

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Comprehensive Loss
Unaudited
(In thousands of Canadian dollars, except per share amounts)

	Note	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
Revenue					
Net revenue	3	11,553	11,940	34,706	36,550
Cost of sales	4	8,098	8,445	24,490	26,484
Gross profit		3,455	3,495	10,216	10,066
Expenses					
Selling expenses	4	2,331	3,289	6,712	8,274
General and administrative	4	925	1,180	3,071	4,376
Depreciation and amortization	4	144	173	479	520
Operating expenses		3,400	4,642	10,262	13,170
Operating income (loss)		55	(1,147)	(46)	(3,104)
Finance expenses		551	283	1,561	622
Gains on disposition - net	8	(170)	-	(387)	-
Other		(98)	(47)	(85)	(1)
Loss before income taxes		(228)	(1,383)	(1,135)	(3,725)
Income tax (recovery)					
Deferred		(1)	(329)	(313)	(812)
		(1)	(329)	(313)	(812)
Net loss and comprehensive loss		(227)	(1,054)	(822)	(2,913)
Per share amounts					
Basic and diluted	5	\$ (0.03)	\$ (0.15)	\$ (0.11)	\$ (0.42)

See accompanying notes to the condensed interim consolidated financial statements.

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Financial Position
Unaudited
(In thousands of Canadian dollars)

As at	Note	September 30, 2023	December 30, 2022
ASSETS			
Current			
Cash		1,593	612
Accounts receivable		2,569	2,549
Inventories	6	7,857	5,769
Prepaid expenses and deposits		535	369
Assets held for sale		404	625
		12,958	9,924
Non-current			
Property, plant, and equipment	8	37,171	39,512
Intangible assets		1,556	2,190
Deferred income taxes		135	-
		38,862	41,702
Total assets		51,820	51,626
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	10	8,345	8,100
Debt	9	5,585	5,705
Lease liabilities	7	666	668
Share-based payments	12	263	629
		14,859	15,102
Non-current			
Debt	9	9,853	8,045
Lease liabilities	7	2,508	3,099
Deferred income taxes		-	178
		12,361	11,322
EQUITY			
Shareholders' capital	11	113,811	113,746
Contributed surplus		3,109	2,954
Accumulated deficit		(92,320)	(91,498)
		24,600	25,202
Total liabilities and shareholders' equity		51,820	51,626
Going concern	2		
Commitments and contractual obligations	16		

See accompanying condensed notes to the consolidated financial statements.

"Stephen Giblin"

On behalf of the Board of Directors: Stephen Giblin Director

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited
(In thousands of Canadian dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
OPERATING ACTIVITIES					
Net loss for the period		(227)	(1,054)	(822)	(2,913)
Items not affecting cash:					
Depreciation and amortization	4	820	1,102	2,969	2,616
Gain on sale of assets	8	(170)	(14)	(387)	(45)
Share-based payments	12	104	132	(127)	535
Amortized debt issuance costs		44	-	133	69
Deferred income tax recovery		(1)	(329)	(313)	(812)
		570	(163)	1,453	(550)
Net change in non-cash working capital related to operations		652	4,322	(2,161)	2,227
Cash provided by (used in) operating activities		1,222	4,159	(708)	1,677
FINANCING ACTIVITIES					
Advances (repayment) of term debt	9	(720)	(2,128)	1,688	1,184
Purchase of shares held in trust		(85)	(205)	(20)	(403)
Repayment of lease liabilities		(175)	(161)	(579)	(558)
Cash provided by (used in) financing activities		(980)	(2,494)	1,089	223
INVESTING ACTIVITIES					
Purchase of property, plant, and equipment	8	(83)	(753)	(254)	(1,062)
Purchase of intangibles		-	(25)	(6)	(222)
Net proceeds on sale of property, plant, and equipment		370	275	860	318
Cash (provided by) investing activities		287	(503)	600	(966)
Net increase (decrease) in cash		529	1,162	981	934
Cash, beginning of period		1,064	-	612	228
Cash, end of period		1,593	1,162	1,593	1,162

Supplemental cash flow information:

Income taxes paid	\$	-	\$	-	\$	-	\$	-
Interest paid	\$	471	\$	369	\$	1,322	\$	621

See accompanying condensed notes to the condensed interim consolidated financial statements.

