



WILDPACK BEVERAGE INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2021 and September 30, 2020

Expressed in US Dollars

WILDPACK BEVERAGE INC.
Interim Condensed Consolidated Statements of Financial Position (Unaudited)
As at September 30, 2021 and December 31, 2020
(Expressed in US Dollars)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$2,869,388	\$214,392
Cash held in trust	300,229	300,193
Accounts receivable	3,905,002	2,034,165
Sales taxes recoverable	163,914	76,056
Inventories	9,687,926	1,237,169
Prepaid expenses	2,815,812	717,823
Notes receivables	51,329	31,001
	19,793,600	4,610,799
Property, plant & equipment (note 9)	5,025,793	2,035,989
Right of use assets (note 10)	10,984,693	5,689,725
Intangible assets	3,172,757	2,597,197
Goodwill (notes 5, 7, 8)	5,579,368	1,653,713
TOTAL ASSETS	\$44,556,211	\$16,587,423
LIABILITIES		
Current liabilities		
Line of credit	\$1,056,685	\$1,131,387
Accounts payable and accrued liabilities	7,194,078	2,440,934
Consideration payable (notes 7 and 8)	800,000	-
Advances from related parties	-	323,784
Deferred revenue	1,303,737	1,901,124
Current portion of long-term debt (notes 12, 13 and 17)	709,415	1,070,011
Current portion of lease obligations (notes 11 and 17)	2,105,101	778,667
	13,169,016	7,645,907
Deferred tax liability	195,551	644,233
Lease obligations (notes 11 and 17)	8,968,870	4,936,857
Long term debt (notes 12, 13 and 17)	14,171,828	1,638,221
TOTAL LIABILITIES	36,505,265	14,865,218
SHAREHOLDERS' EQUITY		
Share capital (note 14)	16,190,786	5,067,290
Equity reserve	-	2,694,617
Contributed surplus	2,355,362	65,753
Accumulated deficit	(10,416,963)	(5,997,455)
Accumulated other comprehensive loss	(78,239)	(108,000)
TOTAL SHAREHOLDERS' EQUITY	8,050,946	1,722,205
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$44,556,211	\$16,587,423

On behalf of the Board:

"Paul Mann" Director

"Mitchell Barnard" Director

Nature of operations and liquidity risk (note 1)

Commitments and contingencies (note 20)

Subsequent event (note 21)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

WILDPACK BEVERAGE INC.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

For the three and nine-month periods ended September 30, 2021 and 2020

(Expressed in US Dollars)

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Sales	\$7,069,377	\$2,983,332	\$21,638,257	\$3,169,835
Cost of sales	5,677,856	3,233,063	18,131,879	3,685,867
Gross profit	1,391,521	(249,731)	3,506,378	(516,032)
Operating expenses				
Selling expenses	331,428	213,726	1,064,811	260,506
Management fees	-	75,150	-	236,051
Office and administrative	826,950	131,220	1,381,936	175,392
Professional fees	960,598	49,421	1,409,402	242,556
Salaries, wages and benefits	971,113	209,488	1,784,239	227,106
Asset impairment	-	6,567	-	6,567
Depreciation and amortization	397,039	197,284	1,003,346	346,090
Share-based compensation (note 14)	268,972	-	620,172	-
Listing expense (note 6)	-	-	748,253	-
Other operating (income) expenses	(308,789)	(114,420)	219,737	110,307
Operating expenses	3,447,311	768,436	8,231,896	1,604,575
Other expenses (income)				
Unrealized gain on revaluation of debenture derivative liability (note 13)	(791,195)	-	(791,195)	-
Bank charges	16,522	(35,011)	21,769	5,111
Interest on long-term debt	360,837	39,292	439,425	75,853
Interest on leased assets	166,275	47,262	472,673	47,262
Other expenses (income)	(247,561)	51,543	142,672	128,226
Net loss before income taxes	(1,808,229)	(1,069,710)	(4,868,190)	(2,248,833)
Deferred income tax recovery	(315,685)	(33,525)	(448,682)	(89,906)
Net Loss	(1,492,544)	(1,036,185)	(4,419,508)	(2,158,927)
Other comprehensive loss (gain)				
Items that may be reclassified to profit or loss:				
Foreign currency on translation	1,121	13,098	29,761	(57,083)
TOTAL COMPREHENSIVE LOSS	\$(1,493,665)	\$(1,049,283)	\$(4,449,269)	\$(2,101,844)
Weighted average number of common shares outstanding	66,854,859	43,306,494	59,171,062	41,308,227
Loss per share – basic	\$(0.02)	\$(0.02)	\$(0.07)	\$(0.05)
Loss per share – diluted	\$(0.02)	\$(0.02)	\$(0.07)	\$(0.05)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

WILDPACK BEVERAGE INC.
Interim Condensed Consolidated Statements of Changes in Equity (Unaudited)
For the nine-month periods ended September 30, 2021 and 2020
(Expressed in US Dollars)

