an aggregate value of \$11.2 million.

All monetary amounts herein are expressed in United States dollars (\$) or US\$) unless otherwise stated. CA\$ refers to Canadian dollars.

**This Management’s Discussion and Analysis (“MD&A”) of the financial condition and results of operations of the Company should be read in conjunction with our audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020, and our interim condensed financial statements (unaudited) for the three and nine months ended September 30, 2021 and September 30, 2020.**

This MD&A is current as of November 29, 2021.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), and on our website at WILDPACKBEV.COM.

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## FORWARD-LOOKING INFORMATION

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This MD&A contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A. Such forward-looking information is based on a number of assumptions that may prove to be incorrect.

Adjusted EBITDA is a non-IFRS earnings measure, therefore it does not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and may not be similar to measures presented by other companies. Adjusted EBITDA represents earnings before interest, income taxes, depreciation, amortization, share-based compensation, professional fees, listing expense, realized and unrealized foreign exchange expense, and directors and officer's compensation. Management uses this measurement to evaluate the operating results of the Company. This measure is also important to management since it is used by the Company's lenders to evaluate the ongoing cash-generating capability of the Company and therefore the amounts those lenders are willing to lend to the Company. Management believes investors may find adjusted EBITDA to be useful information because it provides an alternative measure of the Company's operating performance. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income, or other data prepared in accordance with IFRS. Adjusted EBITDA does not reflect:

- the impact of recurring costs of certain compensation;
- cash outlays for capital expenditures or contractual commitments;
- changes in, or cash requirements for, working capital;
- the finance costs, or the cash requirements necessary to service interest or principal payments on indebtedness;
- income tax expense or the cash necessary to pay income taxes

Refer to section 1.5 of this MD&A for a reconciliation of net income to adjusted EBITDA.

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## 1.2 Overall Performance

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### Can Filling Business Line

The Can Filling Business Line continues to have strong demand as we improve and add capability to our current lines in parallel with commissioning of new canning lines. The Company uses volume ramp up periods, that vary from 1-3 months depending on the size of the upgrade, to ensure testing, scheduling, quality control procedures, and good manufacturing practices are followed. On August 20, 2021, the Company acquired Vertical Distilling LLC, a partnership carrying on filling operations in Longmont, Colorado. Vertical, a can filling company with a history of cash flow positive operations, is the leading middle market filler in Colorado and the surrounding states, which is an important region in the middle market beverage industry and integral to the Company's growth strategy.

During the three months ended September 30, 2021, we have made the following specific changes that had the corresponding effects outlined below:

- Baltimore Facility
  - Installed additional batching pumps, improving the batch blending process
  - Installed a larger plate heat exchanger decreasing batch processing time
  - Hired and onboarded an experienced Plant Manager
  - Hired and onboarded an experienced Quality and Food Safety Manager
- Las Vegas Facility
  - Implemented startup training, improving the knowledge base for employees on how to effectively start up the production lines daily, improving the line speed to produce on average 5,000 gallons a day
  - Completed commissioning of a second, higher speed line allowing for increase output with minimal downtime due to change overs
  - Commissioned dissolved oxygen and carbon dioxide measurement equipment improving speed and accuracy of quality assurance during batching operations
- Colorado Facility
  - Began the commissioning of end of line bundler to increase customer offerings and improve output
  - Began the commissioning of converting filling equipment to run multiple can sizes

## Can Decorating Business Line

The Can Decorating Business Line continues to have strong demand. New production capacity was added during the quarter. The Company has the opportunity to capitalize on this excess capacity in the coming quarters as sales increases.

On July 2, 2021, the Company acquired Craftpac, LLC (“Craftpac”) a partnership carrying on decorating operations in Marietta, Georgia. Craftpac has a history of excellent quality, short delivery times, and competitive prices. Craftpac also has a strong history of profitability. The successful acquisition of Craftpac was key to progressing our stated goal of limiting shipping distance of finished goods by securing a presence in the south east region of the United States. Craftpac is a leader in labour efficient operations. The Company will take lessons learned from Craftpac and deploy across its other locations.

During the three months ended September 30, 2021, we have made the following specific changes that had the corresponding effects outlined below:

- Baltimore Facility
  - Completed the installation of a second high-speed line which adds 24,000,000 of additional annual capacity following the ramp-up period
- Las Vegas Facility
  - Completed the installation of an initial high-speed line which adds 24,000,000 of additional annual capacity following the ramp-up period
  - Continued construction on the label printing line in Las Vegas which, when completed, will result in elevated gross margin on a sleeved can basis
- All Facilities
  - Continued to improve upon training and safety protocols to allow for maintained high level output

The planned installation of new decorating line in the Georgia Facility has been paused as current operations were optimized and output increased.

Wildpack currently owns an entire new high-speed line, which mirrors those in Baltimore and Las Vegas, that it intends to deploy in the first quarter of 2022. Management is evaluating locations where this new line will be deployed. This will add 24,000,000 of additional annual capacity following the ramp-up period.

## Industry and Economic Factors

### Economic Factors

The major economic factor that affected the Company's performance during the period were the impacts of COVID-19. Demand for ready-to-drink aluminum can beverages increased substantially immediately following closures of restaurants and bars. This increase in demand had the corresponding effect of putting stress on the aluminum can supply chain. Following re-opening protocols in the jurisdictions that Wildpack operates, supply chain strain demand remains along with elevated demand.