BIG ROCK BREWERY INC.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

Unaudited

(In thousands of Canadian dollars)

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2022		113,746	2,954	(91,498)	25,202
Share-based payments	12	72	168	—	240
Purchase of shares held in trust		(20)	—	—	(20)
Shares held in trust issued		13	(13)	—	—
Net loss and comprehensive loss		—	—	(822)	(822)
As at September 30, 2023		113,811	3,109	(92,320)	24,600

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2021		113,620	2,480	(84,397)	31,703
Share-based payments	12	—	535	—	535
Purchase of shares held in trust		(529)	—	—	(529)
Shares held in trust issued		126	(126)	—	—
Net loss and comprehensive loss		—	—	(2,913)	(2,913)
As at September 30, 2022		113,217	2,889	(87,310)	28,796

See accompanying condensed notes to the interim consolidated financial statements.

BIG ROCK BREWERY INC.

Notes to the Condensed Interim Consolidated Financial Statements

(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION

Big Rock Brewery Inc. (“**Big Rock**” or the “**Corporation**”) is incorporated in Canada, with limited liability under the legislation of the Province of Alberta, and its shares are listed on the Toronto Stock Exchange and trade under the symbol “BR”.

Big Rock is a regional producer of premium, all-natural craft beers and cider, which are sold in six provinces and two territories in Canada. The head office, principal address, and records office of the Corporation are located at 5555 - 76th Avenue SE, Calgary, Alberta T2C 4L8.

2. BASIS OF PREPARATION

Going concern

The condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended September 30, 2023, the Corporation incurred a net loss of \$0.8 million (2022 - \$2.9 million). The Corporation has \$4.0 million drawn on its operating facility as at September 30, 2023. The credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 9.

There remains a material uncertainty that may cast significant doubt on the Corporation’s ability to continue as a going concern. These financial statements do not include adjustments to the recoverability and classification of recorded asset and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying condensed interim consolidated financial statements. Such adjustments could be material.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applicable to the presentation of interim financial statements and International Accounting Standards (“**IAS**”) 34, Interim Financial Reporting, as the accounting policies applied in these condensed interim consolidated financial statements are based on IFRS as issued, outstanding and effective September 30, 2023.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 13, 2023.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements**

(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value through profit and loss. These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Corporation and its subsidiaries. All values are rounded to the nearest thousand dollars except where otherwise indicated.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of Big Rock and all of its wholly-owned subsidiaries. Subsidiaries are those enterprises controlled by the Corporation. The following companies have been consolidated within the condensed interim consolidated financial statements:

Subsidiary	Registered	Holding	Functional Currency
Big Rock Brewery Inc.	Alberta	Parent Company	Canadian dollar
Big Rock Brewery Operations Corp.	Alberta	100%	Canadian dollar
Big Rock Brewery Limited Partnership	Alberta	100%	Canadian dollar

Inter-company balances and transactions, and any unrealized gains or losses arising from inter-company transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business, presented in Canadian dollars. All values are rounded to the nearest thousand dollars except where otherwise indicated.

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Corporation for the year ended December 30, 2022. These condensed interim consolidated financial statements do not include all the information and disclosures required in the Corporation's annual consolidated financial statements and should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 30, 2022.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***3. NET REVENUE**

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Gross product revenues	\$ 15,999	\$ 17,411	\$ 46,656	\$ 50,447
Federal excise taxes	(1,725)	(1,642)	(4,314)	(4,320)
Provincial liquor tax programs	(2,721)	(3,829)	(7,636)	(9,577)
Net revenue	\$ 11,553	\$ 11,940	\$ 34,706	\$ 36,550

Gross product revenues include wholesale beer, cider and other alcoholic beverage revenues, co-packing revenues as well as retail store and restaurant sales. Net revenue includes gross revenues net of excise taxes and provincial government liquor taxes.

4. EXPENSES BY NATURE

Expenses related to depreciation, amortization and personnel are included within the following line items on the consolidated statements of comprehensive loss:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Depreciation and amortization				
Cost of sales	\$ 677	\$ 929	\$ 2,491	\$ 2,096
Depreciation and amortization	150	173	484	520
Salaries, wages, and benefits				
Cost of sales	3,075	1,737	4,564	5,285
Selling expenses	578	1,524	1,550	2,555
General and administrative	471	335	1,090	2,133
Share based payments				
General and administrative	19	147	(127)	399

