

BGP ACQUISITION CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

(Expressed in U.S. Dollars)

BGP Acquisition Corp.
Management's Discussion and Analysis
Three and Nine Months Ended September 30, 2022

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of BGP Acquisition Corp. (the "Corporation", "we", "our" or "us") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three and nine months ended September 30, 2022. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements as at December 31, 2021 and for the period from the date of Incorporation (May 22, 2020) to December 31, 2020, as well as the unaudited condensed financial statements as at September 30, 2022 and the three and nine months ended September 30, 2022, and the related notes thereto. Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three and nine months ended September 30, 2022, are not necessarily indicative of the results that may be expected for any future period. This MD&A has been prepared with an effective date of November 14, 2022. The condensed interim financial statements and the financial information contained in this MD&A were prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and have been condensed with certain disclosures from the Corporation's audited financial statements for the year ended December 31, 2021 ("the Annual Financial Statements") omitted. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the Annual Financial Statements. Further information about the Corporation and its operations can be obtained on www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" (as defined under applicable securities laws). These forward-looking statements relate to future events or future performance including with respect to the Corporation's objectives and priorities for fiscal year 2022 and beyond, and strategies or further actions with respect to the Corporation, a Qualifying Transaction (as defined below) and the Corporation's business operations, financial performance and condition.

Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and many factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating forward-looking statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions and the risks and uncertainties discussed in the section entitled "Risk Factors" in the Corporation's annual information form dated April 4, 2022 (the "AIF").

The forward-looking statements contained in this MD&A is presented for the purpose of assisting investors in understanding business and strategic priorities and objectives of the Corporation as at the periods indicated and may not be appropriate for other purposes. Forward-looking statements contained in this MD&A are not guarantees of future performance and, while forward-looking statements are based on certain assumptions that the Corporation considers reasonable, actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Corporation. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward looking statements. Circumstances affecting the Corporation may change rapidly. Except as may be expressly required by applicable law, the Corporation does not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

NATURE OF ACTIVITIES

The Corporation is a special purpose acquisition corporation ("SPAC") incorporated under the laws of the Province of British Columbia for the purpose of effecting, directly or indirectly, an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation, which we refer to throughout this MD&A as our "Qualifying Transaction". The registered office of the Corporation is located at 1055 West Georgia Street, Suite 1100,

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Royal Centre, Vancouver, BC, V6E 4N7, Canada.

The Corporation received \$115,000,000 as proceeds from its IPO, which was completed on February 4, 2021. The total proceeds of \$115,000,000 were placed in an escrow account with Odyssey Trust Company immediately following the IPO and will be released upon consummation of the Qualifying Transaction in accordance with the terms and conditions of the Escrow Agreement.

The Corporation's sponsor, BGP Acquisition Sponsor LP, is a limited partnership of which BGP Acquisition Sponsor GP LLC is the general partner.

Initial Public Offering

On February 4, 2021 (the "IPO Closing Date"), the Corporation closed its initial public offering of 11,500,000 Class A Restricted Voting Units, including the exercise of the over-allotment option, at a price of \$10.00 per Class A Restricted Voting Unit for gross proceeds of \$115,000,000. Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share and one-half of a share purchase warrant (each, a "Warrant"). The Class A Restricted Voting Units commenced trading on the NEO Exchange ("the Exchange") on February 4, 2021 and traded until March 15, 2021. Effective March 16, 2021, the Class A Restricted Voting Units separated. Upon separation, the Class A Restricted Voting Shares and Warrants underlying the Class A Restricted Voting Units commenced trading separately on the Exchange. On or following completion of a Qualifying Transaction, each Class A Restricted Voting Share (unless previously redeemed) will be automatically converted into one common share of the Corporation (a "Subordinate Voting Share") and each Class B Share will be automatically converted on a 100-for-1 basis into new proportionate voting shares of the Corporation ("Proportionate Voting Shares").

Prior to the IPO Closing Date, the Sponsor purchased 2,995,000 Class B Shares (the "Founders' Shares"), for an aggregate price of \$25,000, or approximately \$0.0083 per Founder's Share. Prior to the IPO Closing Date, the Corporation also issued to the Underwriter and its designees 100,000 Class B Shares (also referred to herein as the "Underwriter's Shares") for an aggregate price of \$1,000, or approximately \$0.01 per Underwriter's Share. The terms of the Underwriter's Shares and Founders' Shares are identical in all respects. In addition, concurrent with closing of the IPO, the Sponsor purchased 380,000 Class B Units of the Corporation (each consisting of one Class B Share and one-half of a Warrant) for a purchase price of \$10.00 per Class B Unit (for an aggregate purchase price of \$3,800,000), resulting in aggregate proceeds of approximately \$3,800,000 to the Corporation.