	Share capital		Contributed surplus	Equity reserve	Accumulated OCI	Retained earnings (deficit)	Total
	Number of shares	Amount					
At January 1, 2020	40,281,494	\$4,067,290	\$ -	\$ -	\$(47,745)	\$(2,263,603)	\$1,755,942
Shares issued – private placement	3,025,000	1,000,000	-	-	-	-	1,000,000
Wild Leaf Holdings U.S. LLC Preference shares – acquisition of Lucky Clover and CraftPack	-	-	-	1,456,011	-	-	1,456,011
Debt settled through issuance of SAFE	-	-	-	1,238,606	-	-	1,238,606
Loss for the period	-	-	-	-	-	(2,158,927)	(2,158,927)
Other comprehensive loss	-	-	-	-	(57,083)	-	(57,083)
At September 30, 2020	43,306,494	\$5,067,290	\$ -	\$2,694,617	\$(104,828)	\$(4,422,530)	\$3,234,549
At January 1, 2021	43,306,494	\$5,067,290	\$65,753	\$2,694,617	\$(108,000)	\$(5,997,455)	\$1,722,205
SAFE agreements converted into shares (note 14)	3,335,972	1,237,027	-	(1,238,606)	-	-	\$(1,579)
Equity reserve – SAFE agreements issued (note 14)	-	-	-	2,768,921	-	-	2,768,921
SAFE issued into shares (note 14)	4,966,323	2,768,921	-	(2,768,921)	-	-	-
Private placement – president’s list (note 14)	2,110,747	816,163	-	-	-	-	816,163
Private placement - Other than president’s list (note 14)	7,421,941	3,790,463	-	-	-	-	3,790,463
Amalgamation with Ponderous Panda Capital Corp. (note 6)	1,188,915	1,042,144	-	-	-	-	1,042,144
Conversion of Wild Leaf Holdings U.S. LLC Preferred shares	4,501,822	1,448,116	-	(1,456,011)	-	-	\$(7,895)
Shares issued through option exercise	22,646	20,662	(6,164)	-	-	-	14,498
Compensation units issued for private placement (note 14)	-	-	102,978	-	-	-	102,978
Options granted to employees (note 14 and 15)	-	-	620,172	-	-	-	620,172
Restricted stock units issued (note 14)	-	-	32,362	-	-	-	32,362
Private placement – president’s list - Warrants (note 14)	-	-	187,956	-	-	-	187,956
Private placement – other than president’s list - Warrants (note 14)	-	-	765,660	-	-	-	765,660
Warrants issued through debenture (note 13)	-	-	586,645	-	-	-	586,645
Loss for the period	-	-	-	-	-	(4,419,508)	(4,419,508)
Other comprehensive loss	-	-	-	-	29,761	-	29,761
At September 30, 2021	66,854,860	\$16,190,786	\$2,355,362	\$-	\$(78,239)	\$(10,416,963)	\$8,050,946

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

WILDPACK BEVERAGE INC.
Interim Condensed Consolidated Statements of Cash Flow (Unaudited)
For the nine-month periods ended September 30, 2021 and 2020
(Expressed in US Dollars)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
OPERATING ACTIVITIES		
Net loss	\$(4,419,508)	\$(2,158,927)
Adjustments for items not affecting cash:		
Depreciation and amortization	1,714,426	193,222
Amortization of intangibles	154,440	269,932
Asset impairment	-	6,567
Deferred tax recovery	(448,682)	(89,906)
Stock-based compensation expense	620,172	-
Forgiveness of PPP Loans	(318,443)	-
Non-cash interest (recovery) expense	(3,145)	8,741
Interest capitalized to loan	23,480	24,818
Listing expense	748,253	-
Selling expense settled by SAFE	36,593	-
Unrealized gain on revaluation of debenture derivative liability (note 13)	(791,195)	-
Changes in non-cash working capital:		
Cash held in trust	(36)	(108,161)
Accounts receivable	(1,188,737)	755,551
Sales taxes recoverable	(89,513)	(10,331)
Inventories	(8,110,698)	267,374
Prepaid expenses	(2,080,836)	(526,579)
Notes receivables	(20,685)	-
Deferred revenue	(597,387)	302,181
Accounts payable and accrued liabilities	4,373,585	527,960
Cash used in operating activities	(10,397,916)	(537,558)
FINANCING ACTIVITIES		
Proceeds – SAFE issuance	2,652,806	-
Proceeds – brokered private placement (president’s list)	1,113,307	1,000,000
Proceeds – brokered private placement (other than president’s list)	4,556,123	-
Shares issued through option exercise	14,498	-
Share issuance cost	(9,474)	-
Line of credit	(74,702)	923,544
Repayments to related parties	(264,664)	(69,669)
Repayments of long-term debt	(1,120,637)	(1,200,983)
Payments of lease obligations	(1,152,485)	(89,007)
Loans assumed in business combination	-	1,576,711
Issuance of debenture units (net of issuance costs) (note 13)	15,001,038	-
Cash provided by financing activities	20,715,810	2,140,596
INVESTING ACTIVITIES		
Purchase of equipment	(2,483,827)	(1,740,887)
Net cash consideration paid for acquisitions (note 9 and 10)	(4,861,338)	96,696
Cash used in investing activities	(7,345,165)	(1,644,191)
Effects of exchange rate changes on cash	(317,733)	41,446
Net increase in cash and cash equivalents	2,972,729	(41,153)
Cash and cash equivalents, beginning of period	214,392	568,739
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$2,869,388	\$569,032

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

WILDPACK BEVERAGE INC.

Notes to the Interim Condensed Consolidated Financial Statements

For the nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(Expressed in US Dollars)

SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid on debt	\$439,425	\$71,750
Interest paid on lease liability	\$472,673	\$47,262
Non-cash financing activities		
SAFE Financing - Debt settlement through SAFE agreements – Coastal Peaks	\$79,523	\$ -
SAFE Financing - Settlement of commissions payable by issuing SAFE	\$36,593	\$ -
Forgiveness of shareholders loan payable with private placement	\$238,569	\$ -
Broker compensation settled in equity units (note 14c)	\$102,978	\$ -
Debenture revaluation	\$791,195	\$ -

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Wildpack Beverage Inc. (formerly Ponderous Panda Capital Corporation) (“Wildpack Beverage”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 22, 2017. Wildpack Beverage completed an initial public offering (“IPO”) of its common shares on April 27, 2018, and on May 2, 2018, its common shares began trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”), under the symbol “PPCC.P” (renamed in connection with the Transaction described below to “CANS”). Wildpack Beverage Alberta Inc. (“Wildpack”) was incorporated in the Province of Alberta on March 27, 2017. On May 17, 2021, Wildpack Beverage completed the acquisition of all of the issued and outstanding securities of Wildpack (the “Transaction”). The Transaction constituted Wildpack Beverage’s “Qualifying Transaction”, as such term is defined by the TSX Venture Exchange.