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***5. PER SHARE AMOUNTS**

The calculation of per share amounts is based on the following:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Net loss - basic	\$ (227)	\$ (1,054)	\$ (822)	\$ (2,913)
Effect of dilutive securities	—	—	—	—
Net loss - diluted	\$ (227)	\$ (1,054)	\$ (822)	\$ (2,913)
Weighted average shares				
Issued common shares	6,979	6,946	6,979	6,946
Effect of shares held in trust	(5)	—	(3)	—
Weighted average shares - basic	6,974	6,946	6,976	6,946
Effect of dilutive securities	425	—	292	—
Weighted average shares - diluted	7,399	6,946	7,268	6,982
Per share amounts				
Basic and diluted	\$ (0.03)	\$ (0.15)	\$ (0.11)	\$ (0.42)

6. INVENTORIES

As at	September 30, 2023	December 30, 2022
Raw materials and containers	1,434	1,723
Brews in progress	635	527
Finished product	4,981	2,579
Consignment product	780	913
Retail store	27	27
Total inventories	7,857	5,769

During the nine months ended September 30, 2023, charges of \$0.3 million (2022 - \$0.4 million) was recorded in the condensed interim consolidated statements of comprehensive loss relating to damaged or obsolete inventories. There were no reversals of amounts previously recorded in respect of inventory write-downs during the nine months ended September 30, 2023, or during the year ended December 30, 2022.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***7. LEASE LIABILITIES**

As at	September 30, 2023	December 30, 2022
Lease liabilities, beginning of year	3,767	4,366
Additions	—	211
Leases terminated	(18)	—
Interest expense	104	167
Lease payments	(679)	(977)
	3,174	3,767
Current	666	668
Long-term	2,508	3,099
	3,174	3,767

Big Rock has lease liabilities for contracts related to real estate within buildings, vehicle leases and sale and leaseback arrangements for equipment. The weighted average discount rate for the nine months ended September 30, 2023 was 4.1 percent (December 30, 2022 - 4.1 percent).

8. PROPERTY, PLANT, AND EQUIPMENT

	Land and Buildings	Machinery and equipment	Office furniture and equipment	Right of use assets	Total
Cost					
As at December 30, 2022	26,668	34,382	2,462	4,094	67,606
Additions	—	242	12	—	254
Disposals	—	(492)	(38)	(329)	(859)
As at September 30, 2023	26,668	34,132	2,436	3,765	67,001
Accumulated depreciation					
As at December 30, 2022	6,337	18,406	2,342	1,009	28,094
Depreciation	538	1,288	39	486	2,351
Disposals	—	(248)	(38)	(329)	(615)
As at September 30, 2023	6,875	19,446	2,343	1,166	29,830
Net book value					
As at December 30, 2022	20,331	15,976	120	3,085	39,512
As at September 30, 2023	19,793	14,686	93	2,599	37,171

During the nine months ended September 30, 2023, the Corporation sold a variety packer to a supplier who will provide variety packing services moving forward and bottle line equipment to a non-Canadian company. The equipment was sold for a total of \$0.8 million.

During the nine months ended September 30, 2023, the Corporation assessed for indicators of impairment with respect to certain of the Corporation's assets and determined the Corporation's market capitalization compared to net asset value was an indicator of impairment. A test for impairment was performed at the individual asset level by comparing the estimated recoverable amount to the carrying values of the assets. The estimated recoverable amount of the assets was determined to be their fair value less costs of disposal and no impairment was recorded in the consolidated statements of comprehensive loss.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***9. DEBT**

The Corporation has a credit facility with a financial institution owned by the Government of Alberta. The credit facility includes a revolving operating loan facility (the “**Operating facility**”) of \$6 million and an evergreen term loan facility (the “**Term debt**”) of \$10 million. Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit.

As a result of the prior amendment to the Corporation’s commitment letter with its lender as at March 31, 2022, for the period from April 1, 2022 to December 30, 2022, both facilities bear interest rates at prime plus a basis point spread that is subject to a pricing grid based upon the Corporation’s funded debt to earnings before interest, taxes, and depreciation, less an amount for maintenance capital. Both facilities are also subject to a standby fee on committed amounts undrawn. Term Debt payments of principal and interest are monthly.

On December 5, 2022, Big Rock closed a \$4.3 MM second lien financing with VN Capital Fund I, LP, a company related through a common director, and in connection therewith, has agreed to amended terms under its existing credit agreement with ATB Financial for both of its \$6 MM revolving operating loan facility and its \$10 MM evergreen term loan facility. In September 2023 the parties announced that the maturity of the second lien financing facility had been extended to June 30, 2024.

