NOTICE TO READER

April 30, 2025

Wildpack Beverage Inc. (the "Company") - Refiling of Audited Annual Consolidated Financial Statements for the Financial Year Ended December 31, 2024

The audited annual consolidated financial statements of the Company for the financial year ended December 31, 2024 (the "**Annual Financial Statements**") and appended hereto are being refiled to correct an error in the formatting of page 7 of the Annual Financial Statements.

No other changes have been made to the contents of the Annual Financial Statements.

This notice does not form part of the Annual Financial Statements.

WILDPACK BEVERAGE INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

(Expressed in thousands of United States Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Wildpack Beverage Inc.

Opinion

We have audited the accompanying consolidated financial statements of Wildpack Beverage Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Impairment of Goodwill and Intangible Assets

As described in Note 8 to the consolidated financial statements the carrying amount of goodwill and intangible assets was $12.1 million as at December 31, 2024. As more fully described in Notes 3 and 4 to the consolidated financial statements, management performs an impairment assessment on goodwill and intangible assets annually, or more frequently when there is an indication of impairment. An impairment loss is recognized if the carrying amount of a cash generating unit ("CGU") or grouped CGUs to which the goodwill and intangible assets relate exceeds its recoverable amount. In determining the estimated recoverable amount, the Company uses a discounted cash flow model which includes significant assumptions such as future cash flows, growth rates, and discount rates.

The principal consideration for our determination that the impairment assessment intangible assets at the CGU level is a key audit matter is the significant judgement and subjectivity required by management when developing the recoverable amount of the CGUs. This in turn leads to a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Our approach to addressing the key audit matter included the following, among others:

- Understanding management's processes and controls regarding management's goodwill and intangible assets impairment assessment, including controls over the determination of the CGUs.
- Evaluating the appropriateness of management's use of the discounted cash flow model and testing the mathematical accuracy thereof.
- Assessing the reasonableness of management's forecasted cash flows, revenue levels and growth rates, and operating margins by comparing them to current and historical performance, current industry, market and economic trends.
- Utilizing professionals with specialized skill and knowledge in the field of valuation to assist in evaluating the appropriateness of management's discounted cash flow model and in testing the reasonableness of certain significant assumptions.
- Performing sensitivity analysis on significant assumptions to evaluate changes in the recoverable amount of the CGU that would result from changes in the assumptions.
- Assessing the appropriateness of the disclosures relating to goodwill and intangible assets in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Li.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 28, 2025

WILDPACK BEVERAGE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of United States Dollars, except for per share and share amounts)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		$254	$650
Cash held in trust		658	658
Accounts receivable	5	8,547	11,095
Sales taxes recoverable		44	245
Deferred financing cost	13	500	–
Inventories	6	4,558	2,994
Prepaid expenses and deposits		475	413
		15,036	16,055
Property, plant, and equipment	7	8,040	9,875
Right of use assets	10	6,617	7,412
Derivative asset	13	12	12
Intangible assets	8	9,135	17,176
Investment in associate	9	251	–
Goodwill	8	3,055	3,055
Other deposits		370	347
TOTAL ASSETS		**$42,516**	**$53,932**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		18,284	13,130
Deferred revenue		1,810	1,361
Deferred financing loan	13	533	–
Current portion of lease obligations	11	3,116	2,092
Current portion of long-term debt	12	85,406	54,248
		109,149	70,831
Lease obligations	11	4,945	6,212
Long term debt	12	1,184	1,481
TOTAL LIABILITIES		**$115,278**	**$78,524**
SHAREHOLDERS' EQUITY			
Share capital	14	36,757	36,757
Equity reserve	13	9,154	18,361
Contributed surplus		16,868	6,835
Accumulated deficit		(138,594)	(86,937)
Accumulated other comprehensive income		3,053	392
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**$(72,762)**	**$(24,592)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$42,516**	**$53,932**
Nature of operations and going concern	1		
Commitments and contingencies	22		
Subsequent events	23		

On behalf of the Board of Directors:

"Stephen Fader"	*"Mitchell Barnard"*
Stephen Fader (Director)	Mitchell Barnard (Director)

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

WILDPACK BEVERAGE INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in thousands of United States Dollars, except for per share and share amounts)

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Sales	15	$55,322	$56,305
Cost of sales			
Production costs	16	54,892	49,810
Depreciation and amortization	7, 10	2,588	2,451
Inventory adjustment	6	439	686
Cost of sales		57,919	52,947
GROSS PROFIT (LOSS)		**$(2,597)**	**$3,358**
Operating expenses			
Selling		3,608	3,414
Salaries, wages, and benefits		6,202	6,658
Depreciation and amortization	7, 8, 10	3,840	3,832
Office and administrative		1,700	1,766
Share-based compensation	14	800	1,520
Professional fees		2,513	1,418
Bad debt		1,546	1,377
Other operating		235	637
Operating expenses		20,444	20,622
Other expenses (income)			
Bank and finance charges		48	181
Interest on long-term debt	12	12,825	8,652
Interest on lease obligations	11	593	572
Loss on disposal of assets	7	1,284	–
Loss on intangible asset impairment	8	6,070	1,130
Loss on goodwill impairment	8	–	1,910
Loss on extinguishment of debt	13	9,056	–
Gain on investment in subsidiary	9	(251)	–
Gain on settlement of consideration payable	12	(1,027)	(2,812)
Foreign exchange loss		18	18
Other expenses		28,616	9,651
NET LOSS		**$(51,657)**	**$(26,915)**
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss:			
Foreign currency on translation (loss) gain		2,661	(712)
TOTAL COMPREHENSIVE LOSS		**$(48,996)**	**$(27,627)**
Weighted average number of common shares outstanding		100,183,769	110,680,831
Loss per share – basic		$(0.52)	$(0.24)
Loss per share – diluted		$(0.52)	$(0.24)

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

WILDPACK BEVERAGE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in thousands of United States Dollars, except for per share and share amounts)

		Share capital						
	Note	**Number of shares**	**Amount**	**Contributed surplus**	**Equity reserve**	**Accumulated other comprehensive income (loss)**	**Retained earnings (deficit)**	**Total**
At January 1, 2023		**111,309,169**	**$37,853**	**$4,076**	**$8,765**	**$1,104**	**$(60,022)**	**$(8,224)**
Shares issued for restricted stock units	14	262,680	28	(28)	–	–	–	–
Shares for debt	14	1,016,787	143	–	–	–	–	143
Repurchase and cancellation of shares	14	(12,404,867)	(1,267)	1,267	–	–	–	–
Debenture – equity and equity warrant components	13	–	–	–	9,596	–	–	9,596
Share-based payments	14	–	–	1,520	–	–	–	1,520
Loss for the year		–	–	–	–	–	(26,915)	(26,915)
Other comprehensive loss – cumulate translation loss		–	–	–	–	(712)	–	(712)
At December 31, 2023		**100,183,769**	**$36,757**	**$6,835**	**$18,361**	**$392**	**$(86,937)**	**$(24,592)**
At January 1, 2024		**100,183,769**	**$36,757**	**$6,835**	**$18,361**	**$392**	**$(86,937)**	**$(24,592)**
Share-based payments	14	–	–	800	–	–	–	800
Debenture extinguishment	13	–	–	9,233	(9,207)	–	–	26
Loss for the year		–	–	–	–	–	(51,657)	(51,657)
Other comprehensive loss – cumulate translation gain		–	–	–	–	2,661	–	2,661
At December 31, 2024		**100,183,769**	**$36,757**	**$16,868**	**$9,154**	**$3,053**	**$(138,594)**	**$(72,762)**