The IPO was undertaken by the Corporation pursuant to the terms of an underwriting agreement (the "Underwriting Agreement") dated January 28, 2021 among the Corporation, our Sponsor and the Underwriter. Pursuant to the Underwriting Agreement, the Corporation paid \$2,300,000 to the Underwriter on the closing of the IPO, being part of the Underwriter's fee. The balance of the underwriting commission of \$4,025,000, or 3.5% of the gross proceeds (the "Deferred Amount") of the Class A Restricted Voting Units, has been deferred and will be paid to the Underwriter upon the closing of our Qualifying Transaction from the funds held in the escrow account. The Deferred Amount will be paid according to the Qualifying Transaction Marketing Agreement dated January 28, 2021 between the Corporation and the Underwriter (the "QTMA"). Pursuant to the QTMA we have engaged the Underwriter in connection with our Qualifying Transaction to assist us in holding meetings with our shareholders to discuss the potential Qualifying Transaction and the target business' attributes, introduce us to potential investors that are interested in purchasing our securities in connection with our Qualifying Transaction, assist us in obtaining shareholder approval for the Qualifying Transaction, if applicable, and assist us with our press releases and public filings in connection with the Qualifying Transaction. We will pay the Underwriter a cash fee for such services upon the consummation of our Qualifying Transaction in an amount equal to \$4,025,000, being the deferred amount, provided that up to 30% of the deferred amount may be allocated at our sole discretion to other regulated entities that assist us in identifying and consummating a Qualifying Transaction.

Upon the closing of the IPO, the Corporation placed \$10.00 per Class A Restricted Voting Unit (an aggregate of \$115,000,000) in an escrow account with the Escrow Agent. The terms of the Escrow Agreement provide that, subject to applicable laws, none of the funds held in the escrow account will be released from the escrow account until the earliest of: (i) the closing of our Qualifying Transaction within the Permitted Timeline; (ii) a redemption (on the closing of a Qualifying Transaction or on an extension of the Permitted Timeline) of, or an automatic redemption of, Class A Restricted Voting Shares; and (iii) a Winding-Up. Proceeds held in the escrow account may also be used to satisfy the requirement of the Corporation to pay taxes on the interest or certain other amounts earned on the escrowed funds

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(including, if applicable, under Part VI.1 of the Tax Act arising in connection with the redemption of the Class A Restricted Voting Shares), and for payment of certain expenses.

Notwithstanding the foregoing redemption rights, each holder of Class A Restricted Voting Shares, together with any affiliate of such holder or other person with whom such holder or affiliate is acting jointly or in concert, will not be permitted to redeem more than an aggregate of 15% of the number of Class A Restricted Voting Shares issued and outstanding following the Closing. This limitation will not apply in the event a Qualifying Transaction does not occur within the Permitted Timeline, or in the event of an extension to the Permitted Timeline. By its election to redeem, each registered holder (other than CDS) and each beneficial holder of Class A Restricted Voting Shares shall be required to represent or shall be deemed to have represented to the Corporation that, together with any affiliate of such holder and any other person with whom such holder or affiliate is acting jointly or in concert, he, she or it is not redeeming Class A Restricted Voting Shares with respect to more than an aggregate of 15% of the number of Class A Restricted Voting Shares issued and outstanding following the Closing.

We believe that this restriction will discourage shareholders from accumulating large blocks of shares and subsequently attempting to use their ability to exercise their redemption rights against a proposed Qualifying Transaction as a means to force us or our management to engage in inappropriate transactions. Absent this provision, a holder of Class A Restricted Voting Shares holding more than an aggregate of 15% of the number of Class A Restricted Voting Shares issued and outstanding following this Offering could threaten to exercise its redemption rights if such holder is not otherwise satisfied with the Qualifying Transaction. By limiting our shareholders' ability to redeem more than 15% of the number of Class A Restricted Voting Shares issued and outstanding following this Offering, we believe we will limit the ability of a small group of shareholders to unreasonably attempt to block our ability to complete a Qualifying Transaction that is favoured by our other shareholders, and particularly in connection with a Qualifying Transaction with a target that requires as a closing condition that we have a minimum net worth or a certain amount of cash available at the time of closing. However, we would not be restricting our shareholders' ability to vote all of their shares for or against our Qualifying Transaction.

The escrowed funds will also be used to pay the deferred underwriting commission in the amount of \$4,025,000, which (subject to availability, failing which any shortfall shall be made up from other sources) will be payable by the Corporation to the Underwriter upon the closing of our Qualifying Transaction. The deferred amount will be paid according to the QTMA. The per share amount will be distributed to holders of Class A Restricted Voting Shares who properly redeem their shares, which will not be reduced by the deferred underwriting commission to be paid to the Underwriter. The holders of Class B Shares (including holders of Class B Units), being our Founders, Sponsor and the Underwriter (and its designees), do not have access to, and cannot benefit from, any proceeds held in the escrow account, and as such, do not have any redemption rights with respect to their Class B Shares and/or Class B Units. The Qualifying Transaction must occur within a Permitted Timeline, being no later than August 4, 2022 (or November 4, 2022 if the Corporation has executed a letter of intent, agreement in principle or definitive agreement for a Qualifying Transaction prior to August 4, 2022 but has not yet completed the Qualifying Transaction), subject to an extension. The Permitted Timeline could be extended to up to 36 months with shareholder approval of only the holders of Class A Restricted Voting Shares, by ordinary resolution, with approval of the Corporation's board of directors. If we are unable to complete a Qualifying Transaction within the Permitted Timeline, we will redeem the Class A Restricted Voting Units using the cash held in the escrow account. At the Special Meeting (as defined herein) held on October 28, 2022, the holders of Class A Restricted Voting Shares passed a resolution to approve an extension of the Corporation's permitted timeline to complete its qualifying acquisition from November 4, 2022 to December 31, 2022. *For additional information on the Permitted Timeline, see the Subsequent Events section below.*