Details on amounts outstanding under these facilities are as follows:

As at	September 30, 2023	December 30, 2022
Operating facility - principal	4,001	1,894
Term debt - principal and accrued interest	11,625	12,112
Debt issue costs	(188)	(256)
	15,438	13,750
Current	5,585	5,705
Long-term	9,853	8,045

Term Debt payments of principal and interest are monthly. Details on amounts drawn under the Term Debt are as follows:

	Expiry date	September 30, 2023	December 30, 2022
Tranche 1	June 30, 2024	4,300	4,300
Tranche 2	April 30, 2025	417	561
Tranche 3	February 28, 2026	631	766
Tranche 4	September 9, 2027	479	538
Tranche 5	February 28, 2031	2,519	2,588
Tranche 6	December 31, 2031	3,279	3,359
Total term debt outstanding		11,625	12,112

On August 12, 2022, Big Rock and ATB signed an Acknowledgement and Reservation of Rights letter where ATB imposed additional conditions on the Corporation that was followed up with a further review prior to the end of August 2022. This letter imposed additional conditions including the weekly reporting of cash flow projections and presentation of a plan on or before August 29, 2022 (the “**Plan**”) that was subsequently presented to ATB. The Plan reviewed the overall business strategy and included a multi-year financial forecast and plans for addressing near-term liquidity challenges and overall capitalization of the business.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)*

On November 16, 2022, the Corporation came to a new agreement with ATB that included new covenants that aligned with the strategy of the Corporation. This new agreement waived the fixed charge ratio referred to above for fiscal 2023 and replaced it with new covenants for 2023. The Corporation is subject to a working capital ratio that must exceed 1.0/1.0, increasing to 1.1/1.0 effective June 30, 2023, and increasing to 1.25/1.0 effective September 30, 2023, that is calculated monthly. Finally, the Corporation is subject to a cumulative EBITDA ratio that is tested quarterly. The Corporation is in compliance with all covenants contained in the ATB agreement at this time.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	September 30, 2023	December 30, 2022
Trade payables	3,951	4,611
Container deposits	521	612
Accruals and other	3,873	2,877
Total accounts payable and accrued liabilities	8,345	8,100

11. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of common shares with no par value.

<i>(thousands)</i>	As at September 30, 2023		As at December 30, 2022	
	# of shares	\$ Amount	# of shares	\$ Amount
Outstanding, beginning of period	6,979	113,746	6,946	113,620
Share-based compensation	—	72	—	—
Shares held in trust purchased	(9)	(20)	—	—
Shares held in trust issued	4	13	32	126
Outstanding, end of period	6,974	113,811	6,978	113,746

12. SHARE-BASED PAYMENTS

Share based compensation expense, included in general and administrative expenses, and recognized in the consolidated statements of comprehensive loss for the periods ended September 30, 2023 and 2022 include:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Equity settled plans:				
Options expense	20	6	301	12
Restricted share unit expense	50	204	(61)	402
	70	210	240	414
Cash settled plans:				
SARs fair value adjustments	(51)	72	(367)	121
Total share-based payments	19	282	(127)	535

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)*

The following table is a summary continuity of the number of share-based awards outstanding:

	Options	Performance options	RSUs	SARs	Performance SARs
December 30, 2022	185,000	69,000	78,073	248,262	81,000
Granted	315,232	—	96,115	—	—
Exercised	—	—	(6,070)	—	—
Cancelled/Forfeited	(185,000)	(69,000)	(59,002)	(154,626)	(81,000)
September 30, 2023	315,232	—	109,116	93,636	—

13. CAPITAL RISK MANAGEMENT

The Corporation defines its capital to include common shares plus short-term and long-term debt less cash balances. There are no externally imposed capital requirements on the Corporation. The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern, to support the Corporation's normal operating requirements and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. This allows management to maximize the profitability of its existing assets and create long-term value and enhance returns for its shareholders.

As at	September 30, 2023	December 30, 2022
Cash	1,593	612
Debt	15,438	13,750
Shareholders' equity		
Shareholders' capital	113,811	113,746
Contributed surplus	3,109	2,954
Accumulated deficit	(92,320)	(91,498)
Total shareholders' equity	24,600	25,202
Total capitalization (total debt plus shareholders' equity, net of cash balances)	38,445	38,340

The Corporation manages the capital structure through prudent levels of borrowing, cash flow forecasting, and working capital management. Adjustments are made by considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Big Rock may issue new shares, issue or renegotiate its debt, acquire or dispose of assets or adjust the amount of cash. Capital requirements of the Corporation are managed by the preparation of an annual expenditure budget which is approved by the Board of Directors and monitored on a regular basis by management. The budget is updated as necessary depending on numerous factors, including capital deployment, results from operations, general industry conditions and government policy changes.

