



WILDPACK BEVERAGE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER FISCAL 2024

FOR THE THREE AND SIX-MONTHS ENDED JUNE 30, 2024, AND JUNE 30, 2023

(Expressed in thousands of United States Dollars)

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of Wildpack Beverage Inc. ("Wildpack", the "Company", or "Management") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of the Company. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023, and December 31, 2022, and the condensed consolidated interim financial statements (unaudited) for the three and six-months ended June 30, 2024, and June 30, 2023, and related notes therein, as publicly filed in Canada on SEDAR+ at www.sedarplus.ca.

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of condensed interim consolidated financial statements, including IAS 34, Interim Financial Reporting.

The Company's functional and presentation currency is the United States dollar, except for Wildpack Beverage Inc., which has a functional currency of Canadian dollars. References to "\$" or "USD" are to United States dollars, while references to "C\$" are Canadian dollars. All dollar amounts in this MD&A are expressed in thousands of USD, with the exception of share price, unless otherwise noted or the context otherwise provides.

This MD&A is prepared as of August 29, 2024. This MD&A includes certain statements that may be deemed "forward-looking information", "forward-looking statements", "future-oriented financial information" and "financial outlook". Wildpack directs readers to the section "Cautionary Note Regarding Forward-Looking Statements" included within this MD&A.

The Company became a Reporting Issuer on May 17, 2021, when Ponderous Panda Capital Corporation completed the acquisition of all issued and outstanding equity of Wildpack Beverage Alberta Inc ("Wildpack Alberta"). Ponderous Panda Capital Corporation subsequently changed its name to Wildpack Beverage Inc. The transaction was considered akin to a reverse acquisition as Wildpack Alberta's shareholders have the majority of the shareholding interest in Wildpack after the transaction, the continuing business is that of Wildpack and key management primarily consist of Wildpack Alberta's former key management. On January 1, 2023, Wildpack Beverage Inc. was amalgamated with its wholly owned subsidiary, Wildpack Beverage Alberta Inc. which brings together the two companies under a single entity, Wildpack Beverage Inc.

Business Overview

The Company was incorporated on March 22, 2017, under the laws of British Columbia and is listed on the Toronto Stock Exchange Venture (CANS.TSXV). The Company's primary business activities include filling, decorating and brokering aluminum cans, along with brokering packaging materials, and printing labels and sleeves for the United States beverage market.

The Company operates four facilities, located in Baltimore, Maryland (the "Baltimore Facility"), Las Vegas, Nevada (the "Las Vegas Facility"), Grand Rapids, Michigan (the "Grand Rapids Facility"), and Austin, Texas (the "Austin Facility").

Wildpack began the process to consolidate the Sacramento and Marietta Facilities in April 2024 into the Las Vegas and Baltimore Facilities respectively, to optimize production and reduce costs. The estimated closure completion date is not yet known but is anticipated to be on or before September 30, 2024. The Company has ceased operations at these locations.

The Company's strategy is to create value for its stakeholders by achieving profitable operations. Following that, Wildpack intends to expand its network of beverage manufacturing facilities across the United States through a combination of company acquisitions and facility construction. The strategy is to leverage the fragmentation of the contract beverage packaging industry, the shift toward sustainable beverage packaging formats, and the expanding ready-to-drink beverage market into a sustaining business. Wildpack principally completes all production using the aluminum can format and primarily sells contract packaging services to middle market beverage brands looking to expand their distribution nationally, while consolidating their supply chain into fewer vendors. Wildpack's customer base is diverse and includes regional and national brands.

Service Lines

Wildpack operates four major service lines:

1. Filling services involve receiving from customers or purchasing on their behalf, specified raw ingredients, then mixing, and packaging them in accordance with their formula and pack-out specifications. The Company charges a tolling fee on a per can basis for this service.
2. 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 product specific designs and information. The Company charges an application fee on a per can basis.
3. Brokering services include procurement of aluminum cans and can related items including can ends, carriers, cartons, and trays. Ancillary to brokering services, Wildpack also offers graphic design, warehousing, packaging engineering support, logistics, and material selection consultation. The Company charges a percentage mark-up on packaging goods for brokerage and consultation on a per unit basis.
4. Printing (labels and sleeves) services include receiving a customer’s art, procuring ink and label materials, consulting on label type, size and design and printing the labels to customer specifications. Wildpack is often commissioned to print for customers utilizing other service lines, in these cases, the Company coordinates with the rest of their production needs. The Company charges a printing fee on a per label basis.

Service Line by Facility				
Facility	Service Line			
	Filling	Decorating	Brokering	Printing
Baltimore	✓	✓	✓	
Las Vegas	✓	✓	✓	✓
Austin	✓		✓	
Grand Rapids			✓	

Operating Results

The ready-to-drink beverage segment, representing packaged beverages sold in a format immediately available for consumption upon purchase, continues to grow with new entrants and the movement towards sustainable formats. Wildpack focuses on the entry and middle segments of this market which are growing at the fastest relative rate and benefit most from vertically integrated services. The Company is principally focused on the aluminum can as a format in the near term with future expansion opportunities into other environmentally sustainable containers.

Production Volume by Service

Production volume is manufactured units, in thousands of 12oz standard equivalent cans, except printed volume which is in thousands of labels. Total volume is production volume combined with brokered volume, which is expressed in thousands of 12oz standard equivalent cans delivered. The following table summarizes production for the three-months ended:

Service	Three-months ended		Six-months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Filled ¹	8,183	10,259	12,322	18,077
Decorated	11,837	14,756	18,070	27,270
Printed ²	13,740	13,819	20,568	27,190
Production Volume	33,760	38,834	50,960	72,537
Brokered ³	58,516	71,800	105,572	123,743
Total Volume	92,276	110,634	156,532	196,280

¹ 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.

² Printing volume is measured in thousands of labels. One label is used to produce one decorated can.

³ Brokered cans include brokered units and tertiary packaging sales converted into 12oz standard equivalent cans. \$1 of tertiary packaging = 6.50 12oz standard equivalent cans (June 30, 2023 – 6.25 equivalent cans).

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Production volume in filling decreased for the three and six-month period ended June 30, 2024, compared to the period ended June 30, 2023, primarily due to seasonal factors and market conditions that Management believes are short-lived. This, combined with temporary market fluctuations, has resulted in lower-than-expected production volumes. Consequently, decorating, printing, and brokering throughput have also been negatively impacted due to their correlation with filling throughput, leading to a quarter-over-quarter decline in these segments.