Qualifying Transaction

We are not presently engaged in, and we will not engage in, any operations for an indefinite period of time. Our initial Qualifying Transaction and value creation strategy will be to identify, acquire and, after our initial Qualifying Transaction, assist in the growth of a business in the cannabis industry. However, we are not limited to this industry and we may pursue a Qualifying Transaction opportunity in any business or industry we choose and we may pursue a company with operations or opportunities outside of Canada and the United States.

Our objective is to execute a Qualifying Transaction, the terms of which are determined by us to be favourable and provided that the target business or assets forming the Qualifying Transaction have a fair market value of at least 80% of

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the assets held in the escrow account at the time the agreement is entered into (excluding the deferred underwriting commission and applicable taxes payable on interest and other amounts earned in the escrow account). The fair market value of the target business will be determined by our board of directors based upon one or more valuation methods generally accepted by the financial community (including, without limitation, actual and potential sales, earnings, cash flow and book value).

We intend to continue our search for target businesses with a focus on the cannabis industry and for target businesses with an enterprise value greater than \$250 million; however, we are not limited to a particular industry or geographic region for purposes of completing our Qualifying Transaction and it is possible that the enterprise value of the Qualifying Transaction will be higher or lower than intended.

We intend to effectuate our Qualifying Transaction using the cash proceeds from (i) the escrow account after redemptions, taxes and permitted expenses; (ii) the portion of the sale of the Class B Units not placed in the escrow account; and (iii) the \$25,000 of initial proceeds raised prior to the IPO Closing Date, or our shares, or debt, or a combination of these as the consideration to be paid in our Qualifying Transaction. A Qualifying Transaction may involve the acquisition of, or merger with, a company which does not need substantial additional capital, but which desires to establish a public trading market for its shares, while avoiding what it may deem to be adverse consequences of undertaking a public offering itself. These include time delays, significant expense, loss of voting control and compliance with various applicable securities laws. We may also seek to effect simultaneous Qualifying Transactions with more than one target business.

In connection with consummating a Qualifying Transaction, the Corporation will require approval by a majority of the directors unrelated to the Qualifying Transaction. In connection with the Qualifying Transaction, holders of Class A Restricted Voting Shares will be given the opportunity to elect to redeem all or a portion of their Class A Restricted Voting Shares at a per share price, payable in cash, equal to the pro-rata portion per Class A Restricted Voting Share of: (A) the escrowed funds available in the Escrow Account at the time immediately prior to the redemption deposit timeline, including interest and other amounts earned thereon; less (B) an amount equal to the total of (i) applicable taxes payable by the Corporation on such interest and other amounts earned in the Escrow Account and (ii) actual and expected direct expenses related to the redemption, each as reasonably determined by the Corporation, subject to certain limitations. Each holder of Class A Restricted Voting Shares, together with any affiliate of such holder or any other person with whom such holder or affiliate is acting jointly or in concert, will be subject to a redemption limitation of an aggregate 15% of the number of Class A Restricted Voting Shares issued and outstanding. Class B Shares will not be redeemable in connection with a Qualifying Transaction or an extension to the Permitted Timeline and holders of Class B Shares shall not be entitled to access the Escrow Account should a Qualifying Transaction not occur within the Permitted Timeline.

If the Corporation is unable to complete its Qualifying Transaction within the Permitted Timeline (or within an extension of the Permitted Timeline), the Corporation will be required to redeem each of the Class A Restricted Voting Shares and the Corporation's Warrants (including the Warrants underlying the Class A Restricted Voting Units and the Class B Units and the Sponsors' Warrants) will expire worthless. In such case, each holder of a Class A Restricted Voting Share will receive for an amount, payable in cash, equal to the pro-rata portion per Class A Restricted Voting Share of: (A) the Escrow Account, including any interest and other amounts earned; less (B) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the Escrow Account, (ii) any taxes of the Corporation arising in connection with the redemption of the Class A Restricted Voting Shares, and (iii) up to a maximum of \$50,000 of interest and other amounts earned to pay actual and expected expenses related to the dissolution and certain other related costs as reasonably determined by the Corporation. The underwriter will have no right to the deferred underwriting commissions held in the Escrow Account in such circumstances.

If we complete more than one Qualifying Transaction, each such Qualifying Transaction is expected to occur concurrently and would be subject to the same shareholder vote at the Shareholders Meeting, if required under applicable law.

Overall Performance

The Corporation has not conducted commercial operations and it is focused on the identification and evaluation of businesses or assets to acquire and there were no notable events that occurred during the reporting periods presented.