WILDPACK BEVERAGE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of United States dollars, except for per share and share amounts)

	Note	Year ended December 31, 2024	Year ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		$(51,657)	$(26,915)
Adjustments for items not affecting cash:			
Depreciation and amortization		6,428	6,148
Interest expense		13,365	9,205
Intangible asset impairment	8	6,070	1,130
Goodwill impairment	8	–	1,910
Gain on settlement of consideration payable	12	(1,027)	(2,812)
Loss on disposal of assets	7	1,284	–
Loss on extinguishment of debt	13	9,056	–
Share-based compensation	14	800	1,520
Gain on investment in subsidiary	9	(251)	–
Changes in non-cash working capital:			
Accounts receivable		2,548	(5,957)
Sales taxes recoverable		198	59
Other assets		(23)	(30)
Inventories		(1,564)	1,859
Prepaid expenses and deposits		(64)	(272)
Deferred revenue		449	(639)
Accounts payable and accrued liabilities		5,098	(3,165)
Cash used in operating activities		(9,290)	(17,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	12	(98)	(3,185)
Net proceeds from convertible debentures	12, 13	3,500	29,339
Payments of lease obligations	11	(3,216)	(2,848)
Proceeds from debt	12	9,600	4,445
Repayments of long-term debt	12	(678)	(7,948)
Cash generated by financing activities		9,108	19,803
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	7	(208)	(2,470)
Proceeds from sale of equipment		–	267
Cash used in investing activities		(208)	(2,203)
Net decrease in cash		(390)	(359)
Cash, beginning of year		650	943
Effect of foreign exchange rate changes on cash		(6)	66
CASH, END OF YEAR		**$254**	**$650**

1. NATURE OF OPERATIONS AND GOING CONCERN

Wildpack Beverage Inc. ("Wildpack Beverage", the "Company") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 22, 2017. The Company's registered office is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

The Company's primary business activities include filling, decorating and brokering aluminum cans, along with brokering packaging materials, and printing labels for the United States beverage market. 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 Alberta") was incorporated in the Province of Alberta on March 27, 2017. On May 17, 2021, Wildpack Beverage completed the acquisition of all the issued and outstanding securities of Wildpack Alberta (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"). The continuing entity reflected in these financial statements is Wildpack Alberta and its consolidated subsidiaries. Comparative results are those of Wildpack Alberta and its consolidated subsidiaries. On January 1, 2023, Wildpack Beverage was amalgamated with its wholly owned subsidiary, Wildpack Beverage Alberta Inc. which brings together the two companies under a single entity, Wildpack Beverage.

The Company proposes to complete a restructuring transaction with respect to its outstanding 8% 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 23).

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern. As at December 31, 2024, the Company had a working capital deficit of $94,113, an accumulated deficit of $138,594, and cash of $254. During the period ended December 31, 2024, the Company incurred a net loss of $51,657 and used cash of $9,290 in 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'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, adjust cash interest payments, 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. Further, the Company is reliant upon continued debt financing from its key partner.

These consolidated financial statements do not include adjustments to the carrying values of the assets and liabilities, the reported sales and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

(Expressed in thousands of United States dollars, except for per share and share amounts)

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 28, 2025.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, classified as fair value through profit and loss ("FVTPL"), which are stated at their fair value.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in U.S. dollars unless otherwise noted. References to "$" or "USD" are to United States dollars, while references to "C$" are to Canadian dollars.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all the entities controlled by the Company, its subsidiaries, all of which are 100% owned, as listed in the following table.

Entity	Region
Craftpac, LLC	US
Hungry Hippo Company	US
K.T. Murray Corporation ("Land and Sea Packaging")	US
Thirsty Cat, LLC	US
Vertical Distilling, LLC	US
Wild Leaf Holdings U.S. LLC	US
Wild Leaf Ventures Group Nevada Inc.	US
Wildpack Holdings US Inc.	US

On October 16, 2023, the Company incorporated Rad Soda LLC (formerly JNGL LLC and Seda LLC), a Delaware limited liability company, which was 100% owned the Company as of December 31, 2023. As of December 31, 2024, the Company owned 39.93% of the equity interests of Rad Soda LLC (note 9).

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.

Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give the Company the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a subsidiary's share capital.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Cash

Cash comprises cash on hand and demand deposits which are subject to an insignificant risk of changes in value. Cash includes cash deposits in financial institutions and other deposits that are highly liquid and readily convertible into cash.

Cash held in trust

Cash held in-trust represents amounts that are held as security for certain equipment leases with First National Bank of Omaha. In the situation whereby the Company defaulted on its obligation, the secured parties would have claim to the cash, to the extent of the default, to remedy the obligation.

Inventories

Inventory consists of raw materials, such as aluminum cans and other packaging materials, and finished goods.

Inventories are initially recognized at cost, and subsequently measured at the lower of cost and net realizable value, estimated as the selling price in the ordinary course of business less estimated costs of completion and those necessary to make the sale, using the weighted average cost method. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

Inventory is regularly reviewed for obsolescence. When there is a significant change in economic circumstances, inventory that had been previously written down below cost may be written back up provided the reversal does not exceed the original write down.

Revenue from contracts with customers

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring contracted goods and / or services to a customer.

The Company earns its revenue from contracts with customers for the sale of aluminum cans, decorated packaging materials, and the provision of beverage filling services to its customers. Contracts with customers for the sales of decorated packaging and filled beverages are recognized when control of the manufactured product is transferred to the customer, which is generally at the completion of production. In certain cases, these contracts do offer volume discounts for customers who make certain volume commitments.

The Company provides storage to the customer in some situations. These storage services are a separate performance obligation and fees charged for this service are recognized in revenue as the storage service is provided to the customer.

The Company provides shipping services for some customers. The prices for such shipments are fixed in the contract and revenue is recognized at the point the shipping services are completed as this is when control transfers to the customer.

The Company’s credit terms to its customers vary by customer type and can vary from payment due prior to shipment or net credit terms. Payments received in advance of the completion of performance obligations are deferred on the statement of financial position as deferred revenue and are only recognized in revenue once the performance obligation is fulfilled.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Intangible assets acquired in business combinations are recorded at their fair value. All the Company's intangible assets have been acquired through acquisitions.

Amortization of finite-life intangible assets is provided on a straight-line basis over their estimated useful lives as follows:

Asset:	Method:	Rate:
Customer backlogs	Straight Line	1 year
Supplier relationships	Straight Line	3 years
Customer relationships	Straight Line	10 years
Brand name	Straight Line	3 years – Indefinite life

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets are depreciated from the date they are available for use. The cost of self-constructed assets includes the cost of materials, direct labor, other costs directly attributable to make the asset available for its intended use, as well as relevant borrowing costs on qualifying assets as further described below. During their construction, property, plant and equipment are classified as construction in progress ("CIP") and are not subject to depreciation. When the asset is available for use, it is transferred from CIP to the relevant category of property, plant and equipment and depreciation commences.