Plant Utilization by Service

Plant Utilization ("UTIL") is calculated as production volume divided by Plant Production Capacity ("CAP") and expressed as a percentage. Plant production capacity is determined based on available production time (using 24 hours multiplied by six working days per week), operational equipment rated throughput (theoretical max units per minute), and an expectation for equipment up-time (using targeted 70.0%). Production capacity is in thousands of 12oz standard equivalent cans, except printed volume which is in thousands of labels. Brokerage does not have a production capacity. The following table summarizes plant production capacity and utilization by service for the three and six-months ended:

Service	Three-months ended		Six-months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Filled	37.7%	55.5%	30.7%	48.9%
Decorated	65.8%	34.1%	29.5%	31.5%
Printed	65.4%	57.6%	45.7%	56.6%
Production Volume	55.6%	45.3%	34.8%	42.3%

The Company updated the CAP by service line during the three-month period ended June 30, 2024 as follows:

- Filling capacity increased from 18,500 to 27,900 because of the acquisition of the Austin facility. The Company has a quarterly capacity for each filling location of 9,300. Given Austin was acquired in May 2024, only one month of operations was used for the update of the three-month ended June 30, 2024, capacity of 21,700. The change in capacity was determined by management through lookback of actuals and assessment of efficient operating capacity for the facilities.
- Decorating capacity decreased from 43,300 to 18,000 because of the closure of the Sacramento and Marietta facilities. Decorating capacity was further adjusted from 10,825 to 9,000 per quarter per location. The change in capacity was determined by management through lookback of actuals and assessment of efficient operating capacity for the facilities.
- Printing capacity decreased from 24,000 to 21,000 per quarter because of management assessment of actuals and operating efficiency for printing.

Production utilization in filling increased by 17.8% and 18.2% for the three and six-month period ended June 30, 2024, compared to the period ended June 30, 2023, largely due to current market conditions and seasonality fluctuations, as well as the increased capacity due to the Austin facilities operations.

Production utilization in decorating increased by 31.7% for the three-month period ended June 30, 2024 and decreased 2.0% for the six-month period ended June 30, 2024, compared to the period ended June 30, 2023, largely due to the closure of two facilities as noted above.

Production utilization in printing increased by 7.8% for the three-month period ended June 30, 2024, and decreased 10.9% for the six-month period ended June 30, 2024, compared to the periods ended June 30, 2023, due to management's change in capacity assessment during the period.

As discussed previously, operating leverage (measured as UTIL) remains the most important driver of profitability due to the weight of fixed costs in direct costs. Management expects the impact of operating leverage on gross profit to decrease as utilization increases. The Company saw negative pressure on gross margin during the quarter ended June 30, 2024, because of lower UTIL in the filling segment of the business.

Confirmed Customer Orders

Confirmed Customer Orders are customer commitments for future orders in thousands of dollars. The following table summarizes confirmed customer orders by quarter.

	June 30, 2024	March 31, 2024	Quarter ended December 31, 2023	September 30, 2023	June 30, 2023
Confirmed Customer Orders ¹	\$22,851	\$18,587	\$12,014	\$14,576	\$22,874

¹This data is consolidated confirmed sales orders data from the Company's enterprise resource software. Confirmed customer orders do not reflect recognized revenue and are subject to adjustment/cancellation/reconciliation and may or may not be realized or realized in a particular period.

Filling

During the three and six-month period ended June 30, 2024, plant production capacity, plant utilization, and filled production volume were 21.7 million cans, 37.7% and 8.2 million cans; and 40.2 million cans, 30.65% and 12.3 million cans respectively. In the 2023 comparable period, plant production capacity, plant utilization, and filled production volume were 18.5 million cans, 55.5%, and 10.3 million cans; and 37 million cans, 48.9% and 18.1 million cans respectively.

The decrease in quarter-over-quarter utilization was influenced by market forces and seasonal demand. Filling experienced lower demand, largely due to low schedule adherence during the summer months (2023) associated with the Baltimore equipment installation. This situation led to canceled orders from existing customers during the seasonal low period, which, when combined with a normal selling cycle, resulted in lower producible demand.

During the three and six-month period ended June 30, 2024, capacity was updated as a result of the acquisition of the Austin facility as well as changes to operational efficiency metrics.

Filling continues to benefit from high product margins due to a cost structure heavily weighted in facility overhead and production labor. Throughput remains the most critical factor for achieving profitable operations.

Decorating

During the three and six-month period ended June 30, 2024, plant production capacity, plant utilization, and decorated production volume were 18.0 million cans, 65.8%, and 11.8 million cans; and 61.3 million cans, 29.5%, and 18.1 million cans respectively. In the 2023 comparable period, plant production capacity, plant utilization, and decorated production volume were 43.3 million cans, 34.1%, and 14.8 million cans; and 86.6 million cans, 31.5%, and 27.3 million cans respectively.

Decorating saw a decrease in production volume on a quarter-over-quarter basis. The decrease is driven by the demand correlation between filling and decorating. Customers increasingly request all-in solutions from Wildpack and as such, when filling decreases, there is a correlated decrease in decorating demand. Furthermore, Decorating saw a decrease in volume for the three and six-month period ended June 30, 2024, compared to the periods ended June 30, 2023, resulting from the closure of the Sacramento and Marietta locations.

The day-to-day decorating operations continue to perform in a consistent manner and are generally demand constrained, restricting higher levels of UTIL. Management is in the final stages of a consolidation strategy to bring the Marietta Facility into the Baltimore Facility and the Sacramento Facility into the Las Vegas Facility. The focus is to reduce fixed overhead and increase UTIL for the remaining production lines, which Management believes will improve the gross margin. Management substantially completed most of these consolidations by the end of the second quarter of 2024, only with minor outstanding items post quarter end; and has worked with the stakeholders in those facilities to promote a smooth transition and limit disruption.

Printing (Sleeve and Label)

During the three and six-months ended June 30, 2024, plant production capacity, plant utilization, and printed production volume were 21.0 million labels, 65.4%, and 13.7 million labels; and 45.0 million labels, 45.7%, and 20.6 million labels respectively. In the 2023 comparable period, plant production capacity, plant utilization, and printed production volume were 24.0 million labels, 57.6%, and 13.8 million labels; and 48.0 million labels, 56.6%, and 27.2 million labels respectively.