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For the three months ended September 30, 2022, the Corporation earned interest income of \$311,130 (2021 - \$14,493) and reported a net loss of \$243,503 (2021 - \$2,407,855). The net loss for the three months ended September 30, 2022 primarily relates to general and administrative expenses of \$916,721 (2021 - \$658,224), accretion of listing costs of \$766,512 (2021 - \$2,061,124) that were offset by a net unrealized gain on changes in the fair value of financial liabilities of \$1,128,600 (2021 - \$297,000) and interest income of \$311,130 (2021 - \$14,493).

For the nine months ended September 30, 2022, the Corporation earned interest income of \$396,356 (2021 - \$37,651) and reported a net loss of \$2,640,894 (2021 - \$5,571,219). The net loss for the nine months ended September 30, 2022 primarily relates to general and administrative expenses of \$1,401,935 (2021 - \$1,426,214), accretion of listing costs of \$5,021,115 (2021 - \$5,251,856) that were offset by a net unrealized gain on changes in the fair value of financial liabilities of \$3,385,800 (2021 - \$1,069,201) and interest income of \$396,356 (2021 - \$37,651).

Liabilities at September 30, 2022 totaled \$121,152,535 (December 31, 2021 - \$118,458,508). Shareholders’ deficiency as at September 30, 2022 is comprised of share capital of \$3,424,315 (December 31, 2021 - \$3,424,315), contributed surplus of \$41,928 (December 31, 2021 - \$37,588) and a deficit of \$9,072,033 (December 31, 2021 - \$6,381,358) for a net shareholders’ deficiency of \$5,605,790 (December 31, 2021 - \$2,919,455).

Working capital, which consists of current assets less current liabilities, is a deficit of \$121,004,509 at September 30, 2022 (December 31, 2021 - \$117,971,599). This working capital deficiency includes the liability related to the Class A restricted voting shares subject to redemption since the Permitted Timeline by which the Corporations must complete a Qualifying Transaction is within one year of December 31, 2021. Management believes the Corporation’s working capital and its ability to draw on the \$250,000 non-interest bearing Promissory Note provided by our Sponsor is sufficient for the Corporation to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction.

Total assets of the Corporation as at September 30, 2022 were \$115,596,526 (December 31, 2021 - \$115,539,053). The non-current assets of the Corporation related to the cash and securities held in escrow of \$115,448,500 (December 31, 2021 - \$115,052,144)

The weighted average number of Class B Shares outstanding for the three months ended September 30, 2022 was 3,475,001.

Liquidity and Capital Performance

	September 30, 2022 (\$)	December 31, 2021 (\$)
Restricted cash and short-term investments held in the escrow		
Interest income	396,356	14,493
Cash	115,000,000	115,000,000
Total restricted cash and short-term investments held in escrow	115,448,500	115,052,144
Per Class A Restricted Voting Share subject to redemption	115,000,000	115,000,000
Cash held outside of escrow	68,080	233,301

We intend to use substantially all of the funds held in the escrow, including interest (which interest shall be net of taxes payable and certain expenses) to consummate a Qualifying Transaction. To the extent that, after redemptions, our share capital or debt is used, in whole or in part, as consideration to consummate a Qualifying Transaction, the remaining proceeds held in escrow may be used as working capital to finance the operations of the target business or businesses, make other acquisitions and/or pursue a growth strategy.

As at September 30, 2022, we had cash held outside of escrow of \$68,080, which is available to fund our working capital requirements, including any further transaction costs that may be incurred. We expect to generate negative cash flow from operating activities in the future until our Qualifying Transaction is completed and we commence revenue generation. We intend to employ a proactive acquisition targeting strategy that identifies potential acquisition targets that align with the Corporation’s investment objectives.

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Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a Qualifying Transaction, the Corporation has not yet entered into a definitive agreement. No assurance can be given that any discussions with prospective target will lead to the entering of a binding acquisition agreement. We intend to continue our search for target businesses with a focus on the cannabis industry and for target businesses with an enterprise value greater than \$250 million; however, we are not limited to a particular industry or geographic region. *For additional information on the Corporation's signing of a definitive agreement, see the Subsequent Events section below.*

Although the cannabis industry has evolved significantly and continues to mature, we believe the industry is still undercapitalized and companies operating across multiple verticals consistently have trouble accessing capital from traditional sources. Historically, businesses that operate within the legal cannabis industry in the U.S. have relied largely on private money; friends and family, high net-worth individuals and small-to- medium-sized private investment firms, as institutional investors have shied away from companies in the cannabis industry, especially those that are directly involved in the production, distribution and sale of cannabis. Even businesses that do not touch the plant and instead provide ancillary services to the industry have found it extremely difficult to access large pools of institutional capital. As a result, we believe we have the opportunity to create a compelling structure that will enable a target company to go public, thereby accessing significant capital for both organic growth and for acquisitions of synergistic and often undercapitalized assets. Given the rapid growth of the legal cannabis market, we believe that the ability to move quickly to capitalize on new opportunities will be critical to success in creating stakeholder value. Potential areas of interest in the cannabis industry include but are not limited to Canadian, U.S. and international businesses that are ancillary to the production, distribution and sale of cannabis as well as businesses that legally cultivate, process and/or aid in the retail distribution of cannabis.