The Company realized a positive impact from these economic factors as it succeeded in securing adequate aluminum cans to meet its requirements by entering into agreements with international can manufacturers prior to the market pivoting from domestic to international supply.

The Company has been fortunate that any COVID-19 outbreaks at its facilities have been adequately contained by following state-imposed protocols and therefore no material impact has been realized on its operations. Our business was deemed essential; consequently, our workers received early access to vaccinations. The Company has implemented a Vaccine or Negative-Test Policy, whereby employees must be vaccinated or provide routine negative COVID-19 tests.

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### 1.3 Selected Quarterly Information

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The following table summarizes selected quarterly information of the Company for the quarters ended September 30, 2021, and September 30, 2020. The Company became a Reporting Issuer on May 17, 2021.

<i>(in thousands of dollars, except loss per share)</i>	Quarter ended	
	September 30, 2021	September 30, 2020
<b>Income Statement Data</b>		
Revenue	\$7,069	\$2,983
Net loss	(1,493)	(1,036)
Earnings(loss) per share (EPS) (LPS)		
Basic	(0.02)	(0.02)
Diluted	(0.02)	(0.02)
<b>Balance Sheet Data</b>		
Total assets	44,556	16,587
Total lease liabilities and term debt	25,955	6,227

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## 1.4 Discussion of Operations

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### Can Filling Business Line

The Can Filling Business Line currently operates in Baltimore, Maryland, Las Vegas, Nevada, and Longmont, Colorado. It is a flexible manufacturing line that handles a wide variety of can formats and the vast majority of pack-out configurations (ex. 12oz cans in a 12 vs. 24 can count tray). It has capabilities to run products that are carbonated, still, pasteurized, non-pasteurized, alcoholic, non-alcoholic, organic, and include most raw materials.

The Company is currently expanding operations through geographical (additional facilities), throughput (operating time per machine) and internal growth (more production lines per facility) basis. The Company's capacity increases on a prescribed incremental basis and is typically preceded by planned down-time to install new equipment. This new equipment has differing effects from increasing throughput, decreasing down time, improving quality, all of which drive additional capacity and a reduction in labour.

The growth plan for Baltimore is currently being reevaluated resulting from customer discussions. Management has decided to reinvest resources to increase output Baltimore, to reduce labour, hours and improve efficiencies. Additional expansion plans are on track and are expected to be finalized in Q4 of 2021 with a plan to implement in mid-2022. These upgrades will bring the Company to an average 300,000 gallons a month with further reduction in labor costs. Phases One and Two, previously described in the Q121 MD&A, have been completed.

During the quarter we continued the commissioning phase of our Las Vegas facility with the addition of a second line. We experienced construction and equipment delays due to COVID-19, however the commissioning phase is now completed with a focus on increasing monthly output. Management will continue to evaluate and deploy resources to support and enhance current operations as needed with a focus on improving customer experience and margins.

Can filling is a more capital-intensive business segment, which can clearly be seen when comparing revenue vs. non-current assets in the segment information below when compared to can decorating. Management remains steadfast in their position that on a long-term basis the can filling division provides significant advantages that outweigh the additional capital cost including cross-selling to decorating, higher barrier to entry, diversification of customer base and high margins when full scale is achieved. As the Company continues to develop these assets, Management anticipates to realize these advantages.

## Can Decorating Business Line

The Can Decorating Business Line of the business currently operates in Baltimore, Maryland, Sacramento, California, and Las Vegas, Nevada. It is a flexible manufacturing line that handles many can formats. It predominantly operates in the heat-shrink sleeve category but does derive some of its business from the sale of aluminum cans.

During the quarter, the Company continued progress on the following planned expansions:

- Completion of a second decorating line in the Baltimore Facility which adds 24,000,000 of additional yearly capacity following the ramp-up period;
- Completion of a decorating line in the Las Vegas Facility which adds 24,000,000 of additional yearly capacity following the ramp-up period; and
- Optimized throughput of the existing decorating line in the Georgia Facility which increases throughput capacity per shift.

During the quarter the second decorating line in the Baltimore Facility was completed and on budget. Initial production is planned to begin on schedule with production continuing to ramp up to planned utilization. The decorating line in the Las Vegas Facility was commissioned and initial production began in September 2021 ahead of schedule and is scaling up to planned utilization in line with planned ramp phases. These new decorating lines each have an expected monthly production capacity in excess of 2,000,000 cans and will require less manual labor than previous lines. Management has refined the template decorating line, reducing the number of key equipment providers and the associated replacement parts, resulting in a lower baseline employee knowledge requirement.

The decorating division is continuing to see benefits from a focus by management to invest in training and supporting its employees. Management believes there are more efficiencies to be gained as training, standard operating procedures and other programs are implemented.

Management is on track to begin pilot testing the new printing line to internalize production of a portion of its shrink sleeve (a component of a decorated can) demand. Management plans for initial printing production to begin in December 2021, one month later than planned. This occurred due to a delay in shipping of the final piece of equipment to operationalize the line.