Printing saw a quarter-over-quarter production volume decrease. The decrease was the result of the weakened demand in Filling and Decorating due to market conditions, seasonality, and increased competition.

Low UTIL had a negative impact on margins in Decorating because Printing is a relatively heavy fixed cost business which requires high levels of UTIL to reach target transfer price gross profit levels of greater than 40%. At low levels of UTIL, the price reduction from external to internal is not realizable, and the only real benefit to Wildpack is lead-time and transparency in the process. While not optimal, this lead time benefit is substantial to the other service segments, specifically Filling, as it reduces the amount of disruption for supply chain lead times and drives UTIL higher.

The day-to-day operations of Printing remain generally efficient, and the segment is mostly demand constrained. Management continues to assess opportunities to monetize the printing assets as a standalone revenue generating division but has put these expansions on hold due to the capital investments required, principally around finishing equipment.

Brokering

During the three and six-months ended June 30, 2024, and June 30, 2023, the Company brokered 58.5 million and 110.0 million can equivalents; and 71.8 million and 123.7 million can equivalents respectively.

Brokering saw a decline in quarter-over-quarter performance. Brokering services both internal demand, brands which are utilizing the Company's other manufacturing services, as well as external demand, being brands that fill their own products like breweries and cideries. The number of customers who only utilized the Company's Brokering services increased but was offset by a decrease in demand from the Filling and Decorating services.

Management continues to assess adding other major products to the brokering focus such as ingredients. The chief concern is the expansion of the required working capital with these offerings. As the overall profitability of the business improves, it will become a primary focus to establish key vendor relationships within these products. Wildpack is working to add paper and cardboard packaging customers. The offering is showing early signs of customer traction and is targeted to grow throughout fiscal 2024, positively impacting revenue and profitability.

Financial Results

	Note	Three-months ended		Six-months ended	
		2024	June 30, 2023	2024	June 30, 2023
Sales	15	\$13,905	\$15,181	\$24,998	\$27,794
Cost of sales					
Production costs	16	13,031	12,098	23,890	23,503
Depreciation and amortization	7, 8, 10	718	571	1,391	1,163
Cost of sales		13,749	12,669	25,281	24,666
Gross profit (loss)		\$156	\$2,512	\$(283)	\$3,128
Operating expenses					
Selling		914	1,034	2,020	1,895
Salaries, wages, and benefits		1,807	1,732	3,503	3,425
Depreciation and amortization	7, 8, 10	986	934	1,947	1,833
Office and administrative		382	786	667	1,183
Share-based compensation	14	161	512	478	532
Professional fees		352	563	477	887
Bad debt		18	78	198	380
Other operating		184	131	27	292
Operating expenses		4,804	5,770	9,317	10,427
Other expenses					
Bank and finance charges		1	155	15	156
Interest on long-term debt	12	3,036	1,818	6,013	3,127
Interest on lease obligations	11	138	97	278	259
Foreign exchange loss (gain)		2	(2)	14	9
Other expenses		3,177	2,068	6,320	3,551
NET LOSS		\$(7,825)	\$(5,326)	\$(15,920)	\$(10,850)

Three and six-months ended June 30, 2024, compared to the three and six-months ended June 30, 2023

Net loss

The Company had a net loss of \$7.83 million and \$15.92 million for the three and six-month period ended June 30, 2024, respectively, and \$5.33 million and \$10.85 million for the three and six-month period ended June 30, 2023, respectively. The increase in net loss period over period is the result of elevated costs, notably interest expense, and decreased gross margin resulting from a decrease in sales revenue.

Revenue

Revenues amounted to \$13.91 million and \$25.00 million for the three and six-month period ended June 30, 2024, respectively, and \$15.18 million and \$27.79 million for the three and six-month period ended June 30, 2023, respectively. Revenue decreased 8% and 10% in the three and six-month period ended June 30, 2024, over the comparable period in the prior quarter, through decreased facility utilization and suppressed confirmed sales orders within the previous quarter. There was an approximate move of \$0.6 million in revenue from quarter two into quarter three 2024, resulting from delayed brokerage deliveries.

Cost of sales

Cost of sales amounted to \$13.75 million and \$25.28 million for the three and six-month period ended June 30, 2024, respectively, and \$12.67 million and \$24.67 million for the three and six-month period ended June 30, 2023, respectively. Cost of sales increased 8% and 2% in the three and six-month period ended June 30, 2024, over the comparable period in the prior quarter, due to temporary elevated costs relating to the filling division.

Selling expenses

Selling expenses were \$0.91 million and \$2.02 million for the three and six-month period ended June 30, 2024, respectively, and \$1.03 million and \$1.90 million for the three and six-month period ended June 30, 2023, respectively. Selling expenses include wages, salaries, benefits, and commissions paid to the Company's sales team. Commissions are earned based on confirmed sales orders.

Salaries, wages, and benefits

Salaries, wages, and benefits were \$1.81 million and \$3.50 million for the three and six-month period ended June 30, 2024, and \$1.73 million and \$3.43 million for the three and six-month period ended June 30, 2023, respectively. The overall salaries, wages and benefits were consistent with the comparable period as headcount remained similar. Management remains focused on cost containment.

Depreciation and amortization

Depreciation and amortization expenses were \$0.99 million and \$1.95 million for the three and six-month period ended June 30, 2024, respectively, and \$0.93 million and \$1.83 million for the three and six-month period ended June 30, 2023, respectively. Depreciation and amortization expenses increased marginally as additional machinery and equipment were installed and put into use.

Office and administration

Office and administrative expenses were \$0.38 million and \$0.67 million for the three and six-month period ended June 30, 2024, respectively, and \$0.79 million and \$1.18 million for the three and six-month period ended June 30, 2023, respectively. Office and administrative expenses decreased because of continued cost reductions efforts by the Company.

Share-based compensation

Share-based compensation was \$0.16 million and \$0.48 million for the three and six-month period ended June 30, 2024, respectively, and \$0.51 million and \$0.53 million for the three and six-month period ended June 30, 2023, 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 changed due to the timing and amount of grants and vesting.