The methods and rates of depreciation applicable for each class of asset during the years ended December 31, 2024, and 2023, are as follows:

Asset:	Method:	Rate:
Computer equipment	Straight Line	3-5 years
Equipment	Straight Line	5 years
Manufacturing equipment	Straight Line	5 years
Leasehold improvements	Straight Line	Shorter of useful life and lease term

The Company conducts an annual assessment of the depreciation methods of the residual balances and useful life estimates and any changes arising from the assessment are applied by the Company prospectively. Gains and losses on asset disposals are determined by deducting the carrying value from the sale proceeds and are recognized in the statement of loss and comprehensive loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of long-lived assets

Long-lived assets including property, plant, and equipment, right of use assets and finite-life intangible assets are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset might exceed its recoverable amount. The recoverable amount of an asset or a cash generating unit ("CGU") is the higher of its fair value less costs to sell, and its value in use. A CGU is the smallest group of identifiable assets for which independent cash outflows are generated. If the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset or CGU exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Goodwill and indefinite-life intangible assets are tested for impairment on an annual basis or when indicators of impairment are noted. Management tests goodwill and indefinite-life intangible assets for impairment by considering the estimated future cash flows of the CGU related to the goodwill or indefinite-life intangible asset(s). Estimated future cash flows are discounted to their present value using a discount rate that reflects the risks specific to the business and relevant market assessments of the time value of money. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in the statement of loss and comprehensive loss in the period in which the impairment is identified. Impairment losses recognized for goodwill or indefinite-life intangible assets are not subsequently reversed.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income taxes

Income tax expense comprises current and deferred income tax expense. Current and deferred taxes are recognized in net income (loss), except to the extent they relate to items recognized directly in equity or in other comprehensive income.

Current income taxes

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and include any true-up adjustment in respect of previous years.

Deferred income taxes

Deferred income taxes are recorded for temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts.

The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is not probable that sufficient taxable profit will be available to utilize the deferred income tax asset. Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that management determines sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The Company allocates proceeds from equity issuances among components using the residual value method. No gain or loss is recognized in the statement of loss and comprehensive loss on the purchase, sale, issue or cancellation of common shares.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding for the period, if dilutive. Dilution is calculated based on the net number of common shares issued after proceeds upon the exercise of the options and warrants to purchase common shares at the average market price for the period. For the fiscal periods ended December 31, 2024, and December 31, 2023, all the outstanding share options were anti-dilutive and thus basic and diluted loss per share are the same.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Share-based payments

Stock-based compensation includes expenses related to the vesting of stock options as well as equity settled restricted share units ("RSUs").

Stock options

Stock options issued to employees are measured at fair value on the grant date and are recognized as an expense over the relevant vesting periods, with a corresponding credit to share reserves, on a straight-line. Stock options issued to non-employees are measured at the fair value of goods and services received or the fair value of equity instruments issued, if it is determined that the fair value of goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods and services are received with a corresponding credit to share reserves.

The fair value of the options granted is measured using the Black-Scholes option pricing model ("BSM") considering the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The BSM requires management to estimate the expected volatility, the term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. In estimating expected volatility, the Company considers the historical share price volatility of its common shares as well as the historical share price of similar publicly listed entities.

The fair value of share options is charged to profit or loss with a corresponding increase in contributed surplus within equity. Previously recognized expenses are not subsequently reversed for options that vest but are not exercised. When share options are ultimately exercised, the applicable amount of contributed surplus is transferred to share capital.

Restricted share units

The fair value of equity settled RSUs that contain performance conditions is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the RSUs vest. The fair value of the RSUs is measured based on the closing price of the Company's common shares on the date of grant. The fair value of RSUs is charged to profit or loss with a corresponding increase in contributed surplus within equity. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon vesting of equity settled RSUs, the related contributed surplus associated with the RSU is reclassified into share capital.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen from a past event, it is probable that a future outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

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 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

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 the statement of loss and comprehensive 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
Deferred financing loan	Amortized cost
Debt	Amortized cost
Lease obligations	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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

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.

Convertible debentures

The convertible debentures are a non-derivative financial instrument that creates a financial liability of the entity and grants an option to the holder of the instrument to convert it into common shares of the Company. The liability component is recorded at the fair value of a similar liability that does not have a conversion option. The convertible debenture units were issued with a detachable warrant; therefore, the Company considered the aggregate of the debt and warrants issued at fair value, and allocated the equity amounts between warrants and the equity conversion feature.

The debt contains an embedded prepayment feature, which is closely related, and has been presented with the host debt. Further the debt contains an embedded forced conversion option, which is not closely related to the host debt, and has been presented as a derivative asset.

Total transaction costs directly attributable to the offerings are allocated proportionately to the liability and equity components of the debentures.

Subsequent to initial recognition, the liability component of the debentures is measured at amortized cost using the effective interest method and is accreted each period, such that the carrying value will equal the principal amount outstanding at maturity. The equity components are not re-measured. The carrying amounts of the liability and conversion feature of the debentures are reclassified to share capital on conversion to common shares. The carrying amount of the share purchase warrants, plus cash received upon exercise, is allocated to share capital on exercise of the share purchase warrants.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currency transactions

Functional and presentation currency

Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its controlled subsidiaries are as follows:

Canadian dollars

- Wildpack Beverage Inc.

US dollars

- Craftpac, LLC
- Hungry Hippo Company
- K.T. Murray Corporation ("Land and Sea Packaging")
- Thirsty Cat, LLC
- Vertical Distilling, LLC
- Wild Leaf Holdings U.S. LLC
- Wild Leaf Ventures Group Nevada Inc.
- Wildpack Holdings US Inc.

These consolidated financial statements are presented in U.S. dollars unless otherwise noted. References to "$" are to United States dollars, while references to "C$" are to Canadian dollars. The functional currency of Rad Soda, LLC is United States dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains (losses) resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of foreign operations

The results and financial position of all the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the consolidated statements of financial position.
- Income and expenses are translated at the rate in effect on the dates of the transactions (typically, average exchange rates in effect during the period are used as a reasonable approximation); and
- The resulting exchange differences are recognized as a separate component of equity as accumulated other comprehensive income (loss).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognized in the consolidated statements of income (loss) as part of the gain or loss on sale.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The Company then recognizes a right-of-use asset ("ROU asset") and a lease obligation at the lease commencement date.

The ROU asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated over the earlier of the useful life of the ROU asset or the lease term, using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are yet unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment whether it will exercise a purchase, extension, or termination option.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in costs of goods sold or general and administration in the consolidated statements of loss and comprehensive loss. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration, or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statements of loss and comprehensive loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date of acquisition. Goodwill is measured as the excess of the cost of the acquisition over the Company's interests in the fair value of the net identifiable assets, liabilities, and contingent liabilities of the acquiree recognized at the date of acquisition. For the purposes of assessing impairment, goodwill is allocated to a cash-generating unit or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents, subject to an operating segment ceiling test, the lowest level within the Company that goodwill is monitored for internal reporting purposes.

Recent accounting pronouncements

The International Accounting Standards Board ("IASB") and or the IFRS Interpretations Committee have issued new standards and amendments, or interpretations to existing standards as follows:

New accounting standard adopted:

Amendments to IAS 1 – Presentation of Financial Statements

In October 2023, the IASB issued amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Noncurrent Liabilities with Covenants. These amendments increase the disclosure required to enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company determined that these amendments didn't have a material effect on its consolidated financial statements.

Accounting standards issued and not yet effective:

Amendments to IFRS 18 – Presentation and Disclosure

On April 9, 2024, the IASB issued a new standard – IFRS 18, "Presentation and Disclosure in Financial Statements" with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to, the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. The Company is currently assessing the impact the new standard will have on its financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates and judgements

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).

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.

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.

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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment testing of goodwill and other intangible assets (continued)

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 8). 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 value of the derivative asset and equity warrants and debt component. The determination of fair value requires significant assumptions and estimates which are further disclosed in note 13.

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 liability components of the convertible debentures between current and non-current liabilities. This judgment consisted of reaching the conclusion that even though the Sandton Loan and Public Convertible Debentures were not noticed in default at the balance sheet date, the conditions as at December 31, 2024 served to remove the Company’s unconditional right to defer the settlement of the convertible debenture liabilities for at least twelve months, resulting in a reclassification from long term to current liabilities.