Management is also actively reviewing opportunities to diversify its decorating division into additional services such as low speed can printing operations. Currently, it is Management's position that this technology is not adequately advanced to justify an investment but these underlying assumptions may change in the future as the technology develops. If the Company were to enter this service offering it would likely do so through acquisition(s) as opposed to capital investments

## Segment Information

### Nine month period ended September 30, 2021

<i>(in thousands of dollars)</i>	Can filling	Can decorating	Corporate	Total
Revenue	\$4,751	\$16,887	\$-	\$21,638
Net income (loss)	(1,894)	1,771	(4,297)	(4,420)
Non-current assets	10,596	8,587	5,580	24,763

### Nine month period ended September 30, 2020

<i>(in thousands of dollars)</i>	Can filling	Can decorating	Corporate	Total
Revenue	\$644	\$2,526	\$-	\$3,170
Net income (loss)	104	(284)	(1,979)	(2,159)
Non-current assets	1,607	6,038	4,111	11,756

## 1.5 Summary of Quarterly Results

The figures in the following table are based on the unaudited interim condensed financial statements of the Company which were prepared in accordance with IAS 34 “Interim Financial Reporting” of IFRS as issued by the International Accounting Standards Board. The Company became a Reporting Issuer on May 17, 2021.

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*(in thousands of dollars, except earnings per share)*

Period ended	Q3 September 30, 2021	Q2 June 30, 2021	Q1 March 31, 2021	Q3 September 30, 2020	Q2 June 30, 2020	Q1 March 31, 2020
Revenue	\$7,069	\$8,135	\$6,433	\$2,983	\$187	\$-
Adjusted EBITDA <sup>1</sup>	436	184	156	-	(720)	(79)
Net loss	(1,493)	(2,038)	(889)	(1,036)	(856)	(267)
EPS (LPS) – Basic	(0.02)	(0.04)	(0.02)	(0.02)	(0.02)	(0.01)
EPS (LPS) – Diluted	(0.02)	(0.04)	(0.02)	(0.02)	(0.02)	(0.01)

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<sup>1</sup> See ‘Reconciliation of Net Income (Loss) to Adjusted EBITDA’ section and Forward looking information for non-GAAP performance measures.

### Reconciliation of Net Income (Loss) to Adjusted EBITDA

The following table reconciles non-IFRS measure to the most directly comparable IFRS measure disclosed in the financial statements.

<i>(in thousands of dollars)</i>	Q3	Q2	Q1	Q3	Q2	Q1
	Ended	Ended	Ended	Ended	Ended	Ended
	September 30,	June 30,	March 31,	September 30,	June 30,	March 31,
	2021	2021	2021	2020	2020	2020
Net loss	\$(1,493)	\$(2,038)	(\$889)	(1,036)	\$(856)	(\$267)
Add (deduct):						
Professional fees	961	79	370	49	97	97
Directors and officer's salaries and wages	311	130	212	-	-	-
Depreciation and amortization	392	358	249	197	74	75
Share-based compensation	269	238	113	-	-	-
Listing expense	-	748	-	-	-	-
Interest on long term debt	361	23	56	39	21	16
Interest on leased assets	166	165	141	47	-	-
Income tax (recovery) expense	(316)	21	(154)	(34)	(56)	-
Change in derivative liability	(791)	-	-	-	-	-
Foreign exchange included in other expenses	(469)	369	(29)	-	-	-
Normalizing expenses	1,045	91	87	-	-	-
Subtotal	1,929	2,222	1,045	298	136	188
<b>Adjusted EBITDA</b>	<b>\$436</b>	<b>\$184</b>	<b>\$156</b>	<b>(\$736)</b>	<b>\$(720)</b>	<b>\$(79)</b>

During the quarter, the Las Vegas facility printing and decorating lines were in the initial start-up phase. Normalizing expenses related to the start-up of the Las Vegas Facility include maintenance staff overtime, travel, and equipment rental. Maintenance team overtime is included in salaries, wages, and benefits expenses. Travel and equipment rental expenses are included in office and administrative expenses. Other start-up expenses considered, are training expenses, salaries, wages, and benefits expenses related to production, management, and maintenance staff, production tools and supplies expenses, and rent expenses, during the ramp up period.

Other normalizing expenses include travel related to the integration of new facility locations (Marietta and Longmont), non-recurring transaction related expenses, investor relations efforts relating to specific financing activities, and expensed software development.

Q2 and Q1 2021 normalizing items related to the start-up of the Las Vegas facility filling line.

## Revenue

Revenues were \$7.069 million and \$8.135 million for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021, respectively. This represents a 13% decrease due to the focus on higher margin work and the implementation of substantially more rigorous quality assurance protocols, which result in higher yields and correspondingly more billable product long term. The Company performed sleeve-only application work, excluding the sale of the can and sleeve (to illustrate, Wildpack's decorating division's total volume increased by 36% in the comparable periods). This negatively impacted revenue, but benefited gross margin. Management made this strategic decision based on the pedigree of the underlying customers and their potential long-term benefit to Wildpack as a customer.

Revenue increased in the third quarter of fiscal 2021 over fiscal 2020's third quarter, primarily driven by the expansion of production volume driven by the addition of 3 new locations (from 2 to 5 locations).

### Production Volume

*(in thousands of cans)*

	<u>Quarter ended</u>			<u>Year-to-date ended</u>	
	September 30, 2021 <sup>4</sup>	June 30, 2021	March 31, 2021	September 30, 2021	September 30, 2020 <sup>1</sup>
Filled <sup>2</sup>	4,139	5,141	3,435	12,715	1,610
Decorated <sup>3</sup>	20,724	13,077	12,521	46,322	8,420
Total Volume	24,863	18,218	15,956	59,037	10,030

<sup>1</sup>On June 25, 2020 Wildpack acquired Craftpack LLC and Lucky Clover Packaging LLC. Production data is only presented for the post acquisition period, during which the Company owned the assets.