Professional fees

Professional fees were \$0.35 million and \$0.48 million for the three and six-month period ended June 30, 2024, respectively, and \$0.56 million and \$0.89 million for the three and six-month period ended June 30, 2023, respectively. Professional fees include legal, accounting, human resource hiring fees, and other services required for regulatory compliance. The decrease in professional fees is explained by the settlement of certain litigation matters in 2023, not present in 2024.

Bad debt

Bad debt expenses were \$0.02 million and \$0.20 million for the three and six-month period ended June 30, 2024, respectively, and \$0.08 million and \$0.38 million for the three and six-month period ended June 30, 2023, respectively. Bad debt expense originates from an allowance for doubtful accounts. The decrease in bad debt expense is due to a change in the relative aging of accounts receivable.

Interest on long-term debt

Interest on long-term debt was \$3.04 million and \$6.01 million for the three and six-month period ended June 30, 2024, respectively, and \$1.82 million and \$3.13 million for the three and six-month period ended June 30, 2023, respectively. This balance includes interest on the Company's promissory notes, consideration payable, equipment loan, and convertible debentures. Interest on long-term debt increased as the Company entered into convertible debenture agreements during the second half of fiscal 2023.

Source and Use of Financing Proceeds

There were no equity proceeds received during the three and six-month period ended June 30, 2024.

Summary of Quarterly Financial Results

The following table contains selected quarterly information derived from the Company's condensed consolidated interim financial statements and should be read in conjunction with those financial statements and related notes.

<i>(in thousands of dollars, except earnings per share)</i>	Quarter ended							
	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Revenue	\$13,905	\$11,093	\$13,735	\$14,776	\$15,181	\$12,613	\$9,763	\$8,171
Net loss	(7,825)	(8,095)	(9,883)	(6,182)	(5,326)	(5,524)	(18,344)	(6,825)
EPS (LPS) – Basic	(0.08)	(0.08)	(0.09)	(0.05)	(0.05)	(0.05)	(0.18)	(0.07)
EPS (LPS) – Diluted	(0.08)	(0.08)	(0.09)	(0.05)	(0.05)	(0.05)	(0.18)	(0.07)

The financial results are primarily driven by production, acquisition, and construction activities. Significant changes in these factors directly impact the Company's revenue, net earnings (loss), and comprehensive earnings (loss). In addition:

- Financial results for the second quarter ended June 30, 2024, were impacted by lower overall production volume, leading to lower revenue. Operating expenses were consistent with prior periods and continue to decrease in line with cost reduction efforts by Management. Net loss was impacted by increased interest expenses from additional debt (Sandton Loan).
- Financial results for the first quarter ended March 31, 2024, were impacted by lower overall production volume, leading to lower revenue and cost of sales. Operating expenses were consistent with prior periods and continue to decrease in line with cost reduction efforts by Management. Net loss is further impacted by increased interest expenses from additional debt.
- Financial results for the fourth quarter ended December 31, 2023, were impacted by soft total volume, leading to lower revenue and cost of sales. Cost of sales was negatively impacted by an inventory adjustment. Net loss was impacted by intangible asset and goodwill impairment and offset against the gain on settlement of consideration payable.
- Financial results for the third quarter ended September 30, 2023, were impacted by the installation of the Baltimore facility filling line, which negatively impacted filling production volume, revenue and gross profit. Revenue and gross profit outperformed expectations, after adjusting for the installation and subsequent slower production ramp up. Operating expenses decreased due to a reduction in salaries, wages, and benefits. Net loss was impacted by increased interest expense from the additional debt.

Acquisitions and Reverse Acquisitions

On May 15, 2024, the Company closed the acquisition of certain assets of Austin Eastciders LLC ("AEC"). The Company acquired \$1,869 of certain prepaid assets, and property, plant, and equipment, and assumed certain leases, including the facility lease. Consideration for the acquisition comprised of an accounts receivable offset of \$387 from the seller who is also a customer of the Company, sale of equipment of \$495, assumption of loans of \$613 and holdback amount of \$374.

2024 Outlook

The 2024 Outlook is under review by Management. Upcoming changes to Company locations and Decorating capacity associated with the consolidation of the Sacramento and Marietta locations into the Las Vegas and Baltimore facilities respectively, may impact the cost structure and level of production required to achieve cash flow positive operations. Furthermore, the monthly can production level necessary for Filling to achieve cash flow positive operations may be impacted by the asset purchase completed on May 15, 2024 from Austin Eastciders LLC.

Liquidity and Capital Resources

As at June 30, 2024, the Company had a working capital deficit of \$68,976, an accumulated deficit of \$102,857, and cash of \$1,089. During the period ended June 30, 2024, the Company incurred a net loss of \$15,920 and generated cash of \$875 from its operating activities. The Company's history of losses and working capital deficit represent a material uncertainty that may cast significant doubt on the Company's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Please refer to note 13 for additional details pertaining to the classification of debt to current.

The Company proposes to complete a restructuring transaction with respect to its outstanding 8.00% public convertible unsecured subordinated debentures in the aggregate principal amount of C\$45,007 which were issued dated as of June 30, 2021, November 23, 2021, and March 31, 2022 (note 22 to the June 30, 2024, financial statements).

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate cash or raise equity capital or borrowings sufficient to meet current and future obligations. There can be no assurance that such financing will be available to the Company on acceptable terms. The Company may explore opportunities to revise the due dates of its liabilities, and/or settle its liabilities through the issuance of common shares and other equity instruments. There can be no assurance that such revisions or settlement of liabilities will be available.

Debt

Promissory Note

Wild Leaf Holdings U.S. LLC assumed a \$417 promissory note, through the acquisition of CraftPack and Lucky Clover, with a shareholder of the Company. The interest rate is 6% per annum compounded monthly and matures in 2026. Additional promissory notes are held by related parties, refer to note 17.

Credit Facility

On September 23, 2022, the Company entered into a senior secured revolving credit facility with Transportation Alliance Bank, Inc. ("TAB Bank"), for up to \$5,000 in asset-backed financing. The facility provides for a senior secured revolving credit facility, with a 2-year term, and interest only payments at the variable 30-day Secured Overnight Financing Rate ("SOFR") plus 4.85%. On April 30, 2023, the facility was paid in full and terminated.