The Transaction was considered a reverse acquisition for accounting purposes. Wildpack Beverage did not constitute a business under IFRS 3 – *Business Combinations* (“IFRS 3”). Accordingly, the difference between the value of consideration issued and the fair market value of Wildpack Beverages’ net assets acquired is treated as a listing expense in the statement of loss and comprehensive loss (note 6). The continuing entity reflected in these financial statements is Wildpack and its consolidated subsidiaries. Comparative results are those of Wildpack and its consolidated subsidiaries.

As part of the above Transaction, the share capital of Wildpack was effectively split on a ratio of 3.3275 for every 1 unit held and accordingly all comparative share amounts and per share amounts have been restated on this basis. Loss per share on a basic and diluted basis reflect this same effective share split.

On June 25, 2020, Wildpack, through Wild Leaf Holdings U.S. LLC acquired significantly all assets and specific liabilities, of both Lucky Clover Packaging LLC (“Lucky Clover”) and CraftPack LLC (“CraftPack”) (the “Acquisition”) (note 5). The Acquisition forms the underlying continuing business of the Company.

These interim condensed consolidated financial statements of Wildpack Beverage as at and for the three and nine-month periods ended September 30, 2021 and September 30, 2020 (the “interim financial statements”) include the results of Wildpack’s subsidiaries, all wholly-owned: Nyte Beverage Inc., Wild Leaf Ventures Group Nevada Inc., Wild Leaf Holdings U.S. LLC, Craftpac, LLC, Vertical Distilling, LLC, and Wildpack Holdings US Inc. (together referred to as the “Company”). References to the Company include references to Wildpack Beverage Inc. after the Transaction. Craftpac, LLC and Vertical Distilling, LLC were acquired in the three months ended September 30, 2021.

The business of the Company is filling, decorating and brokering aluminum cans for middle market beverage brands.

The Company’s registered office is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

1. NATURE OF OPERATIONS AND LIQUIDITY RISK (CONTINUED)

Liquidity Risk

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 or share issuances. 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.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Governments around the world have responded to the pandemic in a variety of ways but have generally restricted activities that require in-person interaction. At the same time, governments have also worked to support the financial markets while responding to volatile market conditions. The pandemic's impacts on the Company will depend on its duration, the responses taken by governments in response to the pandemic, and overall impact on both the economy and the financial markets. The public health crisis caused by COVID-19 and the measures taken and continuing to be taken by governments, businesses and the public have not resulted in supply chain disruptions or significant changes in our customers' ability to pay amounts owed to the Company. However, there is no assurance that these items will not occur in the future.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*. They should be read in conjunction with the Company's most recent annual audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

The interim financial statements were authorized for issuance by the Company's Board of Directors on November 29, 2021.

(b) Basis of presentation

The interim condensed financial statements have been prepared in accordance with the same accounting principles as those followed in the preparation of the consolidated financial statements of Wildpack for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

The Company operates in multiple reportable segments, consisting of can filling, can decorating and corporate, primarily consisting of the operations acquired through the acquisitions (note 5, 7, 8). These operations are conducted entirely in the United States.

The Company is not currently subject to any significant seasonality.

The functional currencies of the entities in the Company are as follows:

- Wildpack Beverage Inc. – Canadian dollars
- Nyte Beverage Inc. – Canadian dollars
- Wild Leaf Ventures Group Nevada Inc. – US dollars
- Wild Leaf Holdings U.S. LLC – US dollars
- Craftpac, LLC – US dollars
- Vertical Distilling, LLC – US dollars
- Wildpack Holdings US Inc. – US dollars

The Company previously presented its financial statements in Canadian dollars. The Company changed its presentation currency to the US dollar effective April 1, 2020. The financial statements for all periods presented have been translated into the new presentation currency as follows:

Statements of loss and comprehensive loss have been translated using the average exchange rates prevailing during the reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the date of the statement of financial position. All resulting exchange differences have been recognized as a separate component of equity.

2. BASIS OF PRESENTATION (CONTINUED)

(c) Basis of consolidation

The interim financial statements incorporate the financial statements of the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when control is lost. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in note 3 of the audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates

The preparation of the interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the period they become known. There have been no changes in the nature of the significant judgements and estimates in the interim financial statements as compared to the annual consolidated financial statements for the nine months ended December 31, 2020 and for the year ended March 31, 2020, except with respect to the determination of the fair value of the debt and equity components of the debenture units issued, as outlined in note 13.

5. BUSINESS COMBINATION – CRAFTPACK AND LUCKY CLOVER

On June 25, 2020, Wildpack, through Wild Leaf Holdings U.S. LLC acquired a 100% controlling interest in Lucky Clover and CraftPack for aggregate consideration of \$2,797,940 consisting of cash payouts on specified dates (debt component), preferred shares convertible into common shares (equity component), and the existing investment in CraftPack.

Aggregate consideration	
Forgiveness of existing investment in CraftPack	\$200,000
Debt Component (present value)	1,141,929
Equity Component	\$1,456,011
Debt component (undiscounted cash payouts on the following dates):	
June 1, 2021	\$424,000
June 25, 2021	150,000
First of the Month (12 payments): June 2021 – May 2022	126,000
June 1, 2022	500,000
	\$1,200,000

The equity component consists of 1,320,536 class A preferred units (“Preferred Units”) in Wild Leaf Holdings U.S. LLC (wholly owned subsidiary of Wildpack). These Preferred Units contain an option to exchange the Preferred Units for shares of common stock in Wildpack (“Put Option”). On January 19, 2021, the Put Option was exercised at the option of the Preferred Unit holders, and Wildpack issued 1,352,914 common shares, calculated as 1,320,563 preferred units held and a 32,378 anti-dilution unit adjustment.

The cash component is recorded as a liability, while the equity component is recorded in the equity as at September 30, 2021 (equity reserve as at December 31, 2020).

Prior to the close, the Company provided financing to Lucky Clover and CraftPack of \$200,000, which was not repayable after the consummation of the transaction and is included in the transaction price below.