Expected Credit Loss

The Company uses a simplified approach to calculating ECLs using a provision matrix based on historical credit loss experience. The expected credit loss is adjusted based on management judgement to account for current economic conditions and counterpart’s present financial condition among other variables. Actual credit loss may significantly differ from this estimate of provision.

(Expressed in thousands of United States dollars, except for per share and share amounts)

5. ACCOUNTS RECEIVABLE

The following table shows the details of the Company's trade accounts and other receivables for the years ended:

	December 31, 2024	December 31, 2023
Trade receivables	$8,284	$10,019
Other receivables	263	1,076
Total	**$8,547**	**$11,095**

Trade receivables includes an ECL of $2,134 as at December 31, 2024 (December 31, 2023 - $1,430). ECLs are outlined in note 20. Other receivables include a rebate receivable based on the volume of cans purchased by the Company.

6. INVENTORIES

The following table summarizes the Company's inventory as at:

	December 31, 2024	December 31, 2023
Raw Materials	$3,165	$2,994
Finished Goods	1,393	-
Total	**$4,558**	**$2,994**

For the year ended December 31, 2024, inventories recognized as an expense in cost of sales amounted to $38,117 (December 31, 2023 - $33,237).

During the year ended December 31, 2024, the Company recognized an inventory adjustment and net realizable write down in the amount of $439 (December 31, 2023 - $686), leaving a balance of $4,558.

(Expressed in thousands of United States dollars, except for per share and share amounts)

7. PROPERTY, PLANT, AND EQUIPMENT

The following table summarizes the changes to the Company's Property, Plant, and Equipment:

	Computer Equipment	Computer Software	Office Equipment	Manufacturing Equipment	Leasehold Improvements	CIP	Total
Cost							
At January 1, 2023	**$5**	**$134**	**$48**	**$6,513**	**$1,362**	**$583**	**$8,645**
Dispositions	(3)	(6)	(4)	(747)	(68)	(267)	(1,095)
Additions	–	–	–	–	156	5,463	5,619
Transfers	–	–	–	2,533	–	(2,533)	–
At December 31, 2023	**$2**	**$128**	**$44**	**$8,299**	**$1,450**	**$3,246**	**$13,169**
Dispositions	–	–	–	(593)	(75)	(2,204)	(2,872)
Additions	–	–	–	2,541	97	227	2,865
Transfers	–	–	–	–	–	–	–
At December 31, 2024	**$2**	**$128**	**$44**	**$10,247**	**$1,472**	**$1,269**	**$13,162**
Accumulated depreciation							
At January 1, 2023	**$5**	**$45**	**$9**	**$1,958**	**$253**	**$–**	**$2,270**
Dispositions	(4)	(5)	(4)	(414)	(32)	–	(459)
Charged in the year	1	24	1	1,301	156	–	1,483
At December 31, 2023	**$2**	**$64**	**$6**	**$2,845**	**$377**	**$–**	**$3,294**
Dispositions	–	–	–	–	–	–	–
Charged in the year	–	24	1	1,650	153	–	1,828
December 31, 2024	**$2**	**$88**	**$7**	**$4,495**	**$530**	**$–**	**$5,122**
Net book value							
At December 31, 2023	$–	$64	$38	$5,454	$1,073	$3,246	$9,875
At December 31, 2024	$–	$40	$37	$5,752	$942	$1,269	$8,040

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 (note 12). The sale of equipment was a non-cash transaction.

The Company disposed of certain manufacturing equipment, leasehold improvements and CIP during the year ended December 31, 2024, in the normal course of business. The loss on disposal of assets was $1,284 (December 31, 2023 – $Nil).

(Expressed in thousands of United States dollars, except for per share and share amounts)

8. INTANGIBLE ASSETS AND GOODWILL

The following table summarizes the changes to the Company's intangible assets and goodwill:

	Customer Relationships	Supplier Relationships	Brand Name	Intangible Assets	Goodwill
Cost					
At January 1, 2023	**$15,341**	**$1,800**	**$6,050**	**$23,191**	**$4,965**
Impairment	–	–	(1,130)	(1,130)	(1,910)
Additions	–	–	–	–	–
At December 31, 2023	**$15,341**	**$1,800**	**$4,920**	**$22,061**	**$3,055**
Impairment	(2,121)	–	(4,800)	(6,921)	–
Additions	–	–	–	–	–
At December 31, 2024	**$13,220**	**$1,800**	**$120**	**$15,140**	**$3,055**
Accumulated amortization					
At January 1, 2023	**$1,919**	**$714**	**$60**	**$2,693**	**$–**
Impairment	–	–	–	–	–
Charged in the year	1,552	600	40	2,192	–
At December 31, 2023	**$3,471**	**$1,314**	**$100**	**$4,885**	**$–**
Impairment	(809)	–	–	(809)	–
Charged in the year	1,436	473	20	1,929	–
At December 31, 2024	**$4,098**	**$1,787**	**$120**	**$6,005**	**$–**
Net book value					
At December 31, 2023	$11,870	$486	$4,820	$17,176	$3,055
At December 31, 2024	$9,122	$13	$–	$9,135	$3,055

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Goodwill and indefinite life intangible assets

The Company tests goodwill and indefinite life intangible assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the asset's carrying amount may be less than its recoverable amount. The Company identified the following cash generating units (CGUs) to which goodwill and/or indefinite life intangible assets have been allocated, each of which has been tested for impairment:

(i) Lucky Clover
(ii) Marietta
(iii) Grand Rapids

As at December 31, 2024, the Company closed the operations of its Lucky Clover and Marietta CGUs. Given the closures of both CGU locations, the Company determined that indicators of impairment were present. As such, the Company recognized an impairment loss of $1,270 during the year ended December 31, 2024, related to customer relationships.

For impairment tests performed as at December 31, 2024 and December 31, 2023, the recoverable amount of each CGU was determined based on its value-in-use using a discounted cash flow approach. Discounted cash flows were based on five-year cash flow projections derived from financial budgets or forecasts approved by management using the following key assumptions:

1) Average annual revenue growth rate: The average annual revenue growth rate for each CGU was estimated based on historical growth and management's expectations of market development.

2) Discount rate: The discount rate for each CGU was determined by estimating a weighted average cost of capital reflecting the time value of money and risks associated with the business.

3) Terminal growth rate: The terminal growth rate is based on management's current assessment of the long-term growth outlook for each CGU and expected economic conditions in the jurisdiction in which it operates.

(Expressed in thousands of United States dollars, except for per share and share amounts)

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment tests as at December 31, 2024

The carrying values of goodwill and indefinite life intangible assets as well as key assumptions used for each CGU for the impairment tests performed as at December 31, 2024 were as follows:

CGU	Recoverable Amount	Carrying Value of CGU	Carrying Value of Goodwill in CGU	Carrying Value of Indefinite Life Assets in CGU	Revenue Growth Rate	Discount Rate	Terminal Growth Rate
Lucky Clover	$–	$–	$–	$–	n/a	n/a	n/a
Marietta	–	–	–	–	n/a	n/a	n/a
Grand Rapids	11,445	9,735	3,055	–	6.0%	19.4%	2%

Lucky Clover

The carrying amount exceeded the estimated recoverable amount. As a result, the Company impaired the net book value of the customer relationships intangible assets related to Lucky Clover in the amount of $680 as at December 31, 2024.

Marietta

The carrying amount exceeded the estimated recoverable amount. As a result, the Company impaired the net book value of the customer relationships intangible assets related to Marietta in the amount of $590 as at December 31, 2024.