Consideration Payable

The Company has consideration payable in cash resulting from the acquisitions of Lucky Clover, CraftPack, Vertical, Land and Sea and AEC (note 7). During the year ended December 31, 2023, the Company reached a settlement agreement relating to the consideration payable due to the vendors of Land and Sea. Furthermore, pursuant to the settlement agreement, 12,404,867 common shares were returned to the Company, refer to note 14. The remaining consideration payable as at June 30, 2024 is comprised of balances due to Lucky Clover, CraftPack, Vertical and AEC.

Equipment Loan

On June 19, 2023, the Company entered into an equipment finance agreement to acquire filling machinery and equipment. The agreement provides the Company with a \$2,300 loan, amortized and payable monthly over 36 months commencing on July 1, 2023. The interest rate on the loan is 6.5% per annum. As at June 30, 2024, a portion of the equipment and machinery remains in CIP (note 7) as certain items were not available for use in the period.

On May 15, 2024, the Company assumed an equipment loan totaling \$331 as part of the AEC acquisition. The interest rate on the loan is 8.25% per annum and matures in 2026.

Equity

On April 14, 2023, the Company issued 1,016,787 shares to employees as part of bonus settlement agreements for certain employees in the amount of \$143.

As part of the acquisition of K.T. Murray Corporation ("Land and Sea"), in 2021, the Company issued 1,271,849 and 11,446,650 common shares in the years ended December 31, 2022, and December 31, 2021, respectively. On October 3, 2023, the Company settled a dispute with the vendors of Land and Sea, which returned 12,404,867 shares to the Company, which were subsequently cancelled.

Debenture

Sandton Loan (secured)

On April 18, 2023, the Company entered into a promissory note (the "Bridge Loan") with Sandton Credit Solutions Master Fund V, LP, an affiliate of Sandton Capital Partners, L.P ("Sandton") totaling \$12,500. The Bridge Loan bears an interest rate of 13% per annum with interest accruing during the 12-month term of the loan. The Company paid \$75 in transaction costs related to the closing of the Bridge Loan which were expensed during the year ended December 31, 2023.

On May 23, 2023, the Company and the Lender entered into an amended and restated loan agreement (the "Tranche 1 Loan") which extinguished the Bridge Loan and established a non-revolving term credit facility in the principal amount of \$25,000 between the Lender and the Company's wholly-owned US subsidiaries. The extinguishment was accounted for as a debt modification with any resulting gain or loss recognized in the statement of loss and comprehensive loss.

The Tranche 1 Loan is comprised of a 48-month secured term loan bearing an interest rate of 13% per annum. For any period during which an event of default has occurred and gone uncured or waived, the applicable interest rate shall be increased to an annual rate of 18% per annum. The Tranche 1 Loan is secured by a first priority lien on all assets of the Company and its subsidiaries and is guaranteed by the Company and its subsidiaries. The Company's shares have also been pledged as security in connection with the Tranche 1 Loan. The Company paid \$80 in transaction costs which are being amortized over the 48-month term.

In connection with the transaction, the Company has granted to Sandton an option to convert the Tranche 1 Loan into approximately 49% of the equity of Thirsty Cat, LLC, a wholly owned subsidiary of the Company, which holds interests in all of the Company's U.S. operations representing substantially all of the principal business assets of the Company. The Company determined that the Tranche 1 Loan is a compound instrument consisting of (i) a debt component, which has been presented within debt (note 11); and (ii) equity components which have been presented within equity reserve.

On October 12, 2023, the Company entered into an amendment agreement with Sandton for an additional loan tranche in the amount of \$5,000 (the "Tranche 2 Loan"). The Tranche 2 Loan bears interest at a rate of 15.00% per annum. All interest accruing under the Tranche 2 Loan up to and including November 1, 2024, will be added to the principal balance and will thereafter accrue interest (such paid in kind interest being referred to as "PIK"). The Tranche 2 Loan matures October 10, 2026. The Company recorded a 10% discount fee of \$500 per the terms of the agreement which is being amortized over the life of the loan. The Company paid \$50 in transaction costs which are being amortized over the same term.

The Company granted warrants to Sandton exercisable into 5.625% of the equity of the Company's wholly owned subsidiary, Thirsty Cat LLC. The warrants were granted at a nominal value and do not expire. The Company determined that the Tranche 2 Loan is a compound instrument consisting of (i) a debt component, which has been presented within debt (note 11); (ii) equity and equity warrants components which have been presented within equity reserve (note 13).

On June 27, 2024 the Company received \$1,500 from Sandton in the form of a promissory note which bears 15% and is due on demand. The promissory note proceeds were used to reduce the key vendor, Ball Corporation, trade balance payable.

Public Convertible Debentures (unsecured)

On March 31, 2022, the Company closed a public offering of 5,007 convertible debenture units for gross proceeds of \$4,007 ("Series 3" debentures). Each debenture unit consists of (i) one 8% senior unsecured convertible debenture having a face value of C\$1,000, which is convertible into common shares of the Company at a conversion price of C\$1.00 per common share and matures four years from the closing date; and (ii) 500 common share purchase warrants ("Warrants S3") of the Company. Interest is paid quarterly.

Each Warrant S3 entitles the holder thereof to purchase one common share at C\$1.50 per share for a period of two years, expiring March 31, 2024. In connection with the March 2022 offering, the underwriters received a cash commission equal to \$150 and the Company also issued compensation warrants to the underwriters entitling them to purchase an aggregate of 50,420 common shares at a price of C\$1.00 per share until March 31, 2024.

On November 23, 2021, the Company issued 20,000 convertible debenture units, for consideration of \$14,795 ("Series 2" debentures). Each debenture unit consists of (i) one 8% senior unsecured convertible debenture having a face value of C\$1,000 which is convertible into common shares of the Company at a conversion price of C\$1.51 per common share and matures on November 23, 2025; and (ii) 332 common share purchase warrants ("Warrants S2") of the Company. Each Warrant S2 entitles the holder thereof to purchase one common share at C\$1.81 per share for a period of two years, expiring November 23, 2023.

On June 30, 2021, the Company issued 20,000 convertible debenture units for consideration of \$15,017 ("Series 1" debentures). Each debenture unit consists of (i) one 8% senior unsecured convertible debenture having a face value of C\$1,000, which is convertible into common shares of the Company at a conversion price of C\$1.51 per common share and matures on June 30, 2025; and (ii) 332 common share purchase warrants ("Warrants S1") of the Company. Each Warrant S1 entitles the holder thereof to purchase one common share at C\$1.81 per share for a period of two years, expiring June 30, 2023.