Lucky Clover’s and CraftPack’s operations are located in Baltimore, Maryland and Sacramento, California.

5. BUSINESS COMBINATION – CRAFTPACK AND LUCKY CLOVER (CONTINUED)

Outlined below is a summary of the purchase consideration and allocation of the fair value of the identifiable assets acquired and liabilities assumed.

Details of the consideration	
Previous advances	\$200,000
Cash payable in installments (based on a discount rate of 3.6%)	1,141,929
Fair value of subsidiary equity issued	1,456,011
Total purchase consideration	\$2,797,940

The fair value of the shares issued as consideration was determined as follows:

Number of class A preferred units issued	1,320,563
Fair value of a Wildpack share as at Acquisition date	\$1.10
	\$1,456,011

The estimated fair values of the assets acquired and liabilities assumed in the acquisition of Lucky Clover and CraftPack:

Cash and cash equivalents	296,696
Accounts receivable	1,488,918
Inventories	730,567
Notes receivables	57,861
Prepaid expenses and deposits	113,785
Property, plant and equipment	957,581
Right of use assets	2,322,017
Intangible assets	2,693,000
Total assets acquired	\$8,660,425
Accounts payable and accrued liabilities	\$1,510,394
Line of credit	120,590
Deferred revenue	797,992
Payable to former owner	125,000
Current portion of Loan payable	1,392,220
Current portion of lease obligations	244,351
Deferred tax liability	685,356
Lease obligations	2,077,666
Long term debt	562,629
Total liabilities assumed	\$7,516,198
Net assets acquired	\$1,144,227
Difference between total purchase consideration and net assets acquired, attributed to goodwill	\$1,653,713

5. BUSINESS COMBINATION – CRAFTPACK AND LUCKY CLOVER (CONTINUED)

Based upon the consideration paid compared to the net assets acquired the Company has recorded goodwill of \$1,653,713. The goodwill is attributable to the expectation that the acquisition will allow the Company to enter new markets, launch new product offerings, and form the backbone of its business strategy.

On acquisition the Company acquired a liability to pay the former owners \$125,000, which is reflected in the purchase price equation. The amount was subsequently paid after the acquisition.

The identifiable intangible assets acquired consist of the following:

		Useful life
Customer relationships – CraftPack	\$279,000	10 years
Customer relationships – Lucky Clover	1,251,000	10 years
Brand Name – Lucky Clover	1,130,000	Indefinite
Order Backlog – Lucky Clover	33,000	1 year
	<u>\$2,693,000</u>	

Acquisition-related costs

Acquisition-related costs of \$135,000 are included in professional fees. These costs primarily consist of legal costs.

6. ACQUISITION OF WILDPACK BY WILDPACK BEVERAGE

On May 17, 2021, Wildpack Beverage completed the acquisition of all issued and outstanding equity of Wildpack. The Transaction was considered akin to a reverse acquisition as Wildpack's shareholders have the majority of the shareholding interest in Wildpack Beverage after the Transaction, the continuing business is that of Wildpack and key management primarily consist of Wildpack's former key management.

Wildpack Beverage does not constitute a business as such term is defined in IFRS 3, and accordingly the difference between the deemed consideration issued and the fair market value of Wildpack Beverage's net assets is treated as a listing expense in the statement of loss and comprehensive loss. The deemed consideration issued was calculated as the equity that Wildpack would have had to issue to provide Wildpack Beverage with an equivalent amount of equity interest as such shareholders held in Wildpack Beverage after the Transaction.

The listing expense in US dollars was determined as follows:

	Amounts
Consideration issued	
Shares issued	\$1,042,144
Options granted	32,362
	<u>\$1,074,506</u>
Less:	
Net assets acquired (primarily cash)	326,253
Listing expense	<u>\$748,253</u>

The assumptions used in valuing the options granted, which have a strike price of CA\$0.77, were as follows:

	Nine months ended September 30, 2021
Grant date fair value of underlying share	CA\$0.90
Weighted average of assumptions used:	
Expected volatility	80%
Term of option	1 year
Risk free interest rate	0.33%
Dividend rate	Nil

7. BUSINESS COMBINATION – CRAFTPAC, LLC

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 of \$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.

The estimated fair values of the assets acquired, and liabilities assumed in the acquisition of Craftpac:

Cash and cash equivalents	\$ 41,198
Accounts receivable	115,634
Inventories	147,959
Prepaid expenses and deposits	2,818
Property, plant and equipment	110,203
Deposits	3,799
Right of use asset	109,023
Intangible assets	530,000
Total assets acquired	\$1,060,634
Accounts payable and accrued liabilities	\$ 236,753
Notes payable	135,915
Lease obligation	109,023
Payroll Liabilities	4,950
Total liabilities assumed	\$486,641
Net assets acquired	\$573,993
Difference between total purchase consideration and net assets acquired, attributed to goodwill	\$1,316,558

The identification and valuation of the assets acquired and liabilities assumed is preliminary and subject to the completion of detailed valuation analyses, which the Company will complete within one year of closing. The results of these analyses may result in revisions to the preliminary amounts of assets and liabilities recognized above, primarily in the areas of intangible assets and deferred tax implications. The preliminary difference between the consideration paid and the net assets acquired has been recorded as goodwill of \$1,316,558. The goodwill is attributable to the expectation that the acquisition will allow the Company to enter new markets, and expected synergies of the acquisition with the Company's own operations.

7. BUSINESS COMBINATION – CRAFTPAC, LLC (CONTINUED)

The identifiable intangible assets consist of the following:

		Useful life
Customer relationships	\$ 410,000	10 years
Brand Name – Craftpac, LLC	120,000	3 years
	\$ 530,000	

Consolidated revenue for the three-month period ended September 30, 2021 includes revenue from assets acquired in the acquisition of Craftpac, LLC of \$587,037. Consolidated net loss for the three-month period ended September 30, 2021 includes net income before tax from Craftpac LLC of \$87,015. Had the transaction occurred on January 1, 2021, proforma unaudited non-consolidated revenue and net loss for Craftpac, LLC for the nine-month period ended would have been approximately \$1,981,001 and \$167,087 respectively. Acquisition-related costs of \$30,000 are included in professional fees. These costs primarily consist of legal costs.