Grand Rapids

The estimated recoverable amount exceeded the carrying amount by $1,710, hence no impairment. For the impairment tests performed as at December 31, 2024, if the discount rate assumption used in the impairment test was increased by an amount greater than 2.5%, the change in isolation would lead to an impairment loss being recognized for the year ended December 31, 2024.

Furthermore, the Company determined that the brand name indefinite life asset was impaired at year end. The Company no longer identifies under the Land and Sea Packaging brand and therefore has recorded an impairment of $4,800 in the statement of loss and comprehensive loss for the year ended December 31, 2024.

(Expressed in thousands of United States dollars, except for per share and share amounts)

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment tests as at December 31, 2023

The carrying values of goodwill and indefinite life intangible assets as well as key assumptions used for each CGU for the impairment tests performed as at December 31, 2023 were as follows:

CGU	Recoverable Amount	Carrying Value of CGU	Carrying Value of Goodwill in CGU	Carrying Value of Indefinite Life Assets in CGU	Revenue Growth Rate	Discount Rate	Terminal Growth Rate
Lucky Clover	$–	$3,592	$1,168	$1,130	n/a	n/a	n/a
Marietta	–	1,471	742	–	n/a	n/a	n/a
Grand Rapids	31,740	17,987	3,055	4,800	8.0%	19.2%	2.5%

Lucky Clover

The carrying amount exceeded the estimated recoverable amount. As a result, an impairment against goodwill of $1,168 was recorded in the statement of loss and comprehensive loss for the year ended December 31, 2023. Furthermore, the Company impaired the net book value of the brand name intangible assets related to Lucky Clover in the amount of $1,130 as at December 31, 2023.

Marietta

The carrying amount exceeded the estimated recoverable amount. As a result, an impairment against goodwill of $742 was recorded in the statement of loss and comprehensive loss for the year ended December 31, 2023.

Grand Rapids

The estimated recoverable amount exceeded the carrying amount by $13,753, hence no impairment. For the impairment tests performed as at December 31, 2023, the Company determined a reasonably possible change in key assumptions, terminal value and discount rate, including possible consequential changes between key assumptions, would not result in impairment loss. However, if the discount rate assumption used in the impairment test was increased by an amount greater than 8.8%, the change in isolation would lead to an impairment loss being recognized for the year ended December 31, 2023.

(Expressed in thousands of United States dollars, except for per share and share amounts)

9. INVESTMENT IN ASSOCIATE

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.

The Company determined that investment in associates and joint ventures is a critical estimate. It requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts. Actual outcomes may differ from these estimates under different assumptions and conditions.

An associate is an entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the Company recognizes its share of the profit or loss and OCI of these entities, until the date on which significant influence or joint control ceases.

On October 16, 2023, the Company incorporated Rad Soda LLC (formerly JNGL LLC and Seda LLC), a Delaware limited liability company, which was 100% owned by the Company as of December 31, 2023. As of December 31, 2024, the Company owns 39.93% of the equity interests of Rad Soda LLC for a nominal value. The investment gives the Company significant influence over the associate and has been accounted for using the equity method.

The carrying amount of the investment is $251 as at December 31, 2024, due to the recognition of the entity's share of Rad Soda LLC losses totaling $149, offset by a gain recognized from the dilution of the Company's shareholding in Rad Soda LLC totaling $400.

The Company has no further obligation to provide financial support to Rad Soda LLC. There was no activity in the comparable period.

The following table summarizes the changes to the Company's investment in Rad Soda LLC:

	Total
At January 1, 2024	$–
Initial recognition	–
Gain on dilution of investment	$400
Share of losses in Rad Soda LLC	($149)
At December 31, 2024	**$251**

(Expressed in thousands of United States dollars, except for per share and share amounts)

10. RIGHT-OF-USE ASSETS

The following table summarizes the changes to the Company's right-of-use assets:

	Equipment	Office and Plant Premises	Total
Cost			
At January 1, 2023	**$4,678**	**$9,992**	**$14,670**
Additions	1,124	265	1,389
Dispositions	–	(1,116)	(1,116)
Other	–	113	113
At December 31, 2023	**$5,802**	**$9,254**	**$15,056**
Additions	302	1,922	2,224
Dispositions	–	–	–
Other	159	(508)	(349)
At December 31, 2024	**$6,263**	**$10,668**	**$16,931**
Accumulated depreciation			
At January 1, 2023	**$1,798**	**$3,369**	**$5,167**
Charged in the year	1,066	1,411	2,477
At December 31, 2023	**$2,864**	**$4,780**	**$7,644**
Charged in the year	1,244	1,426	2,670
At December 31, 2024	**$4,108**	**$6,206**	**$10,314**
Net book value			
At December 31, 2023	$2,938	$4,474	$7,412
At December 31, 2024	$2,155	$4,462	$6,617

11. LEASE OBLIGATIONS

The following table summarizes the changes to the Company's lease obligations:

	Total
At January 1, 2023	**$10,275**
Additions	1,502
Lease payments	(2,848)
Interest accretion	572
Disposal	(1,197)
At December 31, 2023	**$8,304**
Additions	2,380
Lease payments	(3,216)
Interest accretion	593
Disposal	–
At December 31, 2024	**$8,061**
Current and non-current portions	
Current	$3,116
Non-current	4,945
Total	**$8,061**

The Company leases various office and plant premises for its operations, in addition to manufacturing-related equipment.

(Expressed in thousands of United States dollars, except for per share and share amounts)

12. DEBT

The following table summarizes the changes to the Company's debt:

	Promissory Note	Credit Facility	Consideration Payable	Equipment Loan	Public Convertible Debenture (note 13)	Sandton Debt (note 13)	Total
At January 1, 2023	**$928**	**$3,274**	**$3,636**	**$–**	**$25,812**	**$–**	**$33,650**
Additions	–	4,445	–	2,300	–	19,743	26,488
Repayments	(114)	(7,833)	–	(493)	(2,691)	–	(11,131)
Interest	82	114	3	70	4,999	3,374	8,642
Settlement	–	–	(2,612)	–	–	–	(2,612)
Foreign exchange	–	–	–	–	692	–	692
At December 31, 2023	**$896**	**$–**	**$1,027**	**$1,877**	**$28,812**	**$23,117**	**$55,729**
Additions	–	–	374	331	–	30,966	31,671
Repayments	–	–	(374)	(775)	–	–	(1,149)
Interest	84	–	–	117	5,418	7,161	12,780
Extinguishment	–	–	–	–	–	(9,056)	(9,056)
Other	–	–	(1,027)	–	–	220	(807)
Foreign exchange	–	–	–	–	(2,578)	–	(2,578)
At December 31, 2024	**$980**	**$–**	**$–**	**$1,550**	**$31,652**	**$52,408**	**$86,590**
Current	$500	$–	$–	$846	$31,652	$52,408	$85,406
Non-current	480	–	–	704	–	–	1,184
Total	**$980**	**$–**	**$–**	**$1,550**	**$31,652**	**$52,408**	**$86,590**

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. The outstanding balance of the promissory note as at December 31, 2024, was $480.

On September 1, 2022, the Company entered into a $200 promissory note with an interest rate of 12% per annum compounded monthly and is due on demand. The outstanding balance of the promissory note as at December 31, 2024, was $263. Additional promissory notes are held by related parties, refer to note 17.

Consideration payable

The Company has consideration payable in cash resulting from the acquisitions of Lucky Clover, CraftPack, Vertical, Land and Sea and AEC. 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 (note 14). During the year ended December 31, 2024, the Company extinguished $1,027 of the consideration payable related to Lucky Clover, CraftPack, Vertical and settled $374 of the consideration payable with 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.