At any time following the expiry of 36 months after issuance for Series 1 and 2 (24 months after issuance Series 3), 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 maturity.

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 Company's common shares on the TSX Venture Exchange is greater C\$1.50 (Series 3 issuance) for the preceding 10 consecutive trading days and C\$2.19 (Series 1 and Series 2 issuances) for the preceding 20 consecutive trading days. Holders having their convertible debentures converted, at a redemption price equal to 110% of the principal amount, will receive accrued and unpaid interest thereon in cash.

The Company determined that the convertible debenture is a compound instrument consisting of (i) a debt component, which has been presented within debt (note 12); (ii) a derivative asset, which has been presented separately, and (iii) equity and equity warrants components which have been presented within equity reserve. The Company exercised judgement in determining the fair value of the derivative asset. The valuation is considered to be level 3 in the fair value hierarchy.

Commitments and Contingencies

Commitments

The following table provides the Company's contractual obligations as of June 30, 2024:

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 to 5 Years	Over 5 Years
Accounts payable and accrued liabilities	\$17,930	\$17,930	\$17,930	\$-	\$-
Lease obligation	8,270	9,601	2,815	6,786	-
Debt	61,290	71,920	70,183	1,737	-
Total	\$87,490	\$99,451	\$90,928	\$8,523	\$-

Contingencies

The Company is, from time to time, involved in various claims, legal proceedings, tax assessments and complaints arising in the ordinary course of business from third parties. The Company cannot reasonably predict the likelihood or outcome of these actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations. Accordingly, no provision or further disclosure has been made as the likelihood of a material outflow of economic benefits in respect of such claims is considered remote. In forming this assessment, management has considered the professional advice received and tax laws in place in the various jurisdictions, and the facts and circumstances of each individual claim. 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.

Lawsuits

The Company routinely enters contracts for service with its customers. Due to the nature of beverage manufacturing, unfavorable customer outcomes are possible, outside of the Company's control. Customers may pursue litigation to attempt to recover costs.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Key management compensation

Key management personnel include those people 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 ("CEO"), Chief Financial Officer ("CFO"), and the Chief Growth Officer ("CGO"). Compensation provided to key management personnel for the three and six-month periods ended June 30, 2024, and June 30, 2023, were as follows:

	Three-months ended June 30,		Six-months ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits, including salaries	\$558	\$799	\$893	\$1,082
Share-based compensation	132	295	509	303
Total	\$690	\$1,094	\$1,402	\$1,385

Related party transactions

The Company has entered into employment agreements with each of the officers, including CEO, CFO, and CGO. Under the employment agreements, the officers receive a base salary, extended benefits and are eligible for an annual performance-based bonus and long-term incentive awards determined at the discretion of the Board of Directors. Compensation provided to key management personnel contains a component of share-based compensation, which vests upon completion of performance milestones.

Promissory Notes

During the period ended June 30, 2024, the Company did not enter into any additional promissory notes with related parties. Of the existing promissory notes, the Company repaid \$nil during the period.

During the year ended December 31, 2023, the Company did not enter into any additional promissory notes with related parties. Of the existing promissory notes, the Company repaid \$115 during the year.

Grand Rapids – Building Rent

On December 1, 2021, the Company entered into an 8-year term lease agreement at prevailing market rates for its Land and Sea operations in Grand Rapids, Michigan, with Q4 Development LLC, an entity owned by a former employee of the Company. The total lease liability as at June 30, 2024 is \$1,157 (June 30, 2023 – \$1,320) of which \$177 is current and \$980 is non-current.

Significant Accounting Judgements and Estimates

Estimates

The preparation of these consolidated financial statements requires the use of accounting estimates. It 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. Adjustments are made to income as appropriate in the period changes in estimates become known.

Going concern and liquidity

These financial statements have been prepared on the assumption that the Company is able to continue as a going concern. The Company has estimated its cost of sales, operating expenses, and other expenses, for the coming twelve months from historical and projected costs. The Company's expected commitments are based on management's best estimates for maintaining its operations at its various facilities. Management has judged the Company's ability to raise additional capital/funding and continue as a going concern and has concluded that the going concern basis of accounting is appropriate (note 1 to the June 30, 2024 financial statements).

Expected credit loss for accounts receivable

The expected credit loss for accounts receivable requires significant judgement. Management based the expected credit loss for accounts receivable on historical experience, applied on an individual account basis. The estimate is influenced by the health of the economy, business sector, and customer base.

Useful life of property, plant, and equipment and intangible assets

The useful life of property, plant and equipment and intangible assets is a significant judgement. Management reviews the useful lives annually. Management engages with external experts to aid in estimation of the initial and subsequently reviewed expected useful life for intangible assets. The useful life of intangible assets considers expected cash flows from continuing customers, and the longevity of brand names among others.

Assets and liabilities acquired in a business combination

Assets and liabilities acquired in a business combination are valued at their fair value, with certain exceptions as outlined in IFRS 3 – Business Combinations. The determination of fair value requires significant assumptions and estimates including revenue growth rates, operating margins, customer attrition, and discount rates. Other assumptions include expected future cash flows attributed to the asset and the useful life of the asset (which involves considering factors like expected obsolescence). Any differences between future results could cause the valuation of the recorded asset to be lower than management’s estimates, resulting in an impairment being recorded.

Property and equipment acquired requires estimates of the remaining useful life and fair value on date of acquisition. Management engages arm’s length third parties to value the property, plant and equipment. Changes to these estimates could result in differences in depreciation expense recorded in future years or impairment if the useful life of the assets was to be reduced.

The fair value of liabilities acquired in a business combination is determined based on the cash flows to be paid over the contractual term of the liability, which involves determination of an appropriate discount rate as compared to market transactions with similar terms.

Impairment testing of goodwill and other intangible assets

The Company tests at least annually whether goodwill and indefinite lived intangibles are impaired, in accordance with the requirements of IAS 36 Impairment of Assets. The recoverable amounts of CGU’s are determined based on the greater of their fair value less costs of disposal and value in use. These calculations, which include a discounted cash flow model, require the use of estimates.

For the purposes of impairment testing, assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generate cash inflows that are independent of cash inflows of other assets or groups of assets. The determination of these CGUs is based on management’s judgment with regards to shared infrastructure, geographical proximity, product type and other relevant factors.