<sup>2</sup>Filled volume was converted from U.S. Gallons (128oz) into 12oz standard equivalent cans. 1 U.S. Gallon represents 10.67 12oz standard equivalent cans. During the quarter ended September 30, 2021, Management made the decision to convert presentation to one standard output (filled cans, sleeved cans, brokered cans).

<sup>3</sup>Decorated cans include brokered units. In 2022, the Company will consider presenting Brokered cans as a separate division, as operations become significant.

<sup>4</sup>Craftpac, LLC's production volume is included in decorated cans from date of acquisition, July 2, 2021 to September 30, 2021. Vertical distilling, LLC's production volume is included in filled cans from date of acquisition, August 20, 2021 to September 30, 2021. During the quarter ended September 30, 2021, Management made the decision to present consolidated production figures within the above table.

Filling volume decreased in the third quarter of fiscal 2021 by 19% compared to Q2 2021, primarily driven by a decrease from the Baltimore facility as a result of scheduled downtime for preventative maintenance, equipment installations and quality assurance program implementations. The Las Vegas facility experienced a new monthly location record of 1,217,120 cans in September. Longmont contributed marginally due to the limited time the asset was under ownership of the Company.

Decorating volume increased in the third quarter of fiscal 2021 by 58% over Q2 2021, primarily driven by an increase in brokered can sales made possible by the Company's elevated inventory balance. Additionally, the newly acquired Marietta and commissioned Las Vegas facilities contributed to the overall volume increase. This was balanced by minor label procurement supply chain issues experienced by Sacramento. Management expects this to be less impactful once its internal label printing division commences production.

Total volume in the nine months ended September 30, 2021, increased 489% over the same period in 2020. Management places significantly more weight on assessing growth comparing annual periods versus quarterly periods due to the saw-tooth nature of expanding manufacturing assets at this rate. Quarterly periods may unfairly characterize initiatives undertaken to provide long term capacity in exchange for near term constraint. Management assesses each of these initiatives on its merits through the lens of maximizing long term capacity in line with its thesis regarding market demand on a long-term horizon for its core business segments.

### Selling expenses

Selling expenses were \$331,428 and \$420,228 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. Selling expenses include wages, salaries, benefits, and commissions paid to the Company's sales team. Selling expenses decreased in the third quarter of fiscal 2021 by 21% from Q2 2021, due to a change in commission policy and reduced sales over the comparable period.

Selling expenses increased in the third quarter of fiscal 2021 over fiscal 2020's third quarter, primarily driven by the acquisitions of Craftpac, LLC and Vertical Distilling, LLC in Q3 2021 and related increase in sales over the period.

### Professional fees

Professional fees were \$960,598 and \$79,008 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. Professional fees include legal, accounting, human resource hiring fees, and other services required for regulatory compliance. There were additional professional fees incurred in Q3, 2021 that related to hiring new senior staff members and legal costs related to acquisitions.

### Salaries, wages and benefits

Salaries, wages and benefits were \$971,113 and \$365,308 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. Salaries, wages and benefits increased in the third quarter of fiscal 2021 by 166% from Q2 2021, caused by hiring of senior level management personnel in Q2 and Q3 2021.

Salaries, wages and benefits increased in the third quarter of fiscal 2021 over fiscal 2020's third quarter, primarily driven by additional directors and officers, along with salary increases for key management and officers.

### Shared-based compensation

Share-based compensation was \$268,972 and \$238,075 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. Share-based compensation includes non-cash consideration provided to management, directors and employees in the form of stock options and restricted share units. Share-based compensation increased in the third quarter of fiscal 2021 by 13% from Q2 2021, due to the timing of options granted and vesting.

Share-based compensation increased in the third quarter of fiscal 2021 over fiscal 2020's third quarter, due to compensation alignments resulting from the transition of the Company from privately held to publicly traded, in addition to hiring senior management positions.

### Listing expense

Listing expense was \$Nil and \$748,253 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. Listing expense originates from the completion of the transaction with Ponderous Panda Capital Corp. Please reference note 6 in the interim condensed consolidated financial statements for the nine-month periods ended September 30, 2021 and 2020.

### Unrealized gain on revaluation of debenture liability

Unrealized gain or loss on revaluation of the debenture derivative liability depends on inputs and model outputs specified in note 13 in the interim condensed consolidated financial statements for the nine-month periods ended September 30, 2021 and 2020.

### Adjusted EBITDA

Adjusted EBITDA (which is a non-IFRS earnings measure) was approximately \$436,000 and \$184,000 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. Adjusted EBITDA decreased in the third quarter of fiscal 2021 from Q2 2021, due to initial throughput within the Las Vegas facility, offsetting overhead expenses.

### Net loss

The Company had a net loss of \$1.493 million and \$2.038 for the third quarter ended September 30, 2021 and second quarter ended June 30, 2021 respectively. The net loss decreased in the third quarter of fiscal 2021 from Q2 2021, due to improved profitability.

Net loss increased in the third quarter of fiscal 2021 over fiscal 2020's third quarter. The Company's operations were considerably expanded in the third quarter of fiscal 2021 over fiscal 2020's third quarter. The Company expanded from two locations to five.