8. BUSINESS COMBINATION - VERTICAL DISTILLING, LLC

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 \$4.14 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.

The estimated fair values of the assets acquired and liabilities assumed in the acquisition of Vertical:

Cash and cash equivalents	\$ 10,000
Accounts receivable	566,466
Inventories	192,100
Prepaid expenses and deposits	10,440
Right of Use Asset	640,823
Property, plant and equipment	926,130
Intangible assets	200,000
Total assets acquired	\$ 2,545,959
Accounts payable and accrued liabilities	\$124,933
Notes payable	249,300
Lease obligation	640,823
Total liabilities assumed	\$1,015,056
Net assets acquired	\$1,530,903
Difference between total purchase consideration and net assets acquired, attributed to goodwill	\$2,609,097

8. BUSINESS COMBINATION - VERTICAL DISTILLING, LLC (CONTINUED)

The identification and valuation of the assets acquired and liabilities assumed is preliminary and subject to the completion of detailed valuation analyses including analysis of the intangible assets acquired, and the fair value of property, plant and equipment, which the Company will complete within one year of closing. The results of these analyses may result in revisions to the preliminary amounts of assets and liabilities recognized above. The preliminary difference between the consideration paid and the net assets acquired has been recorded as goodwill of \$2,609,097. The goodwill is attributable to the fact that the acquisition is expected to allow the Company to enter new markets, and the expected synergies of the acquisition with the Company's own operations. Consolidated revenue for the three month period ended September 30, 2021 includes revenue from assets acquired in the acquisition of Vertical Distilling, LLC of \$444,438. Consolidated net loss for the three-month period ended September 30, 2021 includes net income before tax from Vertical Distilling, LLC of \$96,997. Had the transaction occurred on January 1, 2021, proforma unaudited non-consolidated revenue and net loss for Vertical Distilling, LLC, for the nine-month period ended would have been approximately \$4,830,832 and \$1,409,039 respectively. Acquisition related costs of \$77,400 are included in professional fees. These costs primarily consist of legal costs.

Had the acquisitions of Craftpac, LLC and Vertical Distilling, LLC occurred on January 1, 2021, proforma unaudited consolidated revenue and net loss for the nine-month period ended would have been approximately \$27,418,614 and (\$3,022,753) respectively.

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9. PROPERTY, PLANT & EQUIPMENT

	Computer Equipment	Computer Software	Office Equipment	Manufacturing Equipment	Leasehold Improvements	Total
Cost						
At January 1, 2020	\$3,494	\$-	\$6,850	\$33,573	\$-	\$43,917
Additions	-	-	-	1,703,763	37,124	1,740,887
Asset disposition	(3,351)	-	(6,570)	-	-	(9,921)
Asset additions from acquisition	4,563	2,245	5,657	728,033	217,083	957,581
Effect of movements in exchange rates	(143)	-	(280)	(21,277)	-	(21,700)
At September 30, 2020	\$4,563	\$2,245	\$5,657	\$2,444,092	\$254,207	\$2,710,764
Additions	-	5,753	-	416,943	-	422,696
Asset disposition	-	-	-	(794,300)	-	(794,300)
Effect of movements in exchange rates	-	-	-	(1,476)	-	(1,476)
At December 31, 2020	\$4,563	\$7,998	\$5,657	\$2,065,259	\$254,207	\$2,337,684
Additions	8,997	122,402	10,995	2,191,301	151,562	2,485,257
Asset additions from acquisition	617	5,816	8,508	853,070	168,322	1,036,333
Effect of movements in exchange rates	-	-	-	33,778	-	33,778
At September 30, 2021	\$14,177	\$136,216	\$25,160	\$5,143,408	\$574,091	\$5,893,052
Accumulated depreciation						
At January 1, 2020	\$1,481	\$-	\$1,610	\$-	\$-	\$3,091
Charged in the period	1,106	1,128	1,134	109,828	2,181	115,377
Asset disposition	(1,515)	-	(1,840)	-	-	(3,355)
Effect of movements in exchange rates	(62)	-	(66)	249	-	121
At September 30, 2020	\$1,010	\$1,128	\$838	\$110,077	\$2,181	\$115,234
Charged in the period	1,000	2,076	830	196,197	2,398	202,501
Asset disposition	-	-	-	(16,049)	-	(16,049)
Effect of movements in exchange rates	-	-	-	9	-	9
At December 31, 2020	\$2,010	\$3,204	\$1,668	\$290,234	\$4,579	\$301,695
Charged in the period	2,313	14,164	2,717	532,915	9,564	561,673
Effect of movements in exchange rates	-	-	-	3,891	-	3,891
At September 30, 2021	\$4,323	\$17,368	\$4,385	\$827,040	\$14,143	\$867,259
Net book value						
At December 31, 2020	\$2,553	\$4,794	\$3,989	\$1,775,025	\$249,628	\$2,035,989
At September 30, 2021	\$9,854	\$118,848	\$20,775	\$4,316,368	\$559,948	\$5,025,793

10. RIGHT-OF-USE ASSETS

The Company enters into certain equipment and property leases. Equipment leases are through third-party financing companies that purchases equipment and then leases the equipment to the Company. Leases are categorized as follows.