Value in use calculations require management to make certain assumptions, including significant estimates about forecasted revenue levels and growth rates, operating margins, and discount rates (note 12). In arriving at its forecasts, the Company considered historical performance, current industry trends, and market opportunities.

Fair value of convertible debenture

The Company has convertible debentures which are compound instruments consisting of the debt component, the equity component, the equity warrant component, and the derivative asset which is an area of significant estimation uncertainty. The Company uses a valuation model to estimate the fair values of the component. The determination of fair value requires significant assumptions and estimates which are further disclosed in note 12.

Income taxes

Income taxes recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome is reflected in income tax expense in the period the final tax outcome is determined.

The Company assesses the probability of taxable profits being available in the future based on its budgeted forecasts. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. This estimate requires the use of the appropriate valuation model, as well as the input assumptions, such as volatility, risk free rate, dividend yield, and forfeiture rate.

Classification of Convertible Debentures

Management made a significant judgment in the application of the IFRS policies in relation to the classification of the convertible debentures. The Public Convertible Debenture agreement contains cross-default clauses that are linked to the covenants for the Sandton Loan. Notwithstanding the presentation of the debenture liability as current, the Company is not in default under the cross-default provisions in the debenture agreement. Conditions at June 30, 2024 and December 31, 2023 give Sandton the right to accelerate payment of the loan; if Sandton exercises that right, the debenture holders have the right to accelerate payment on the debentures. Furthermore, the Company did not make the debenture payments due on March 31, 2024, and June 30, 2024. As a result, conditions as at June 30, 2024, give Public Convertible Debenture holders the right, subject to minimum voting requirements, to accelerate payment on the debentures. Consequently, the Company did not have the unconditional right to defer the settlement of the debenture liabilities for at least twelve months, because the ability to defer repayment was conditional upon the action of others. As a result, the debenture liability has been reclassified to current in its entirety.

Investment in associates and joint ventures

When accounting for its investments in other entities, the Company must determine which entities it controls and over which entities it has significant influence. Control over a subsidiary exists when the Company is exposed to and has the rights to variable returns of the subsidiary and has the ability to affect those returns through its power over the entity. Significant influence exists when the Company has the power to participate in the financial and operating policy decisions of an entity but does not control or jointly control those policies. The Company applies considerable judgment when evaluating the relevant interests, rights, relationships, and other relevant factors to determine whether it controls another entity or has significant influence over another entity.

Financial Instruments

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 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, as at:

Financial Instrument	June 30, 2024
Cash	\$1,089
Cash held in trust	658
Accounts receivable	7,981
Sales taxes recoverable	206
Accounts payable and accrued liabilities	17,930
Lease obligation	8,270
Debt	61,290

Financial assets and financial liabilities, including derivatives, are recognized on the statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial instruments in the following measurement categories: (a) fair value through profit and loss (“FVTPL”), (b) fair value through other comprehensive income (“FVTOCI”), and (c) amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as amortized cost unless they are irrevocably designated at initial recognition as those to be measured at FVTPL or requiring classification as FVTPL. For assets and liabilities measured at FVTPL, gains and losses are recorded in the statement of income (loss). For liabilities designated at FVTPL, changes due to the Company’s own credit are recorded in other comprehensive income. The Company’s derivative assets (liabilities) are designated at FVTPL in the period presented.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified. Derivatives are recognized at their fair value.

Expected credit loss (“ECL”) impairment model

The Company uses the expected credit loss impairment model, which is based on changes in credit quality since initial application. This model is applied to assets measured at amortized cost.

- A maximum 12-month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurred in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected after the instrument’s initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 180 days past due. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The carrying amount of a financial asset is partially or fully written off when there is no realistic prospect of recovery. This typically occurs when the Company determines that the debtor does not have sufficient assets or cash flows to repay the amounts.

Measurement

All financial instruments are measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost in subsequent accounting periods. All other financial assets including equity investments are measured at their estimated fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss).

The Company’s classification of financial assets and liabilities is summarized below:

Cash	Amortized cost
Cash held in trust	Amortized cost
Accounts receivable	Amortized cost
Derivative assets	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Lease obligations	Amortized cost
Debt	Amortized cost

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Fair value hierarchy

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The measurement as a whole is categorized in the hierarchy based on the lowest-level significant input. The fair value hierarchy has the following levels:

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

Derivatives

Derivative instruments, including embedded derivatives in financial liabilities or non-financial contracts, such as the conversion of convertible debentures, and non-hedge derivatives, such as foreign exchange contracts, are recorded at FVTPL and, accordingly, are recorded on the statement of financial position at fair value. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date. Changes in fair value at each reporting date are included in the statement of loss and comprehensive loss.

Outstanding Share Data

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

	Number of Securities	Exercise Price (\$)	Exercise Price Currency	Weighted Average Remaining Life (Years)
Common shares	100,183,769	n/a		
Stock options	3,015,000	\$0.55 - \$1.17	CAD	1.03
Restricted share units ³	24,908,833	n/a	CAD	0.24
Share purchase warrants	11,340,206	\$1.26	CAD	0.24
Total	139,447,808			
Convertible Debentures ^{1,2}	45,007	\$1.00 - \$1.51	CAD	1.21

¹40,000 Convertible debentures are convertible into common shares at a ratio of 1 debenture, holding a face value of C\$1,000 per debenture, convertible into 667 common shares.

²5,007 Convertible debentures are convertible into common shares at a ratio of 1 debenture, holding a face value of C\$1,000 per debenture, convertible into 1,000 common shares.

³The Company may settle RSUs in cash or common shares of the Company, on a basis of one common share for each RSU.

Risks and Uncertainties

Consumer product manufacturing and wholesale involves several risks and uncertainties, many of which are beyond the Company's control. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A, those identified in the Annual Information Form for the year ended December 31, 2022, and Wildpack's other disclosure documents as filed in Canada on SEDAR+ at www.sedarplus.ca. You should carefully consider such risks and uncertainties prior to deciding to invest in the Company's securities.

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 supply such products to Wildpack's customers on a commercially reasonable basis. This could harm the Company's relationship with its customers, prevent it from attracting 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. Ball Corporation is identified as a key supplier.

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. The Company relies on can manufacturers that may operate facilities outside of North America. Geopolitical events such as the Russia-Ukraine conflict could disrupt shipping channels utilized for packaging supply. The Company's supply chain program and inventory maintenance strategy may prove to be inadequate to mitigate these shipping issues.