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## 1.6 Liquidity

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As at September 30, 2021, the Company had working capital of \$6,624,584 and an accumulated deficit of \$10,416,963. During the nine months ended September 30, 2021, the Company incurred a net loss of \$4,419,508 and used cash in operating activities of \$10,397,916. The Company's operations have historically been funded from equity and debt financings as well as financial support from related parties. The Company's strategy is to grow through acquisition or development. Such acquisitions or development may be funded by cash, share issuances, or debt. Integrating these new operations will require additional capital as will the Company's plans for growing these operations. Management projects that the Company has adequate liquidity to continue in operation for at least twelve months from September 30, 2021. Further acquisitions will require additional financing and there can be no assurance that such financing will be available to the Company on acceptable terms.

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## 1.7 Capital Resources

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During the nine months ended September 30, 2021, the Company raised \$8.32 million in equity, and CA\$20 million (gross) in debentures.

The capital resources currently available to and being considered by the Company are as follows:

### Debt

The Company is considering additional debt financings, in 2021. The Company's assets have increased with its geographic footprint, lowering the effective leverage, which permits other competitive debt alternatives to be considered by management.

### Equity

During the three-month period ended September 30, 2021, there were no equity raises. The Company engaged in the following equity transactions during the nine-month period ended September 30, 2021. On March 30, 2021, the Group entered into a transaction with Ponderous Panda Capital Corp. ("Panda") through which Panda amalgamated with the Company and the resulting issuer (the "Resulting Issuer") a publicly listed entity, concurrently raising additional capital (the "Transaction").

On May 17, 2021, the Company completed the Transaction. The Transaction was considered a reverse acquisition, as Wildpack's shareholders have the majority of the shareholding interest in Ponderous Panda Capital Corp. after the Transaction, the continuing business is that of Wildpack and key management primarily consist of Wildpack's key management.

In connection with the Transaction, the Group conducted a private placement of subscription receipts and units, at a price of \$0.71 (CA\$0.90) per subscription receipt. For a certain round of investors (the "president's list"), the subscription receipts were converted immediately into shares and warrants, and the Group received gross proceeds of \$1,351,887 (CA\$1,699,997) and incurred related transaction costs of \$244,789 (CA\$307,823), for net proceeds of \$1,107,097 (CA\$1,392,175). For the remaining investors (the "other than president's list"), the funds related to the offering were released at the closing of the Transaction. The remainder of the offer has the gross proceeds of \$5,694,413 (CA\$6,879,421), related transaction costs of \$1,138,290 (CA\$1,975,728), and net proceeds of \$4,556,123 (CA\$4,903,693).

## Debenture

On June 30, 2021, the Company closed a public offering of 20,000 debenture units, which includes the full exercise of the overallotment option, for consideration of \$15,018,634. Each Debenture Unit consists of (i) one 8% senior unsecured convertible debenture having a face value of CA\$1,000, which is convertible into common shares of the Company at a conversion price of CA\$1.51 per common share and matures on June 30, 2025"); and (ii) 332 common share purchase warrants of the Company. Each Warrant entitles the holder thereof to purchase one common share at CA\$1.81 per share for a period of two years, expiring June 30, 2023.

At any time and from time to time following the expiry of 36 months after June 30, 2021, the Company may, at its option, redeem pro rata all or part of the Convertible Debentures, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price which is equal to 110% of the principal amount thereof, plus any accrued and unpaid interest that would otherwise be payable to the holder from the time of the Optional Redemption until the Maturity Date.

The Company may force the conversion of all but not less than all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price if the volume weighted average trading price of the Common Shares on the TSX Venture Exchange is greater than a 45% premium to the conversion price of CA\$1.51 for the preceding twenty consecutive trading days. Holders having their Convertible Debentures converted will receive accrued and unpaid interest thereon in cash.

The Company determined that the convertible debenture is a compound instrument consisting of 1) the host debt component, which has been presented within debt (note 12); 2) the derivative liability, which has been presented within debt (note 12), and 3) the warrants which have been presented within contributed surplus. The Company exercised judgement in determining the fair value of the derivative liability. The valuation is considered to be level 3 in the fair value hierarchy.

To split the Convertible Bond up into its components, a new hypothetical security is defined, called the "cash-only part of the convertible bond" (COCB). This results in a system of two coupled Black-Scholes equations for the value of the convertible bond, which will consider the relation between the debt and option components.

The warrant valuation model is based on the model for Bermudan style options, which is a tree-type approach based on the Cox-Rubinstein Binomial Model. Please reference [note 1] of the accompanying interim condensed consolidated financial statements for additional information.

## Commitments

Commitments to maintain the Company's planned growth, as at the date of this MD&A are primarily to equipment and utilities support for the Las Vegas printing and decorating lines. The Baltimore Facility is scheduled to receive a new filling unit (key component of the filling line), to improve efficiency and overall product quality. A second filling unit is ordered and will be produced and deployed in early 2022 to continue the Company's growth strategy.