	Equipment	Office and Plant Premises	Total
Cost			
As at January 1, 2020	\$ -	\$ -	\$ -
Additions from acquisition	17,825	2,304,192	2,322,017
Additions	434,160	838,313	1,272,473
At September 30, 2020	\$451,985	\$3,142,505	\$3,594,490
Additions during the period	1,325,954	1,124,511	2,450,465
At December 31, 2020	\$1,777,939	\$4,267,016	\$6,044,955
Additions from acquisition	-	749,846	749,846
Additions during the period	2,224,534	3,503,941	5,728,475
Disposition	(30,600)	-	(30,600)
At September 30, 2021	\$3,971,873	\$8,520,803	\$12,492,676
Accumulated depreciation			
At January 1, 2020	\$ -	\$ -	\$ -
Charged in the period	8,141	69,704	77,845
At September 30, 2020	\$8,141	\$69,704	\$77,845
Charged in the period	133,151	144,234	277,385
At December 31, 2020	\$141,292	\$213,938	\$355,230
Charged in the period	332,606	820,147	1,152,753
At September 30, 2021	\$473,898	\$1,034,085	\$1,507,983
Net book value			
At December 31, 2020	\$1,636,647	\$4,053,078	\$5,689,725
At September 30, 2021	\$3,497,975	\$7,486,718	\$10,984,693

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11. LEASE OBLIGATIONS

At January 1, 2020	\$-
Additions from acquisition	2,322,017
Additions	1,272,474
Lease payments	(136,269)
Interest accretion	47,262
At September 30, 2020	\$3,505,484
Additions	2,366,597
Lease payments	(237,535)
Interest accretion	80,978
At December 31, 2020	\$5,715,524
Additions	6,485,306
Lease payments	(1,590,870)
Interest accretion	464,011
At September 30, 2021	\$11,073,971
Current portion of lease obligations	2,105,101
Non-current portion of lease obligations	8,968,870

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12. DEBT

	September 30, 2021	December 31, 2020
Fulton Term Loan	\$712,138	\$795,560
Fulton Term Loan – Deferred financing costs	(38,245)	(39,450)
SBA PPP Loan	-	318,443
T. Dyer - \$369,000 Term Loan	397,958	415,606
Promissory Note	-	76,144
Debt consideration payable for Acquisition (note 5)	570,149	1,141,929
Debenture – host debt (note 13)	11,229,397	-
Debenture – derivative liability (note 13)	2,009,846	-
Total	\$14,881,243	\$2,708,232
Current portion	\$709,415	\$1,070,011
Non-current portion	14,171,828	1,638,221
	\$14,881,243	\$2,708,232

(a) Paycheck Protection Program Loans

The paycheck protection program loans were granted pursuant to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) enacted by the US government. They are legal form debt granted at a fixed interest rate of 1% per annum, with a maturity date in April 2022, with the ability to be prepaid at any time without fees. On March 9, 2021, the full principal amount of the loan was forgiven, and the associated forgiveness was recorded as a reduction to cost of sales and salaries, wages and benefits on the income statement.

(b) Promissory Note

Wildpack entered into a \$76,114 promissory note agreement with an arm’s length 3rd party, on November 3, 2020. The interest rate was 8% per annum and compounded monthly. It was due on demand and was classified as a current liability. In the three months ended June 30, 2021, this promissory note and accrued interest was converted into a simple agreement for future equity (“SAFE”) which entitles the holder to receive shares of the Company at a conversion price of \$0.57 (CA\$0.72). As a result, the debt was reclassified to equity.

13. DEBENTURE UNITS

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 until June 30, 2023.

At any time after June 30, 2024, the Company may, at its option, redeem pro rata all or part of the Convertible Debentures, upon written notice, at a redemption price 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 CA\$2.19 for the preceding twenty consecutive trading days.

The Company determined that the convertible debenture is a compound instrument consisting of 1) a host debt component, which has been presented within debt (note 12); 2) a conversion feature which is treated as a derivative liability, 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.

13. DEBENTURE UNITS (CONTINUED)

The fair value estimates or mark-to-market procedures were performed at September 30, 2021 (valuation date) in determining the fair value of the debenture unit in connection with the preparation of the interim financial statements of Wildpack for the three and nine months periods ended September 30, 2021. As a result, the fair value of the host debt and derivative liability decreased from June 28, 2021 (inception date) due to the decrease in share price, volatility and credit spread:

	September 30, 2021	June 28, 2021
Share price	\$0.80 (CAD)	\$0.95 (CAD)
Volatility	51.67%	55.52%
Risk-free Rates	CAD Swap Curve	CAD Swap Curve
Dividends	0%	0%
Credit Spread	15.38%	16.23%

As a result, the following amounts in U.S. dollars were recorded:

	September 30, 2021	June 28, 2021
Host debt	\$11,229,397	\$11,099,898
Derivative liability	\$2,009,846	\$3,314,495
Warrants	\$586,645	\$586,645

14. SHARE CAPITAL**(a) Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued common shares

	Number of common shares	U.S. Dollars
At April 1, 2019	37,425,863	\$3,488,956
Shares issued for cash for C\$0.89 (USD \$0.67) per share	2,059,646	416,017
Shares issued for cash for C\$0.89 (USD \$0.68) per share	463,235	95,096
Shares issued for cash for C\$0.89 (USD \$0.67) per share	332,750	67,221
At March 31, 2020	40,281,494	\$4,067,290
Shares issued for cash for C\$1.50 (USD \$1.10) per share	3,025,000	1,000,000
At December 31, 2020	43,306,494	\$5,067,290
SAFE agreements converted into shares	3,335,972	1,237,027
SAFE agreements issued shares	4,966,323	2,768,921
Shares issued – private placement (president’s list)	2,110,747	816,163
Shares issued - private placement (other than president’s list)	7,421,941	3,790,463
Shares issued for amalgamation of Ponderous Panda Capital Corp.	1,188,915	1,042,144
Conversion of Wild Leaf Holdings U.S. LLC Preferred shares	4,501,822	1,448,116
Issued through exercise of options	22,646	20,662
At September 30, 2021	66,854,860	\$16,190,786

14. SHARE CAPITAL (CONTINUED)**(c) Stock-based compensation**

2,159,245 options and 163,128 RSUs were granted to certain employees in the nine months ended September 30, 2021. The Company recognized stock-based compensation expenses of \$620,172 in the nine months ended September 30, 2021.