Management seeks to ensure that our operational and administrative costs are minimal prior to the completion of a Qualifying Transaction, with a view to preserving the Corporation's working capital.

Considering the current cash on hand and our ability to access up to \$250,000 under the non-interest-bearing Promissory Note advanced by a Sponsor, we do not believe that we will need to raise additional funds to meet expenditures required for operating our business until the consummation of our Qualifying Transaction. We believe that we will have sufficient available funds outside of the Escrow Account to operate the business. However, we cannot be assured that this will be the case. To the extent that the Corporation may require additional funding for general ongoing expenses or in connection with sourcing a proposed Qualifying Transaction, we may seek funding by way of unsecured loans from our Sponsor and/or its affiliates, up to a maximum aggregate principal amount equal to 10% of the escrowed funds, subject to the consent of the Exchange, which loans would, unless approved otherwise by the Exchange, bear interest at no more than the prime rate plus 1%. Our Sponsor will not have recourse under such loans against the amounts in escrow. Such loans will collectively be subject to a maximum principal amount of 10% of the escrowed funds, and may be repayable in cash following the closing of a Qualifying Transaction and may only be convertible into Class B Shares and/or Warrants in connection with the closing of a Qualifying Transaction, subject to Exchange consent.

Discussion of Operations

For the three-month period ended September 30, 2022, the Corporation's net loss totaled \$243,503, with basic and fully diluted loss per Class B Share of \$0.07. Activities for this period principally related to general and administrative expenses of \$916,721, accretion of listing costs of \$766,512 and a net unrealized gain on changes in the fair value of financial liabilities of \$1,128,600. These expenses were offset by interest income of \$311,130.

Interest income

Since completion of the Offering, the Corporation's activity has been limited to the evaluation of business acquisition targets, and we do not expect to generate any operating revenues until the closing and completion of a Qualifying Transaction. In the interim, we expect to generate small amounts of non-operating income in the form of interest income on cash and short-term investments, including restricted cash and short-term investments held in escrow. The Corporation is investigating investment opportunities to earn interest income until a Qualifying Transaction is completed. Interest income on these investments is not expected to be significant in view of the current low interest rates.

General and administrative expenses

The Corporation's general and administrative expenses consist of costs required to maintain its public company status in good standing, and expenses incurred to evaluate and identify companies, businesses, assets or properties for potential

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acquisition in connection with the Corporation's Qualifying Transaction. General and administrative costs were \$916,721 and \$1,401,935 for the three and nine months ended September 30, 2022 respectively.

Net unrealized gain on changes in the fair value of financial liabilities

Certain financial instruments are recorded in the Corporation's statement of financial position at values that are representative of or approximate their fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price. If the financial instrument does not trade on an active market, the Corporation will use an option-pricing model to measure the fair value of the financial instrument. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the financial instrument. Changes in the underlying trading value or estimates may significantly affect the amount of net income or loss for a particular period. Furthermore, the quoted market price or option price of a financial liability may not be equal to the amount that the Corporation may have to pay in settlement of the underlying obligation, should such obligation become immediately payable. The Corporation reviews assumptions relating to financial instruments on an ongoing basis to ensure that the basis for determination of fair value is appropriate. The assumptions related to the financial instruments in the three months ended September 30, 2022 include:

- (i) the warrant liability fair value was determined on issue date by using a binomial model. The fair value of the warrant liability calculated by the binomial model was determined to be \$5,922,500. Inputs to the binomial model included the following: fair value of the underlying shares - \$9.49, the expected life of the option - 6.00 years, volatility - 17.79% (estimated by benchmarking with companies having businesses similar to the Corporation), expected dividend yield - \$nil and the risk-free interest rate - 0.46%. Subsequent measurement of the warrant liability was determined based on its Level 1 fair value since the warrants trade on the NEO Exchange.

The Corporation recognized an unrealized gain of \$1,128,600 in its net income for the three months ended September 30, 2022 in connection with this warrant liability.

Selected Quarterly Information

A summary of selected information for each of the quarters presented below is as follows:

For the interim period ended	Interest Revenue (\$)	Net Income (Loss) (\$)	Basic Earnings (Loss) per Share (\$)	Diluted (Loss) Earnings per Share (\$)
September 30, 2022	311,130	(243,503)	(0.07)	(0.07)
June 30, 2022	71,836	(2,055,017)	(0.59)	(0.59)
March 31, 2022	13,390	(342,374)	(0.10)	(0.11)
December 31, 2021 ⁽¹⁾	14,493	(809,131)	(0.23)	(0.23)
September 30, 2021 ⁽¹⁾	14,493	(2,407,855)	(0.69)	(0.69)
June 30, 2021	5,829	(3,481,358)	(1.00)	(1.00)
March 31, 2021	17,329	317,994	0.15	0.15
December 31, 2020	nil	nil	nil	nil

- (1) Corporation management identified a cut-off error pertaining to the recognition of certain legal fees in the 2021 Q3 and Q4 periods. The correction of this cut-off error had the effect of increasing the net loss in the period ended September 30, 2021 by \$312,917 and decreasing the net loss in the period ended December 31, 2021 by the same amount.