*(in thousands of dollars)*

Nature and Purpose	Amount	Source
Las Vegas, NV – Printing and decorating line install	\$250	Internal cash
Baltimore, MD – 2 New filling units to replace existing	\$750	Internal cash
Sacramento, CA	N/A	N/A
<b>Total Commitment</b>	<b>\$1,000</b>	

The Company has purchase agreements for aluminum cans. A summary of the Company's contractual obligations for future periods is as follows:

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$7,194,078	\$7,194,078	\$7,194,078	\$ -	\$ -	\$ -
Long term debt	14,881,243	15,059,214	754,117	551,904	13,753,193	-
Line of credit	1,056,685	1,056,685	1,056,685	-	-	-
Lease obligation	11,073,971	12,925,352	2,703,431	5,333,974	4,039,356	848,591
<b>Total</b>	<b>\$34,205,977</b>	<b>\$36,235,329</b>	<b>\$11,708,311</b>	<b>\$5,885,878</b>	<b>\$17,792,549</b>	<b>\$848,591</b>

## Use of Proceeds

The Company anticipated the following use of the net proceeds from the June 30, 2021 Offering (assuming no exercise of the Over- Allotment Option) as set forth in the following table as at the date of the short form prospectus, June 25, 2021. The Company has provided additional discussion on the actual use of proceeds in the table below:

<b>Principal Purpose</b>	<b>Approximate use of net proceeds</b>	<b>Actual Use of Proceeds</b>
Strategic acquisition of Craftpac, LLC and Vertical Distilling, LLC	\$9,150,000	Total purchase price for both acquisitions was \$6.55 million, before fees and other expenses incurred. Please reference note 8 and 9 of the accompanying financial statements. The Company strategically deployed \$2.6 million into inventory and general working capital.
Capital expenditures for capacity expansion	\$3,830,000	Capital equipment purchased within the period was \$2.43 million. The Company has also made deposits with key equipment manufacturers in the amount of \$0.5 million. The remaining balance will be spent in Q4 2021 and Q1 2022. No variance from planned use of proceeds.

As of the date of this MD&A, the Use of Proceeds described in the short form prospectus filed on November 18, 2021, is appropriate, with no variances or changes to the estimated use of proceeds. Please reference the Short Form Prospectus filed on SEDAR, dated November 18, 2021.

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## 1.8 Off-Balance Sheet Arrangements

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The Company has no off-balance sheet arrangements requiring disclosure under this section.

## 1.9 Transactions Between Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Board and the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Chief Growth Officer. The Company's related party transactions are discussed in note 15 to the Company's interim condensed consolidated financial statements for the nine months period ended September 30, 2021 and 2020.

Related party and nature of relationship	Transactions
Key management personnel	Compensation to key management personnel is in the form of cash compensation and share purchase options.  During the three months ended September 30, 2021, the Company paid \$311,008 in salaries and wages, and issued \$nil in share-based payments to key management personnel.
Stephen Fader, Director  Stephen Fader is a shareholder and director of the Company and is the lender.	Wildpack entered into a \$235,627 promissory note agreement with Stephen Fader, a board member, on November 3, 2020. The interest rate is 8% per annum and compounded monthly. It was due on demand and was classified as a current liability. The promissory note was to fund working capital requirements and was measured at fair value.  On May 17, 2021 the amount outstanding totaling \$235,627 was converted into common shares as part of the brokered private placement.

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## 1.10 Closed Transactions

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On July 2, 2021, the Company, through its wholly owned subsidiary Wildpack Holdings US Inc., acquired 100% of the outstanding securities of Craftpac, LLC. Craftpac, LLC was a privately-owned partnership specializing in can decorating in Georgia, USA. The consideration was \$1,890,551 consisting \$1,790,551 paid in cash and \$100,000 in consideration payable. The transaction constitutes a business combination and therefore it was accounted for using the acquisition method prescribed by IFRS 3.

On August 20, 2021, the Company, through its wholly owned subsidiary Wildpack Holdings US Inc., acquired 100% of the outstanding securities of Vertical Distilling, LLC. Vertical Distilling, LLC was a privately-owned partnership specializing in can filling in Colorado, USA. The consideration paid is approximately \$4.5 million, consisting of \$3.44 million paid in cash and \$0.70 million holdback recorded as consideration payable. The funds will be held in escrow for 6 months and released upon completion of the final calculation of the working capital adjustment. The Company is in the process of reviewing the assets acquired and liabilities assumed and the expected purchase price accounting for the acquisition.

On November 23, 2021, the Company acquired all of the issued and outstanding securities of KT Murray Corporation, known as Land and Sea Packaging ("Land and Sea") for \$37.26 million (the "Purchase Price"), through its wholly owned subsidiary Wildpack Holdings US Inc. The Purchase Price consists of: (i) cash consideration of \$26.1 million, which funded through the net proceeds of each of the concurrent bought deal and debenture private placement outlined below; and (ii) 12,718,499 common shares issuable at a deemed at a price of CA\$1.10 per common share for an aggregate value of \$11.2 million.

On November 23, 2021, the Company closed a bought deal for an aggregate of 22,680,412 units (the "Units") of the Company at a price of CA\$0.97 per Unit for aggregate gross proceeds to the Company of CA\$22 million. Each Unit consists of one Common Share and one-half common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant is exercisable to acquire one Common Share of the Company (a "Warrant Share") for a period of 36 months from the closing of the Unit Offering at an exercise price of CA\$1.26 per Warrant, subject to adjustment in certain events.

Concurrently to the bought deal, the Company closed a public offering of 20,000 debenture units. Each debenture unit consists of (i) one 8% senior unsecured convertible debenture having a face value of CA\$1,000, which is convertible into common shares of the Company at a conversion price of CA\$1.51 per common share and matures four years from the closing date; and (ii) 332 common share purchase warrants of the Company. Each Warrant entitles the holder thereof to purchase one common share at CA\$1.81 per share for a period of two years following the close.