The assumptions used in valuing the options are as follows:

Date granted	February 15, 2021	May 17, 2021	May 19, 2021	May 24, 2021	June 3, 2021
Options granted	100,000	96,245	1,663,000	200,000	100,000
Strike price	CA\$0.90	CA\$0.77	CA\$0.90	CA \$1.17	CA \$1.20
Fair value of underlying equity	CA\$0.90	CA\$0.77	CA \$0.90	CA \$1.17	CA \$1.20
Expected volatility	60%	60%	60%	60%	60%
Term of option	1	1	4	4	2
Risk free interest rate	0.2%	0.2%	0.2%	0.75%	0.33%
Dividend rate	Nil	Nil	Nil	Nil	Nil

The Company also granted RSUs to certain employees. The RSUs were valued at the fair value of the underlying shares at the grant date, which is \$0.71 (CA\$0.90). Total RSU based compensation expense recognized in the nine months ended September 30, 2021 was \$118,238.

As part of the brokered private placement discussed in note 14 below, the Company issued subscription receipts to brokers as compensation. The subscription receipts are convertible to shares and warrants on or before June 30, 2023. The brokers are unable to settle these subscription receipts in cash and so they have been classified as equity. The warrants immediately vest upon conversion of the subscription receipts into common shares. The following assumptions were used in valuing these subscription receipts:

	Nine months ended September 30, 2021
Grant date fair value	CA\$0.90
Weighted average of assumptions used:	
Expected volatility	60%
Term of option	2 years
Risk free interest rate	0.5%
Dividend rate	Nil

14. SHARE CAPITAL (CONTINUED)

(d) Equity reserve – Simple Agreement for Future Equity

On January 12, 2021, the SAFE held by The House Finance Corp. was converted into shares of the Company's common stock. The Company issued 1,002,546 common shares at an effective conversion price of \$1.23 (CA\$1.62). The Company paid \$1,579 (CA\$2,000) in legal fees related to this transaction.

On January 18, 2021, February 1, 2021, and February 16, 2021, Wildpack raised gross proceeds of \$2,134,076 (CA\$2,723,508), \$389,114 (CA\$499,000), and \$278,497 (CA\$353,245) respectively, through SAFE's. The SAFE entitles the holder to common stock in the amount calculated by converting the value of the SAFE into shares of common stock of the Company, on certain events, at the lessor of: (i) a 20% discount to the pre-money valuation of an equity financing where equal to or greater than \$2,368,608 (CA\$3,000,000) of proceeds are raised by the Company; and (ii) a valuation cap of \$39,476,801 (CA\$50,000,000). Upon completion of the brokered private placement, the SAFEs converted into common stock at a 20% discount to a pre-money valuation of the Company, with an effective per share price of \$0.57 (CA\$0.72). The SAFE is classified as equity reserve. The Company paid \$32,766 (CA\$41,500) in legal fees in connection with these issuances. A portion of the SAFE gross proceeds is the conversion of the Promissory Note. This is reflected as a non-cash financing activity, debt settlement through SAFE agreements, on the statement of cash flows. Please refer to note 12(b).

(e) Equity reserve – Put option

On January 19, 2021, the Put Option was exercised at the option of the Wild Leaf Holdings U.S. LLC preferred unit holders, originating from the Acquisition, and Wildpack issued 1,352,914 common shares, composed of 1,320,563 preferred units held and a 32,378 anti-dilution unit adjustment. The effective price per share was \$1.08 (CA\$1.37) The Company paid CA\$10,000 in legal fees related to this transaction.

(f) Private placement

In the nine months ended September 30, 2021, the Company 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 Company 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 held by an escrow agent pending meeting certain conditions, including 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).

The private placement and transaction closed on May 17, 2021 and the remaining subscription receipts were converted into shares and warrants as outlined above. The costs associated with the issuance of the private placement have been classified to equity.

15. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**(a) Key management compensation**

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executives and non-executive directors and officers. Compensation provided to key management personnel for the nine-month periods ended September 30, 2021 and September 30, 2020 were as follows:

	September 30, 2021	September 30, 2020
Short-term employee benefits, including salaries	\$646,875	\$89,003
Share-based compensation	\$620,172	-
Total	\$1,267,047	\$89,003

For the nine months ended September 30, 2021, key management received stock-based compensation of \$620,172, which consists of \$501,934 stock-based options and \$118,238 restricted stock units (September 30, 2020 - nil).

(b) Other related party transactions

On January 1, 2021, Wild Leaf U.S. Holding shareholders converted 1,352,914 Class A preferred units in Wild Leaf U.S. Holdings (a wholly owned subsidiary of Wildpack) into an equivalent amount of common shares of Wildpack for the amount of \$1,456,011 (CA\$ 1,980,845).

On January 12, 2021, Stephen Fader, a director, exercised his SAFE agreement to receive 1,002,546 common shares for the amount of \$1,238,606 (CA\$ 1,626,661).

On March 31, 2021, Wildpack conducted a private placement (see note 14(f)) where 333,917 units pre-Transaction, equivalent to 1,111,110 units post-Transaction, were issued of which net amounts of \$520,779 (CA\$ 654,879) were allocated to share capital related to the shares included in the units, and \$63,416 (CA\$ 79,746) was allocated to contributed surplus related to warrants included in the units, subscribed to by key management personnel and directors.

During the nine months ended September 30, 2021, Wildpack raised gross proceeds of \$730,568 (CA\$934,250) from existing shareholders through the issuance of SAFE. Refer to note 14(d).

16. CAPITAL RISK MANAGEMENT

When managing capital, the Company's objective is to ensure it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the beverage production.

The Company considers its capital to be its long-term debt and share capital reduced by accumulated deficit and accumulated other comprehensive loss.

Management reviews its capital management approach on an ongoing basis and given the relative size of the Company, this is considered reasonable.

The Company is not subject to externally imposed capital requirements, and there were no changes in the Company's approach to capital management for the nine month period ended September 30, 2021.