The net loss in the three-month period ended September 30, 2022 primary related to general and administrative expenses of \$916,721, accretion of \$766,512 and net unrealized gain on changes in the fair value of warrant liability of \$1,128,600.

The net loss in the three-month period ended June 30, 2022 primary related to general and administrative expenses of

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\$264,632, accretion of \$2,159,221 and net unrealized gain on changes in the fair value of warrant liability of \$297,000.

The net loss in the three-month period ended March 31, 2022 primary related to general and administrative expenses of \$220,582 accretion of \$2,095,382 and net unrealized gain on changes in the fair value of warrant liability of \$1,960,200.

The net income in the three-month period ended December 31, 2021 primary related to general and administrative expenses of \$538,791, accretion of \$2,101,300 and net unrealized gain on changes in the fair value of warrant liability of \$1,366,199.

The net income in the three-month period ended September 30, 2021 primary related to general and administrative expenses of \$658,224, accretion of \$2,061,124 and net unrealized gain on changes in the fair value of warrant liability of \$297,000.

The net loss in the three-month period ended June 30, 2021 primary related to general and administrative expenses of \$199,560, accretion of \$2,000,019 and net unrealized loss on changes in the fair value of warrant liability of \$1,287,608.

The net income in the three-month period ended March 31, 2021 primary related to general and administrative expenses of \$568,430, accretion of \$1,190,713 and net unrealized gain on changes in the fair value of warrant liability of \$2,059,808.

SUBSEQUENT EVENTS

The Corporation evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. The Corporation did not identify any subsequent events that would have required adjustment or disclosure in the financial statements except as noted below:

On September 12, 2022, the Corporation called for a special meeting of holders of its Class A Restricted Voting Shares which was held on October 28, 2022 (the "Special Meeting") to vote on a resolution to approve an extension of the Corporation's permitted timeline to complete its qualifying acquisition from November 4, 2022 to December 31, 2022 (the "Extension").

In connection with the Extension, the Corporation provided holders of Class A Restricted Voting Shares, irrespective of whether such holders voted for or against, or did not vote on, the Extension, were given the opportunity to redeem all or a portion of their Class A Restricted Voting Shares in accordance with their terms, provided that they deposited their shares for redemption prior to the second Business Day before the date of the Special Meeting.

The Extension was approved at the Special Meeting and approximately 11,119,127 Class A Restricted Voting Shares were deposited for redemption in connection therewith. Each Class A Restricted Voting Share that was deposited for redemption was redeemed for \$10.01, subject to applicable withholding taxes.

On October 20, 2022, the Corporation announced that it had entered into a definitive agreement (the "Business Combination Agreement") with Craft 1861 Global Inc. ("Craft" or the "Company"), BGP Merger Sub, LLC ("Merger Sub"), and BGP Acquisition Sponsor LP (the "Sponsor"), pursuant to which, among other things, the Corporation intends to indirectly acquire all of the outstanding shares of Craft (the "Business Combination"). Following closing of the Business Combination, the Corporation will continue to operate the business of Craft. The Business Combination constitutes the Corporation's qualifying transaction.

The closing of the Business Combination is conditional upon, among other things, approval by the NEO Exchange Inc. (the "Exchange" or the "NEO") and the conditional approval of the NEO to list the Corporation's Subordinate Voting Shares on the Exchange. The NEO has not yet approved the Business Combination or conditionally approved the listing of the Subordinate Voting Shares, and there can be no assurance that it will.

As the Business Combination constitutes the Corporation's qualifying transaction, holders of Class A Restricted Voting Shares can (conditional on closing) elect to redeem all or a portion of their Class A Restricted Voting Shares provided that they deposit their Class A Restricted Voting Shares for redemption prior to 5:00 p.m. (Toronto time) on the date designated by the Corporation as the redemption election deadline (the "Redemption Election Deadline"). A redeeming

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shareholder is entitled (conditional on closing) to receive an amount per Class A Restricted Voting Share, payable in cash, equal to the pro-rata portion (per Class A Restricted Voting Share) of: (A) the escrowed funds available in the escrow account at the time immediately prior to the Redemption Election Deadline, including interest and other amounts earned thereon; less (B) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the escrow account, and (ii) actual and expected expenses directly related to the redemption, each as reasonably determined by the Corporation, subject to the limitations described in this prospectus. This redemption amount is anticipated to be approximately US\$10.03 per Class A Restricted Voting Share, assuming a December 31, 2022 redemption date and will be subject to applicable withholding taxes. The Class A Restricted Voting Shares that are not redeemed shall be automatically converted into an equivalent number of Subordinate Voting Shares.

Subject to obtaining certain approvals and the satisfaction of certain conditions, it is anticipated that the Business Combination will be completed in the fourth quarter of 2022. The outside date for the Business Combination is December 31, 2022 or such other date as Craft and the Corporation may mutually agree in writing.