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## 1.11 Changes in Accounting Policies including Initial Adoption

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The Company did not change its accounting policies during the three-month period ended September 30, 2021.

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## 1.12 Financial Instruments

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The main risks arising from the Company's financial instruments are fair value risk, credit risk, liquidity risk and market risk (specifically interest rate risk and currency risk). These risks are from exposures that occur in the normal course of business and are managed by the Company's officers. The Company's officers manage these risks in line with the Company's strategy.

The Company's significant financial instruments comprise cash and cash equivalents, cash held in trust, accounts receivable, sales taxes recoverable, notes receivable, line of credit, accounts payable and accrued liabilities, consideration payable and debt (note 12 & 13) of the interim condensed consolidated financial statements). The main purpose of these financial instruments is to finance the Company's growth and ongoing operations. The following financial instruments arise from the Company's operations:

Cash and cash equivalents	\$2,869,388
Cash held in trust	300,229
Accounts receivable	3,905,002
Sales taxes recoverable	163,914
Notes receivables	51,329
Accounts payable and accrued liabilities	7,194,078
Consideration payable	800,000
Line of credit	1,056,685
Debt	14,881,243

The Company enters into agreements for the purchase of aluminum cans. The price of aluminum cans fluctuates monthly based on the agreed upon metals exchange spot price. Each purchase order is set based on the trailing aluminum spot price. The Company is exposed to aluminum price and shipping cost fluctuations on these commodities.

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## 2.1 Disclosure of Outstanding Share Data

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

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Common Shares	100,981,921
Stock Options	6,262,052
Compensation Units	2,028,113
Compensation Warrants	794,702
Restricted Share Units	163,128
Share Purchase Warrants	29,386,550
Debentures – June 2025 Maturity	20,000
Debentures – November 2025 Maturity	20,000

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## 3.1 Risks

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### Changes in Customer and Consumer Preferences

The Company produces products for customers who in turn sell these products to consumers. Should there be a reduction in consumer demand or customer requirements change in such a way that the Company is unable to meet the new requirements, this may have an adverse effect on the Company's business, financial condition and results of operations.

### Fluctuations in Price of Packaging Materials

The prices of raw and packaging materials fluctuate due to factors beyond the Company's control. While the Company aims to purchase sufficient raw and packaging materials to meet estimated sales volumes, these estimates may prove inaccurate. If the costs of raw materials and packaging materials increase, it may not be possible to pass the increase on to customers through price adjustments, or in a timely manner. This could have a material adverse effect on the Company's business, financial condition and results of operations.

### Supply Chain

Any interruption or delay in the Company's supply chain, or the inability to obtain such products from alternate sources at acceptable prices and within a reasonable amount of time, would harm the Company's ability to provide such products to our customers on a commercially reasonable basis. This could harm the Company's relationship with its customers, prevent it from acquiring new customers, and materially and adversely affect its business. Further, the Company's suppliers, service providers and distributors may elect, at any time, to breach or otherwise cease to participate in supply, service or distribution agreements, or other relationships, on which its operations rely.

Loss of suppliers, service providers or distributors would have a material adverse effect on the Company's business and operational results. Such disruption of operations could adversely affect inventory supplies and the Company's ability to meet product delivery deadlines.

### Loss of Key Personnel or Unionization

The performance of senior management and other key employees is critical to the Company's success. There can be no assurance that the Company will be successful in attracting or retaining highly qualified senior management and other key employees needed in the future, which could have an adverse effect on the business. In addition, in the future, unionization could become a factor that would increase the Company's operating costs and decrease its profit margins.

### Cost of Utilities

The Company's manufacturing and distribution processes include a high usage of utilities including gas, electricity and transport costs. Utility costs may fluctuate significantly representing a financial risk to the Company's operations.

### Cybersecurity

The Company's operating results may be adversely affected by a breakdown of its information technology systems or a failure to develop those systems. The Company depends on key information systems to conduct its business, to provide information to management and to prepare financial reports.

## COVID-19 Outbreak

The COVID-19 pandemic has disrupted the economy and put unprecedented strains on governments, businesses and individuals around the world. The pandemic has caused, and is likely to result in further, significant disruption of global financial markets and economic uncertainty. The pandemic has resulted in authorities implementing measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place or total lock-down orders, and business limitations and shutdowns. Such measures have significantly contributed to rising unemployment and negatively impacted consumer and business spending. The extent to which COVID-19 impacts the Company's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to curtail or treat its impact, including shelter in place directives, business limitations and shutdowns, travel bans and restrictions, loan payment deferrals (whether government-mandated or voluntary), moratoriums on debt collection activities and other actions, which, if imposed or extended, may impact the economies in which the Company now, or may in the future, operate.

Adverse market conditions resulting from the spread of COVID-19 could materially adversely affect the Company's business and the value of its securities.

## Factors which may Prevent Realization of Growth Targets

The Company is still developing and growing the business. There is a risk that the Company will not be able to achieve these additional objectives on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors.

As a result, there is a risk that the Company may not have sufficient capacity to meet the anticipated demand or to meet future demand when it arises.

## Litigation

The Company or its key people may from time to time become party to claims and litigation proceedings, which may include those generally related to contract disputes. Such matters are subject to many uncertainties and the Company cannot predict with any assurances the outcome and ultimate financial impact from any such claims or proceedings. There can be no guarantee that actions that may be brought against the Company in the future will be resolved in its favor or that the insurance the Company carries will be available or paid to cover any litigation exposure.