On May 15, 2024, the Company assumed an equipment loan totaling $331 as part of the AEC acquisition (note 7). The interest rate on the loan is 5% per annum and matures in 2026.

(Expressed in thousands of United States dollars, except for per share and share amounts)

13. CONVERTIBLE DEBENTURES

Public Convertible Debentures (unsecured)

The following tables summarize the changes to the Company's convertible debentures entered in by Wildpack Beverage Inc., (the "Public Convertible Debentures") during the years ended December 31, 2022 and 2021:

	Number of Convertible Debentures	Liability Component (note 12)	Equity Component	Equity Warrant	Derivative Asset	Total
Series 1 initial measurement	20,000	$10,598	$4,021	$584	$(204)	$14,999
Series 2 initial measurement	20,000	11,812	2,809	416	(242)	14,795
Series 3 initial measurement	5,007	2,862	922	14	(4)	3,794
At January 1, 2023	**45,007**	**$25,812**	**$7,752**	**$1,014**	**$(12)**	**$34,566**
Interest, net	–	2,308	–	–	–	2,308
Foreign exchange (gain) loss	–	692	–	–	–	692
At December 31, 2023	**45,007**	**$28,812**	**$7,752**	**$1,014**	**$(12)**	**$37,566**
Interest, net	–	5,418	–	–	–	5,418
Foreign exchange (gain) loss	–	(2,578)	–	–	–	(2,578)
At December 31, 2024	**45,007**	**$31,652**	**$7,752**	**$1,014**	**$(12)**	**$40,406**

Total interest expense on all three Series for the year ending December 31, 2024, was $5,418 (December 31, 2023 - $4,999) of which $nil (December 31, 2023 - $2,691) was paid in cash, $2,502 (December 31, 2023 - $nil) was accrued as payable.

Liability Component

The liability component of the debentures was initially recognized at the fair value of a similar liability which does not contain an equity conversion option, known as a cash-only part of the convertible bond, based on an estimated market interest rate and a credit spread.

The fair value of the liability component at the issuance dates, was determined using the following assumptions:

Issuance Date	Series 3 March 31, 2022	Series 2 November 23, 2021	Series 1 June 30, 2021
Risk-free Rates	C$ Swap Curve	C$ Swap Curve	C$ Swap Curve
Credit Spread	13.91%	13.11%	16.23%

Equity Component

The difference between the fair value of the financial liability, the equity classified warrant, and the face value of the instrument is allocated to the equity component of the convertible debentures.

Equity Warrant

The fair value of the equity classified warrants is calculated using a Monte Carlo simulation.

Total transaction costs directly attributable to the offerings were allocated proportionately to the liability and equity components of the debentures. The carrying value approximates the fair value of the convertible debenture as at December 31, 2024.

Derivative asset

The amount has been separated and accounted for using a hybrid model. The model is based on partial differential equations which are solved numerically using finite difference methods.

13. CONVERTIBLE DEBENTURES (CONTINUED)

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 payable 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 proceeding 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.

(Expressed in thousands of United States dollars, except for per share and share amounts)

13. CONVERTIBLE DEBENTURES (CONTINUED)

Sandton Loan (secured)

The following tables summarize the changes to the Company's Sandton Loan (the "Sandton Loan") during the year ended December 31, 2024, and December 31, 2023.

	Liability Component							
	Tranche 1	Tranche 2	Tranche 3	Promissory Notes	Total Sandton Debt (note 12)	Equity Reserve	Deferred Asset	Total
At January 1, 2023	**$–**	**$–**	**$–**	**$–**	**$–**	**$–**	**$–**	**$–**
Issuance	15,829	4,075	–	–	19,904	9,596	–	29,500
Transaction cost	(161)	–	–	–	(161)	–	–	(161)
Interest accretion	3,163	211	–	–	3,374	–	–	3,374
At December 31, 2023	**$18,831**	**$4,286**	**$–**	**$–**	**$23,117**	**$9,596**	**$–**	**$32,713**
Issuance	17,894	–	3,472	9,600	30,966	26	500	31,492
Interest accretion	5,455	834	332	540	7,161	–	33	7,194
Extinguishment	(9,056)	–	–	–	(9,056)	(9,233)	–	(18,289)
Modification	–	220	–	–	220	–	–	220
At December 31, 2024	**$33,124**	**$5,340**	**$3,804**	**$10,140**	**$52,408**	**$389**	**$533**	**$53,330**

Promissory Notes

The Company received funding from Sandton between June 27, 2024, and December 31, 2024, totaling $9,600. The additional funding, provided as a series of promissory notes, bears 18% interest per annum, all interest accruing will be added to the principal balance and will thereafter accrue interest (paid in kind interest referred to as "PIK"), with a maturity date of June 27, 2026. Funds were used for general working capital purposes and key trade vendor payments.

Tranche 1, Tranche 2, and Tranche 3

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.

On May 23, 2023, the Company and Sandton 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. The amendment was accounted for as a debt extinguishment with any resulting gain or loss recognized in the statement of loss and comprehensive loss. The Tranche 1 loan matures on May 23, 2027. In connection with the amendment, the Company granted 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.

On October 10, 2023, the Company entered into an amendment agreement with Sandton for an additional loan in the amount of $5,000 (the "Tranche 2 Loan"). The Tranche 2 Loan bears interest at a rate of 15% 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. 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. As part of the agreement, 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 liability component, which has been presented within debt; (ii) equity and equity warrants components which have been presented within equity reserve (note 14).

13. CONVERTIBLE DEBENTURES (CONTINUED)

On July 19, 2024, the Company entered into an amendment agreement with Sandton for an additional loan in the amount of $4,000 of which $3,500 was provided in cash and $500 withheld for future financing cost (the "Tranche 3 Loan"). The Tranche 3 Loan bears interest at a rate of 15% per annum and is convertible into 70% of the equity of Thirsty Cat, LLC. All interest accruing under the Tranche 3 Loan, up to and including June 30, 2025, will be added to the principal and will thereafter accrue interest. The Tranche 3 Loan matures June 27, 2026. The Company determined that Tranche 3 is a compound instrument consisting of (i) liability component, which has been presented within debt; and (ii) equity component which has been presented within equity reserve. The difference between the fair value of the financial liability and the fair value of the instrument is allocated to the equity component, which consists of the holder's conversion option into equity.

Concurrent to the July 19, 2024 amendment agreement, the Company adjusted the Tranche 1 Loan terms: conversion option and interest rate. The Tranche 1 Loan conversion option into 49% of the equity of Thirsty Cat LLC was removed, making the Tranche 1 Loan akin to term debt. The Tranche 1 Loan interest rate was adjusted from 13% to 15% per annum. The Trance 1 Loan amendment was accounted for as a debt extinguishment with the resulting loss recognized in the statement of loss and comprehensive loss. The liability component was adjusted by $9,056 and a new debt instrument was included as an issuance. The equity reserve of $9,233 was reclassed into contributed surplus.

The July 19, 2024, amendment agreement also extended the PIK accrual date on the Tranche 2 Loan from November 1, 2024 to December 31, 2024. The Tranche 2 Loan amendment was accounted for as a debt modification with any resulting gain or loss recognized in the statement of loss and comprehensive loss, of which there was $nil. There was an adjustment to the principal balance related to the debt modification of the Tranche 2 Loan in the amount of $220.