In connection with the Business Combination, (i) the Class A Restricted Voting Shares not required to be redeemed will convert into Subordinate Voting Shares on a one-for-one basis, and (ii) the Corporation's Class B Shares convert into the Corporation's Proportionate Voting Shares on a one for 100 basis.

Further details regarding the Business Combination and the business of Craft are set out in the Corporation's preliminary long-form non-offering prospectus dated October 26, 2022, which is available on the Corporation's profile on SEDAR at www.sedar.com.

NEW STANDARDS NOT YET ADOPTED AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The Corporation does not believe that any accounting standards that have been recently issued but which are not yet effective would have a material effect on its condensed interim financial statements if such accounting standards were currently adopted.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and items in net income or loss and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net income or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Fair Value of Financial Instruments

Certain financial instruments are recorded in the Corporation's statement of financial position at values that are representative of or approximate their fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price. If the financial instrument does not trade on an active market, the Corporation will use an option-pricing model to measure the fair value of the financial instrument. Application of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the financial instrument. Changes in the underlying trading value or estimates may significantly affect the amount of net income or loss for a particular period. Furthermore, the quoted market price or option price of a financial liability may not be equal to the amount that the Corporation may have to pay in settlement of the underlying obligation, should such obligation become immediately payable. The Corporation reviews assumptions relating to financial instruments on an ongoing basis to ensure that the basis for determination of fair value is appropriate.

Warrant Valuations

Each Class A Restricted Voting Unit issued on closing of the initial public offering comprised of one-half of a warrant. The Corporation also issued Class B Units and Warrants form part of the Class B Units issued to the Sponsor and has also issued the Sponsor Warrants. Estimating the fair value of warrants requires determining the most appropriate valuation model that is dependent on the terms and conditions of the Warrant. To the extent a quoted market value is not available, the Corporation applies an option-pricing model to measure the fair value of the Warrants issued. Application

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of the option-pricing model requires estimates in expected dividend yields, expected volatility in the underlying assets and the expected life of the Warrant. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net income or loss.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that in the future, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

CAPITAL MANAGEMENT

The cash held in escrow consists of the \$115,000,000 in funds raised relating to Class A Restricted Voting Units. In accordance with the terms of the Offering, all amounts raised through the issuance of the Class A Restricted Voting Units were deposited into the Escrow Account and can only be released upon certain prescribed conditions being met, as further described herein and in the Corporation's prospectus dated January 28, 2021 (the "Prospectus").

The Corporation's objective is to execute a Qualifying Transaction, the terms of which are determined by the Corporation to be favorable and provided that the target business or assets forming the Qualifying Transaction have a fair market value of at least 80% of the assets held in the Escrow Account at the time the agreement is entered into (excluding the deferred underwriting commission and applicable taxes payable on interest and other amounts earned in the Escrow Account). The fair market value of the target businesses or assets will be determined by the Corporation's board of directors based upon one or more valuation methods generally accepted by the financial community (including, without limitation, actual and potential sales, earnings, cash flow and book value).

On March 30, 2021, Don Jennings agreed to loan the Corporation an aggregate of up to \$250,000 to fund working capital requirements pursuant to a promissory note (the "Promissory Note"). The Promissory Note is non-interest bearing and is payable on the consummation of the Qualifying Transaction. If the Qualifying Transaction is not consummated, all outstanding loans will be forgiven, except to the extent of any funds held outside of the escrow account. As of June 30, 2022, the Corporation had no amounts outstanding under the Promissory Note.

On September 29, 2021, the Sponsor agreed to loan the Corporation \$175,000 to fund working capital requirements pursuant to a promissory note (the "Second Promissory Note"). The Second Promissory Note is non-interest bearing and is payable on the consummation of a Qualifying Transaction. If a Qualifying Transaction is not consummated, all outstanding loans will be forgiven, except to the extent of any funds held outside of the escrow account. The Second Promissory Note is convertible concurrent with the closing of a Qualifying Transaction into Class B units at the option of the Sponsor at a conversion price of \$10.00 per Class B unit. As of September 30, 2022, the Corporation had a balance of \$175,000 outstanding under the Second Promissory Note (December 31, 2021 - \$175,000).

On December 22, 2021, the Sponsor agreed to loan the Corporation \$100,000 to fund working capital requirements pursuant to a promissory note (the "Third Promissory Note"). The Third Promissory Note is non-interest bearing and is payable on the consummation of a Qualifying Transaction. If a Qualifying Transaction is not consummated, all outstanding loans will be forgiven, except to the extent of any funds held outside of the escrow account. The Third Promissory Note is convertible concurrent with the closing of a Qualifying Transaction into Class B units at the option of the Sponsor at a conversion price of \$10.00 per Class B unit. As of September 30, 2022, the Corporation had a balance of \$100,000 outstanding under the Third Promissory Note (December 31, 2021 - \$100,000).

Effective August 10, 2022, the Corporation executed an unsecured convertible promissory note (the "Fourth Promissory Note") in the amount of USD \$125,000, with an investment company that has representation on the Board of Directors, for general working capital purposes. The note is non-interest bearing and is payable in cash or stock, at the note holder's option, upon closing of a Qualifying Transaction. If there is no Qualifying Transaction consummated during the Permitted Timeline the Note will not be repaid and the lender will forgive all amounts owed thereunder. As at September 30, 2022, the Corporation had a balance of \$125,000 outstanding under the Fourth Promissory Note.