Any losses from settlements or adverse judgments arising out of these claims could be materially adverse to the Company.

## Fluctuation of Quarterly Operating Results

Revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. Delays, reduction in scope or cancellation of orders could materially adversely affect our business, financial condition and results of operations.

## Changes in Regulation

A significant amount of the Company's revenue is earned in the heat-shrink sleeved segment of its business. The application of heat-shrink sleeves may become the target of regulatory changes which may negatively impact the total addressable market of this segment.

## Health, Safety and Environment

The Company's reputation could be jeopardized by a failure to maintain high quality standards for products and services or high ethical, social and environmental standards for our activities, including human rights related challenges in our supply chains. A failure to meet these standards or contamination could occur in the Company's operations and its suppliers. This could result in expensive production interruptions, recalls and liability claims.

The Company may be liable to its customers if the consumption of any of its products or services causes injury, illness or death. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could have a material adverse effect on the Company's results of operations or cash flows.

The Company's manufacturing sites are subject to a number of environmental laws and other regulations relating to environmental control, fire safety, sanitation, and water consumption and treatment.

## Change in Societal Expectations

There is a continued high level of media and government scrutiny on health and environmental concerns of consumers. Expectations from consumers and governmental and non-governmental bodies on the industry taking responsibility in tackling environmental issues (such as recycled products) may grow, leading to, among other things, changes in regulations impacting the Company's product portfolio and manufacturing processes.

## Fluctuations in Foreign Currency Exchange Rates

The Company is exposed to foreign currency exchange rate risk with respect to its sales, expenses, profits, assets and liabilities. The Group is comprised of multiple entities, who do not all have the same functional currency. While many of these risks offset each other within the Company's operations, the Company still has net exposure to foreign currency fluctuations. The Company generally does not use instruments to hedge certain foreign currency risks and therefore the Company is not protected against foreign currency fluctuations. As a result, its reported earnings may be affected by changes in foreign currency exchange rates. Moreover, any favourable impacts on profit margins or financial results from fluctuations in foreign currency exchange rates are likely to be unsustainable over time.

## Management of Growth

As the Company grows, it will also be required to hire, train, supervise and manage new employees. The Company may experience a period of significant growth in the number of personnel that will place a strain upon management systems and resources. The Company's future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's planned personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage future growth could have a material adverse effect on the business, financial condition or results of operations of the Company.

### Reliance on a Single Consumer Market

The Company will distribute products and provide services primarily within the United States. Unless the Company expands the reach of distribution, it expects to be reliant on the United States consumer market alone to generate all of its sales and resulting profit.

As a result, the Company's operating results and financial performance may be affected by adverse changes in economic conditions (such as economic downturns or trade disputes concerning the imposition of trade quotas, higher tariffs or other trade barriers), political conditions (such as government elections, terrorist attacks or wars) and social conditions (such as trade union disputes) in the United States.

### Supply Chain Risk

The Company relies on certain can manufacturers that operate facilities outside of North America. Due to COVID-19 disrupting shipping channels and increased demand for aluminum cans, the Company is at risk that it will not receive aluminum cans in a timely manner from its suppliers. The Company relies on aluminum cans as the most important aspect of its supply chain and material delays in their delivery would materially impact the Company's ability to operate any of its business lines. The Company's diversified supply chain and inventory build-up strategy may prove to be inadequate and material delays may occur resulting in material disruptions to the Company's operations.

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## Investor & Contact Information

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### Stock Exchange and Listed Securities

Toronto Stock Exchange Venture  
Common Shares (CANS)  
Debentures - June 26, 2025 (CANS.DB)  
Warrants (CANS.WT)

### Share Registrar and Transfer Agent

Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, ON  
M5J 2Y1, Canada

### External Auditor

PricewaterhouseCoopers LLP  
250 Howe Street, Suite 1400, Vancouver, BC  
V6C 3S7, Canada

### Corporate Counsel

Fasken Martineau DuMoulin LLP  
2900-550 Burrard Street, Vancouver, BC  
V6C 0A3, Canada

### Investor and Analyst Inquiries

Elijah Clare, Director of Investor Relations  
Wildpack Beverage Inc.  
T: 306-203-9791  
invest@wildpackbev.com

### Location

*US Corporate Office*  
1301 Edison Hwy, Suite A2, Baltimore, MD, 21213  
*Canada Corporate Office*  
620 – 311 Water Street, Vancouver, BC, V6B 1B8  
*Manufacturing Facilities*  
1301 Edison Highway, Suite A2, Baltimore, MD 21213  
834 Striker Ave Suite D-E Sacramento, CA 95834  
4751 Vandenberg Dr, North Las Vegas, NV, 89081  
3917 E Lone Mountain Dr, North Las Vegas, NV, 89081  
1998 Delk Industrial Blvd, Marietta, GA, 30067  
1925 Pike Rd., Suite 103, Longmont, CO, 80501

### Board of Directors

Jeffrey Mason, Chair  
Joseph Bubel  
Matthew Dwyer  
Mitchell Barnard  
Paul Mann  
Sara Coyle  
Stephen Fader

### Officers

Mitchell Barnard, Chief Executive Officer  
Ryan Mason, Chief Financial Officer  
Charles Zadlo, Chief Operating Officer  
Thomas Walker, Chief Growth Officer