The Company is exposed to commodity price volatility in respect of aluminum. The Company's pricing strategy and relative customer demand in-elasticity to price changes may prove to be ineffective, resulting in negative gross margin variances.

Third Party Suppliers

The Company relies heavily on third parties such aluminum cans and packaging materials vendors/partners to provide its goods and services. If these third parties were unable or unwilling to provide these goods and services in the future, or provide these goods and services less cost effectively due to inflation, Wildpack would need to obtain such goods or services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these goods and services are replaced, if possible.

Key Financier Risk

Over the most recent history, the Company has relied heavily on a key financial partner to provide its capital funding. If the party were unable or unwilling to provide support in the future, or terminate the agreements, Wildpack would need to obtain such financing support from other providers, if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until a solution is available, if possible.

Uncertainty of liquidity and capital requirements

The future capital requirements of the Company will depend on many factors, including all matters relating to the risks identified herein, the number and size of acquisitions consummated (if any), rate of growth of its customer base, the costs of expanding into new markets (if any), the growth of the market for consumer product manufacturing and wholesale and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

Loss of Key Personnel

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.

Acquisition Integration

Due to the Company's expansion strategy, there is exposure to integration risk on completed acquisitions. This includes the integration of culture, technology, processes, vendors, and customers. The scale of the Company's current operations makes future acquisitions less material to the overall organization, mitigating potential disruption.

Public Health Crises, Including COVID-19

Emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases or pandemics, including the COVID-19 outbreak, could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, social unrest, breach of material contracts and customer agreements, government or regulatory actions or inactions, changes in tax laws, payment deferrals, increased insurance premiums, decreased demand, delays in permitting or approvals, governmental disruptions, capital markets volatility, or other unknown but potentially significant impacts. Throughout the COVID-19 pandemic, the Company operated continuously under the stringent directives provided by federal, state and county authorities. While an outbreak of COVID-19 at a Company facility could result in significant disruption to operations, including a suspension of production, the Company has established COVID-19 management plans and implemented enhanced protocols and preventative measures to manage and mitigate the spread of COVID-19. The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place Wildpack workforce at risk.

In addition, a significant outbreak of contagious diseases in the human population, such as COVID-19, could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could result in a material adverse effect on demand for packaged beverage products, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Common Shares. Accordingly, any outbreak or threat of an outbreak of an epidemic disease or similar public health emergency, could have a material adverse effect on the Company's business, financial condition, and results of operations. It is unknown whether and how the Company may be affected if a pandemic, such as the COVID-19 outbreak, persists for an extended period.

Information Technology and Cybersecurity

The Company's information systems, and those of its third-party service providers, creditors, and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the organization. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapidly evolving nature of the threats, targets, and consequences. Additionally, unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving the Company's third-party service providers, customers, employees, creditors, or vendors.

The Company's operations depend, in part, on how well it and its partners protect networks, equipment, information technology systems and software against damage from a number of threats. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems, and software, as well as pre-emptive expenses to mitigate the risks of failures. 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.

Labour Supply and Unionization

The labour market in the United States is currently constrained. The Company's ability to flexibly adjust labour hours and maintain capacity depends on sufficient and economical labour. The Company manages this consideration through competitive compensation packages and consistent hiring practices. Currently, there are no indications of unionization of the Company's employees. Should unionization occur, it could negatively impact the Company's operating costs and decrease its profit margins.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in the global supply chain and financial markets. Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chain and global economies more broadly. Supply chain disruptions may adversely affect the business, financial condition, and results of operations.

The extent and duration of the Russian-Ukrainian or other conflicts and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified, including those relating to commodity price volatility, global financial conditions and supply chain disruptions. The situation is rapidly changing and unforeseeable impacts, including on the Company's shareholders and counterparties on which the Company relies and transact with, may materialize, and may have an adverse effect on the business, results of operation and financial condition.

Litigation

The Company 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 favour or that the insurance the Company carries will be available or paid to cover any litigation exposure. The cost of defending claims may take away from management's time and effort and any losses from settlements or adverse judgments arising out of these claims may have a material and adverse effect on our cash flows, results of operations and financial condition.

Factors which may Prevent Realization of Growth Targets

The Company is still developing and growing its business. There is a risk that these additional objectives will not be achieved on time, on budget, or at all, as they 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. Other factors may inhibit growth, including supplier payment terms and availability of trade credit.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A and certain information incorporated herein by reference constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the Company's plans or future financial or operating performance, the estimation of sales volumes and production throughput, anticipated growth in co-packing, decorating or brokering services, the estimation of revenue, operating efficiencies and costs, acquisition and integration of new facilities, future capital expenditures, requirements for and timing of additional financing, and future outcome of legal and tax matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to failure of plant, equipment or processes to operate as anticipated, failure to realize operational efficiencies or margin growth, failure to obtain sufficient cash flow to cover forecasted expenses or achieve profitability, operations, general economic conditions, financing and credit availability, increase in price of aluminum, increase in prices of raw ingredients for beverages, changes in consumer beverage preferences, supply chain issues including, supply of aluminum cans, fluctuations in US dollar currency exchange rates; failure to grow or increase its market share in co-packing, decorating and brokering services, food and safety issues, quality control failures, accidents, labour disputes, claims and limitations on insurance coverage; delays in obtaining financing, changes in alcohol regulations, tax rules and regulations, and actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Risk Factors" in the Company's most recent Annual Information Form available on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements are qualified in their entirety by the inherent risks and uncertainties related to the Company's business, including that the Company's assumptions in making forward-looking statements may prove to be incorrect; delays in filing of financial information; adverse market conditions; risks inherent in the beverage manufacturing and packaging sector in general; that future results may vary from historical results; and competition in the markets where the Company operates. Except as required by securities law, Wildpack does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise.

Investor & Contact Information

Stock Exchange and Listed Securities

Toronto Stock Exchange Venture

Common Shares (CANS)

Debentures (CANS.DB)

Warrants (CANS.WT)

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Board of Directors

Jeffrey Mason, Chair

Izhar Basha

Matthew Dwyer

Mitchell Barnard

Sara Coyle

Sean Clark

Stephen Fader

Officers

Mitchell Barnard, Chief Executive Officer

Ryan Mason, Chief Financial Officer

Thomas Walker, Chief Growth Officer