The Sandton Loan contains a provision that for any period during which an event of default has occurred and gone uncured or waived, the applicable interest rate shall be increased by 5% per annum. The loan is secured by a first priority lien on all assets of and is guaranteed by the Company and its subsidiaries. The Company's shares have also been pledged as security. There are also financial covenants to be calculated on a periodic basis. Based on the financial information as at December 31, 2024, the Company did not have an unconditional right to defer settlement of the Sandton Loan for at least twelve months after the reporting period. As a result, the Sandton debt has been reclassified from non-current to current on the balance sheet.

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 December 31, 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 Public Convertible Debenture payments due on March 31, 2024, June 30, 2024, September 30, 2024, and December 31, 2024. As a result, conditions as at December 31, 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. Going concern is disclosed in note 1.

(Expressed in thousands of United States dollars, except for per share and share amounts)

14. SHARE CAPITAL

Authorized share capital

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

Issued

	Number of Common Shares	Dollars
At January 1, 2023	**111,309,169**	**$37,853**
Conversion of restricted share units	262,680	28
Issuance of shares	1,016,787	143
Repurchase and cancellation of shares	(12,404,867)	(1,267)
At December 31, 2023	**100,183,769**	**$36,757**
Conversion of restricted share units	–	–
Issuance of shares	–	–
At December 31, 2024	**100,183,769**	**$36,757**

Private equity placements

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.

Repurchase and cancellation of shares

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. No gain or loss was recognized in profit or loss for the return and cancellation of the shares.

(Expressed in thousands of United States dollars, except for per share and share amounts)

14. SHARE CAPITAL (CONTINUED)

Restricted share units

Under the RSU plan, employees of the Company were awarded restricted share units as approved by the Board of Directors. This plan utilizes notional units that become vested in accordance with the terms set at the time of grant, including certain performance conditions. The Company reasonably expects that all of the performance criteria will be met. Actual forfeitures may differ from estimates. The Company recorded share-based compensation expense of $800 for the year ended December 31, 2024 (December 31, 2023 - $1,520) of which $790 related to RSUs (December 31, 2023 - $1,504). The RSUs may be settled in cash or shares at the direction of the Board of Directors, with consideration to RSU plan limitations.

The Company's RSU transactions are summarized below:

	Restricted Share Units
At January 1, 2023	**1,013,589**
Granted	13,189,500
Exercised	(262,680)
Expired	–
Cancelled	(739,909)
At December 31, 2023	**13,200,500**
Granted	13,470,000
Exercised	–
Expired	–
Cancelled	(1,761,667)
At December 31, 2024	**24,908,833**

Warrants

The Company's warrant transactions are summarized below:

	Number of Warrants Outstanding	**Weighted Average Exercise Price (C$)**
At January 1, 2023	**34,892,478**	**$1.48**
Granted	–	–
Exercised	–	–
Expired	(20,998,352)	(1.65)
At December 31, 2023	**13,894,126**	**$1.30**
Expired	(50,420)	(1.00)
Expired	(2,503,500)	(1.50)
Expired	(11,340,206)	(1.26)
At December 31, 2024	**–**	**$–**

During the year ended December 31, 2023, the Company granted warrants exercisable into 5.625% of Thirsty Cat LLC as part of the Tranche 2 Loan. These warrants are not included in the above table. The Thirsty Cat LLC warrants were valued as explained in note 13. The Debenture warrants (Series 1, 2, and 3) were valued using the Monte Carlo Simulation.

(Expressed in thousands of United States dollars, except for per share and share amounts)

14. SHARE CAPITAL (CONTINUED)

Stock options

The Company's omnibus equity incentive plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase/covert to common shares. The Option Plan is administered by the Board of Directors of the Company. Under the Option Plan, the maximum number of common shares that may be granted cannot exceed 20,036,753 shares. Grants with an exercise price less than the market price quoted prior to the date of the award are not permitted.

The Company recorded share-based compensation expense of $800 for the year ended December 31, 2024 (December 31, 2023 – $1,520) of which $10 related to stock options (December 31, 2023 – $16). The fair values of stock options were estimated using the Black-Scholes option pricing model.

The Company's stock options transactions are summarized below:

	Number of Options Outstanding	Weighted Average Exercise Price (C$)
At January 1, 2023	**7,517,808**	**$0.53**
Granted	–	–
Exercised	–	–
Expired	(3,754,122)	(0.33)
Cancelled	–	–
At December 31, 2023	**3,763,686**	**$0.74**
Granted	–	–
Exercised	–	–
Expired	(748,686)	(0.07)
Cancelled	–	–
At December 31, 2024	**3,015,000**	**$0.81**

The Company's stock options outstanding and exercisable as of December 31, 2024, are summarized as follows:

Expiry Date	Exercise Price ($C)	Remaining Life (Years)	Number of Options Outstanding	Number of Options Exercisable
May 19, 2025	0.90	0.38	1,663,000	1,663,000
May 19, 2025	1.17	0.38	200,000	200,000
December 31, 2025	0.55	0.98	852,000	–
October 1, 2026	0.83	1.75	300,000	300,000
Total		**0.69**	**3,015,000**	**2,163,000**

(Expressed in thousands of United States dollars, except for per share and share amounts)

15. REVENUE BY NATURE

Revenue includes the following categories for the years ended:

	December 31, 2024	December 31, 2023
Tolling and packaging sales	$51,074	$51,347
Freight income	3,775	4,560
Warehousing income	473	398
Total	**$55,322**	**$56,305**

16. PRODUCTION COSTS BY NATURE

Production costs include the following categories for the years ended:

	December 31, 2024	December 31, 2023
Raw materials and consumables	$38,117	$34,178
Salaries, wages, benefits	10,752	9,433
Freight expense	3,061	3,965
Other operating expenses	2,962	2,234
Total	**$54,892**	**$49,810**

(Expressed in thousands of United States dollars, except for per share and share amounts)

17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of members of the Board and the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and the Chief Growth Officer ("CGO"). Compensation provided to key management personnel, for the years ended, were as follows:

	December 31, 2024	December 31, 2023
Short-term employee benefits, including salaries	$1,527	$1,614
Share-based compensation	713	1,150
Total	**$2,240**	**$2,764**

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 year ended December 31, 2024, the Company did not enter into any additional promissory notes with related parties. Of the existing promissory notes (note 12), $237 remained outstanding to a related party that bears 12% interest per annum and is due on demand.

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 (note 12), 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 and related party of the Company. The total lease liability as at December 31, 2024, is $1,072 (December 31, 2023 – $1,241) of which $185 is current and $887 is non-current.

(Expressed in thousands of United States dollars, except for per share and share amounts)

18. INCOME TAXES

The tax amounts recognized in the statement of loss and comprehensive loss for the years ended are as follows:

	December 31, 2024	December 31, 2023
Current tax expense	$–	$–
Deferred tax expense (recovery)	–	–
Tax expense (recovery)	$–	$–

Income tax expense differs from the amount that would be computed by applying the applicable statutory income tax rate to income before income taxes. The significant reasons for the differences, in the years ended, are as follows:

	December 31, 2024	December 31, 2023
Loss for the year	$(51,657)	$(26,915)
Expected income tax recovery	(13,948)	(7,267)
Changes in statutory, foreign tax, foreign exchange rates and other	(88)	(24)
Permanent differences	232	167
Impact of convertible debentures	–	2,634
Adjustment to tax estimates	(605)	(5,233)
Change in unrecognized deductible temporary	14,409	9,723
Total income tax expense (recovery)	$–	$–

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2024	December 31, 2023
Property, plant and equipment	$–	$(258)
Intangible assets	–	258
Derivative assets	(3)	(3)
Convertible debentures	(575)	(3,713)
Right-of-use assets	(29)	(56)
Financing costs	–	274
Lease liability	29	–
Investments in associates	(70)	–
Non-Capital losses	648	3,498
Net deferred tax liability	$–	$–

(Expressed in thousands of United States dollars, except for per share and share amounts)

18. INCOME TAXES (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

Temporary Differences	December 31, 2024	Expiry Date Range	December 31, 2023	Expiry Date Range
Property, plant, and Equipment	$13,841	No expiry date	$11,094	No expiry date
Bad debt	1,534	No expiry date	1,210	No expiry date
Non-Capital losses	102,398		53,733	
Canada	24,957	2034 to 2044	18,500	2034 to 2043
USA	$76,805	Indefinite	$35,233	Indefinite

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probability criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences for which no deferred tax asset is recognized is outlined above. The Company has provided a valuation allowance for certain deferred tax assets (primarily loss carryforwards and expenses deductible in future years) given the Company's history of losses. The Company has recognized those deferred tax assets for which deferred tax liabilities exist that will be offset against them in future years.

19. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern as well as maximize stakeholder returns. Management adjusts the capital structure as necessary to support the Company's manufacturing operations and strategy.

The Company considers its capital to be its debt and share capital reduced by accumulated deficit and accumulated other comprehensive income (loss).

The Company is subject to externally imposed capital requirements that require the maintenance of minimum cash balances and trailing cash flow targets. Please reference Sandton Loan (secured), note 13.

(Expressed in thousands of United States dollars, except for per share and share amounts)

20. FINANCIAL RISK MANAGEMENT

Fair value

The carrying amount of cash, cash held in trust, accounts receivable, accounts payable and accrued liabilities, current portion of long-term debt, on the consolidated statements of financial position approximate their fair value due to their short-term nature. During the year ended December 31, 2024, the Company recognized no material measurement of the derivative asset associated with the Public Company Convertible Debenture, which is measured at fair value.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at December 31, 2024, the Company's credit exposure consists primarily of the carrying amounts of cash held in trust and accounts receivable. The maximum exposure to credit risk for cash, cash held in trust and accounts receivable approximates the amounts recorded on the consolidated statements of financial position.

Credit risk associated with cash and cash held in trust is managed by investing these financial assets in instruments held with reputable US banks. The Company offers customers under various credit terms on invoices and is therefore exposed to credit risk.

The following table outlines the aging of the Company's accounts receivable as at:

	December 31, 2024	December 31, 2023
Not past due	$5,833	$4,615
Past due 1-30 days	1,321	2,286
Past due 31-90 days	688	2,571
Past due 91-120 days	334	230
Past due greater than 120 days	2,242	1,747
Trade Accounts Receivable	**$10,418**	**$11,449**
Other Accounts Receivable	263	1,076
Total Gross Accounts Receivable	**$10,681**	**$12,525**
Allowance for Doubtful Accounts	(2,134)	(1,430)
Net Accounts Receivable	**$8,547**	**$11,095**

Other accounts receivable includes vendor purchase rebates.

The movement in the allowance for doubtful accounts in respect of accounts receivable during the years ended, were as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of year	$1,430	$190
Increase (decrease) in allowance	704	1,240
Balance, end of year	**$2,134**	**$1,430**

(Expressed in thousands of United States dollars, except for per share and share amounts)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 (equity and debt) markets is hindered. The Company has in place a planning and budgeting process to help determine the funds needed to support the Company's operating requirements on an ongoing basis as well as its planned capital expenditures. Management is required to exercise judgment to ensure that disclosures relating to liquidity and the Company's ability to continue as a going concern are appropriate. To that end, the Company manages liquidity risk by trying to maintain an adequate level of cash to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis. The Company's budgetary planning and minimum cash balance strategies may be insufficient to guard against all known and unknown risks, specifically liquidity risks, as a majority of the Company's debt is classified as current.

As at December 31, 2024, the Company had cash of $254 (December 31, 2023 – $650) to settle current liabilities of $109,149 (December 31, 2023 – $70,831). Management actively monitors the cash needs of the Company. Going concern is disclosed in note 1.

The undiscounted contractual maturity of all financial liabilities as at December 31, 2024 is as follows:

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	2 to 5 Years	Over 5 Years
Accounts payable and accrued liabilities	$18,284	$18,284	$18,284	$–	$–
Deferred financing loan	533	533	533	–	–
Lease obligation	8,061	8,783	3,392	5,391	–
Debt	86,590	81,458	80,619	839	–
Total	**$113,468**	**$109,058**	**$102,828**	**$6,230**	**$–**

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 interest rates and/or foreign currency exchange rates or other price risk. Market risk reflects interest rate risk, currency risk and other price risk. The Company does not hold any financial instruments which are subject to 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, debentures, and debt are fixed or fixed relative to SOFR or LIBOR. 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.

Currency risk

The Company operates in Canada and the USA and is exposed to foreign exchange risk with respect to transactions which are not denominated in the functional currency of the relevant entity. As at December 31, 2024 this risk is not considered material as the functional currency of all legal entities, with the exception of Wildpack Beverage Inc, is the US dollar and substantially all of these entities' financial instruments are held in US dollars. A potential 10% change in the foreign exchange rate would have an insignificant impact on the consolidated statements of loss and comprehensive loss.

(Expressed in thousands of United States dollars, except for per share and share amounts)

21. 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 reportable segment.

The Company has four reportable segments, filling, decorating, brokering, and corporate. The CODM reviews the net income (loss) of each of these segments in allocating resources and evaluating operating performance. The corporate reporting segment covers the Company's non-allocated, general overhead expenses, such as legal, compliance, accounting, head-office staff, and other such items. This reporting segment is reviewed for cost control and budgetary considerations.

The following table summarizes the Company's reportable segment information for the years ended December 31:

	Filling		Decorating		Brokering		Corporate		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenues from external customers	$4,325	$7,142	$9,869	$14,261	$41,128	$34,902	$–	$–	$55,322	$56,305
Loss on impairment	(680)	(1,168)	(590)	(742)	(4,800)	–	–	(1,130)	(6,070)	(3,040)
Net income (loss)	(13,393)	(8,094)	(3,812)	(3,275)	(1,079)	(200)	(33,373)	(15,346)	(51,657)	(26,915)
Non-current assets	6,397	8,817	8,089	11,163	12,924	17,803	70	94	27,480	37,877

The Company conducts activities in two geographic areas: United States, and Canada. For the years ended December 31, 2024, and December 31, 2023, there was one customer that represented more than 10% of the Company's consolidated revenue and accounts receivable. A majority of the Company's operations are located in the United States, with corporate functions located in Canada.

22. COMMITMENTS AND 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.

23. SUBSEQUENT EVENTS

The Company proposes to complete a restructuring transaction with respect to its outstanding 8% Public Convertible Debentures in the aggregate principal amount of C$45,007 which with issuance dates of June 30, 2021, November 23, 2021, and March 31, 2022. The Company has not paid the interest payment due on March 31, 2025.

Pursuant to the Debenture Restructuring Transaction, the Company proposed:

i. to repurchase Public Convertible Debentures in the principal amount of C$20,000 from certain holders representing the majority owners of the Public Convertible Debentures, in exchange for cash consideration of C$2,000; and
ii. that the remaining outstanding Public Convertible Debentures be exchanged for common shares in the capital of the Company at an exchange price of C$0.10 per common share.

Subsequent to period end, Sandton advanced $3,660 to the Company as additional promissory notes. The notes bear interest at 18% percent per annum, paid-in-kind. The Company has used the funding for general working capital purposes.