17. FINANCIAL RISK MANAGEMENT**(a) Fair value**

The carrying amount of cash and cash equivalents, cash held in trust, accounts receivable, sales taxes recoverable, notes receivable, line of credit, accounts payable and accrued liabilities, and advances from related parties, on the interim statements of financial position approximate their fair value due to the relatively short-term maturity of these financial instruments. See note 13 for fair value of derivative liability.

(b) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable US chartered banks. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the accounts receivable balance. The Expected Credit Losses, comprising the allowance for doubtful accounts, has been recorded as at September 30, 2021 in the amount of \$131,591 (September 30, 2020: \$nil).

The aging of accounts receivable at the reporting date was:

	September 30, 2021	December 31, 2020
Not past due	\$2,223,355	\$-
Past due 1-30 days	354,294	759,883
Past due 31-90 days	682,679	558,417
Past due 91-120 days	166,229	243,004
Past due greater than 120 days	610,036	472,861
Subtotal	\$4,036,593	\$2,034,165
Allowance	(131,591)	(116,017)
Total	\$3,905,002	\$1,918,148

The movement in the allowance for doubtful accounts in respect of accounts receivable during the period was as follows:

	Nine months ended September 30, 2021	9 months ended December 31, 2020
Balance, beginning of period	\$(116,017)	\$-
Additional allowance	(15,574)	(116,017)
Balance, end of period	\$(131,591)	\$(116,017)

17. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

The undiscounted contractual maturity of all financial liabilities 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
Total	\$34,205,977	\$36,235,329	\$11,708,311	\$5,885,878	\$17,792,549	\$848,591

(d) Market risk

Market rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk reflects interest rate risk, currency risk and other price risk.

- Interest rate risk: Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Company's interest rates on its capital lease obligations, long term debt and short-term investments are fixed. Management monitors its interest rates compared to market rates on a regular basis. The Company does not use derivative instruments to reduce its exposure to interest rate risk. A 1% decrease (increase) in interest rates, on the variable interest rate line of credit, would result in an approximately \$87,947 decrease (increase) in net income for the nine months ended September 30, 2021.
- Currency risk: The Company operates in Canada and the US and is exposed to foreign exchange risk with respect to transactions which are not denominated in the functional currency of the relevant entity. For the periods presented (and after the Acquisition), the functional currency of Wild Leaf Holdings U.S. LLC is the US dollar and substantially all of these entities' operations is conducted in US dollars. The Company's debentures are denominated in Canadian dollars and expose the Company to foreign exchange rate risk. The Company does not have any other financial instruments denominated in foreign currencies.
- Other price risk: The Company does not hold any instruments which are subject to other price risk.

18. SEGMENT INFORMATION**Reportable segments**

The operating segments of the Company are based on the reports which are reviewed by the chief operating decision maker (“CODM”) in making strategic resource allocation decisions. The Company considers its CODM to be its CEO and CFO, who evaluate the operations of each of can filling and can decorating separately. The CODM reviews the net profit or loss of each of these segments in allocating resources and evaluating operating performance.

The Company had no customers that constitute more than 10% of revenue for the three and nine-month periods ended September 30, 2021 and 2020. Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three and nine months ended September 30, 2021 and 2020.

The following table presents the Company’s revenue and non-current assets disaggregated by can filling and can decorating:

Nine months ended September 30, 2021	Can filling	Can decorating	Corporate	Total
Revenues from external customers	\$4,751,124	\$16,887,133	\$ -	\$21,638,257
Net (loss) income	\$(1,893,529)	\$1,770,743	\$(4,296,722)	\$(4,419,508)
Non-current assets	\$10,596,326	\$8,586,917	\$5,579,368	\$24,762,611

Nine months ended September 30, 2020	Can filling	Can decorating	Corporate	Total
Revenues from external customers	\$643,799	\$2,526,036	\$ -	\$3,169,835
Net income (loss)	\$103,522	\$(284,102)	\$(1,978,347)	\$(2,158,927)
Non-current assets	\$1,606,643	\$6,038,003	\$4,111,472	\$11,756,118

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18. SEGMENT INFORMATION (CONTINUED)

Reportable segments (Continued)

Three months ended September 30, 2021	Can filling	Can decorating	Corporate	Total
Revenues from external customers	\$1,671,292	\$5,398,085	\$ -	\$7,069,377
Net income (loss)	\$(624,129)	\$155,925	\$(1,024,340)	\$(1,492,544)
Non-current assets	\$10,596,326	\$8,586,917	\$5,579,368	\$24,762,611

Three months ended September 30, 2020	Can filling	Can decorating	Corporate	Total
Revenues from external customers	\$643,799	\$2,339,533	\$ -	\$2,983,332
Net loss	\$248,153	\$(8,936)	\$(1,275,402)	\$(1,036,185)
Non-current assets	\$1,606,643	\$6,038,003	\$4,111,472	\$11,756,118

19. GEOGRAPHICAL DISCLOSURES AND KEY CUSTOMERS

The Company conducts activities in two geographic areas: the United States and Canada. For the nine months ended September 30, 2021 and 2020, no customers represented more than 10% of the Company's consolidated revenue and accounts receivable. The majority of the Company's operations are located in the United States, with immaterial operations and corporate functions located in Canada.

20. COMMITMENTS AND CONTINGENCIES

The Company is not aware of any pending or outstanding litigation that would have material impact on the Company's financial condition. The Company's accounting policy is to include the estimated net cost of disposition of known claims and lawsuits in its financial statements where it is possible to make such estimates.

In the opinion of management, all such claims and suits are adequately covered by insurance, or are provided in the financial statements or, if not so covered or provided for, the results are not expected to materially affect the Company's financial position or results of operations.

21. SUBSEQUENT EVENTS

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 was 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") until November 23, 2024 at an exercise price of CA\$1.26 per Warrant, subject to adjustment in certain events.

Concurrently, the Company closed a public offering of 20,000 debenture units. Each debenture unit consists of (i) one 8% senior unsecured convertible debenture with a face value of CA\$1,000, convertible into common shares of the Company at a conversion price of CA\$1.51 per common share, maturing on November 23, 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 until November 23, 2023.