Due to the conversion feature of the Second, Third, and Fourth Promissory Notes, the liability component of these

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Promissory Notes was recorded at its fair value on initial recognition, with the residual allocated to contributed surplus as the equity conversion feature. The fair value of the liability was calculated by discounting the future cash repayment of these Promissory Notes on management's estimated date of the expected Qualifying Transaction using an effective interest rate of 20% per annum. The liability for these Promissory Notes has been accreted systematically over their term by recording of additional interest expense.

Other than as described above, to the extent that the Corporation requires additional funding for general ongoing expenses or in connection with a Qualifying Transaction, the Corporation may seek funding by way of unsecured loans from the Sponsor and/or its affiliates, which loans would bear interest at no more than the U.S. dollar prime rate plus 1.0%. The lender under the loans would not have recourse against the funds held in the Escrow Account, and thus the loans will not reduce the value thereof. Such loans will collectively be subject to a maximum aggregate principal amount equal to 10% of the escrowed funds and may only be repayable in cash no earlier than the closing of the Qualifying Transaction. Such loans may only be convertible into shares and/or Warrants in connection with the closing of the Qualifying Transaction.

The Corporation may also seek to raise additional funds through a rights offering in respect of shares available to its shareholders, in accordance with the requirements of applicable securities legislation and the Exchange's rules, and subject to the consent of the Underwriter, subject to the conditions outlined further in the Prospectus.

As of the date of filing the Corporation does not have any off-balance sheet financing arrangements and has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets. Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a Qualifying Transaction, the Corporation has not yet entered into a definitive agreement.

SHARE CAPITAL

As of September 30, 2022, the Corporation had 11,500,000 Class A Restricted Voting Shares, 3,475,001 Class B Shares and 5,940,000 Warrants issued and outstanding.

RELATED PARTY TRANSACTIONS

The Corporation provides a payment of \$10,000 per month to the Sponsor for the utilization of office space, utilities and administrative support. The Corporation reimburses the Sponsor for any out-of-pocket expenses incurred by directors, officers and consultants of the Corporation which are paid by the Sponsor relating to certain activities on the Corporation's behalf, including identifying and negotiating a Qualifying Transaction. As at September 30, 2022, the Corporation had \$100,000 payable to the Sponsor in respect of these services.

On February 4, 2021 the Sponsor executed a make whole agreement and undertaking in favour of the Corporation, whereby the Sponsor agreed to indemnify the Corporation in certain limited circumstances where the funds held in the Escrow Account are reduced to below \$10.00 per Class A Restricted Voting Share.

As noted above, the Sponsor and an investment Company with representation on the Board of Directors also loaned the Corporation a total of \$125,000 to fund working capital requirements pursuant to promissory notes issued.

CONTROLS AND PROCEDURES

The Corporation's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting as defined in the Canadian Securities Administrators' National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings".

Under their supervision, the Chief Executive Officer and Chief Financial Officer have implemented disclosure controls and procedures and internal controls over financial reporting appropriate for the nature of operations of the Corporation. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Corporation's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The

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Corporation's design of its internal controls over financial reporting is based on the principles set out in the "Internal Control – Integrated Framework (2013)" issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO)". Based on management assessment at December 31, 2021, we concluded that our internal controls over financial reporting were ineffective. Management noted inadequate controls over the review of the valuation of certain financial instruments and over the cut-off of expenses in interim periods. Management believes these control matters constitute a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result, management performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with IFRS. Accordingly, management believes that the Corporation's financial statements present fairly in all material respects our financial position, results of operations, and cash flows for the period presented.

To address this material weakness, management has devoted, and plans to continue to devote, effort and resources to the remediation and improvement of its internal control over financial reporting and to provide processes and controls over the internal communications within the Corporation, financial advisors and the Corporation's auditors. While we have processes to identify and appropriately apply applicable accounting requirements, we plan to enhance these processes to better evaluate our research and understanding of the nuances of the complex accounting standards that apply to our financial statements. We plan to include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects. Other than this issue, our disclosure controls and procedures were effective at a reasonable assurance level and, accordingly, provided reasonable assurance that the information required to be disclosed by us in reports filed publicly by us are recorded, processed, summarized and reported within the time periods specified in applicable rules and forms.

In accordance with National Instrument 52-109-Certification of Disclosure in Issuers' Annual and Interim Filings, the Corporation has filed certificates signed by its Chief Executive Officer and the Chief Financial Officer certifying certain matters with respect to the design of disclosure controls and procedures and the design of internal control over financial reporting as at June 30, 2022.

MANAGING RISK

Except as otherwise disclosed in this MD&A and in the condensed interim financial statements, there have been no significant changes to the nature and scope of the risks faced by the Corporation as described in the AIF, which is available on the Corporation's profile on SEDAR at www.sedar.com. Such business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

November 14, 2022