In addition, the Corporation monitors its capital using ratios of (i) net debt (debt plus license obligation less cash) to earnings before interest, taxes, depreciation, and amortization ("EBITDA") and (ii) EBITDA to interest, debt repayments, and dividends. Net debt to EBITDA is calculated by dividing net debt by EBITDA. EBITDA to interest, debt repayments, and dividends is calculated by dividing EBITDA by the combined interest, debt repayments, and dividend amounts.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements**

(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)

14. FINANCIAL INSTRUMENTS**Categories of financial instruments**

The Corporation's principal financial instruments are its outstanding amounts drawn from its credit facilities, which, after cash flow from operations, are its main source of financing. Financial assets and liabilities arising directly from its operations and Big Rock's activities include accounts receivable, debt, accounts payable and accrued liabilities, and share-based payments liabilities.

Big Rock's financial instruments and their designations are:

<u>Classification of Financial Instrument</u>	<u>Designated as</u>
Financial assets	
Cash	Amortized cost
Accounts receivable	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost
Share-based payments	Fair value through profit and loss

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Corporation incurring a financial loss. Big Rock has a concentration of credit risk because a majority of its accounts receivable are from provincial liquor boards, under provincially regulated industry sale and payment terms. The Corporation is not exposed to significant credit risk on amounts outstanding from provincial liquor boards as payment in full is typically collected at the time of sale and this portion of receivables are with government agencies. While the majority of Big Rock's accounts receivables are from provincial government liquor authorities, the timing of receipts of large balances may vary significantly from period to period.

The Corporation also extends credit terms to certain co-packing partners which carries greater risk of incurring financial loss compared to amounts outstanding from provincial liquor boards.

The credit quality of the Corporation's significant customers is monitored regularly, and allowances are provided for potential losses that have been incurred at the period end date. Receivables that are neither past due, nor impaired are considered collectible. Receivables over 90 days old are considered to be past due. Where concentrations of credit risk exist, management monitors the receivable balances closely to ensure appropriate controls are in place to ensure recovery. At September 30, 2023, 70% (December 30, 2022 - 88%) of accounts receivables were from ten customers, including provincial liquor boards and contract customer receivables with 47% of receivables aged over 90 days compared to 40% at December 30, 2022.

Liquidity risk

Big Rock's primary sources of liquidity are its cash flows from operations and existing or new credit facilities. Liquidity risk is mitigated by maintaining banking facilities, continuously monitoring forecast and actual cash flows and, if necessary, adjusting levels of dividends to shareholders and capital spending to maintain liquidity.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements**

(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)

Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Corporation's operations. The table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flow from the reporting date to the contractual maturity date:

	Carrying Amount	Due within one year	Due in one to five years	Due greater than five years
Accounts payable and accrued liabilities	8,345	8,345	–	–
Debt	15,438	5,705	2,060	7,673
Lease liabilities	3,174	666	1,555	953
Total contractual repayments	26,957	14,716	3,615	8,626

Interest rate risk

Big Rock is exposed to interest rate risk on the variable rate of interest incurred on the amounts due under the Operating Facility and Term Debt and on interest earned on bank deposits. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rates. For the period ended September 30, 2023, a 1% increase in the prime interest rate would result in additional interest expense of \$0.2 million (2022 - \$0.1 million).

Foreign currency risk

The Corporation currently relies on only a few foreign suppliers providing small amounts of goods and thus has limited exposure to risk due to variations in foreign exchange rates. The Corporation has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure. The Corporation does not have any significant foreign currency denominated monetary liabilities.

Commodity price risk

The Corporation is exposed to commodity price risk in the areas of utilities (primarily electricity and natural gas), malted barley, water, glass and aluminum, where fluctuations in the market price or availability of these items could impact Big Rock's cash flow and production. To minimize the impact of this risk, the Corporation enters into contracts which secure supply and set pricing to manage the exposure to availability and pricing.

Big Rock's profitability depends on the selling price of its products to provincial liquor boards. While these prices are controlled by the Corporation, they are subject to such factors as regional supply and demand, and to a lesser extent inflation and general economic conditions. As beer and other alcoholic beverage sales are the only source of revenue for the Corporation, a 5% increase or decrease in these prices will result in a corresponding increase or decrease in revenue.

Tax risk

Big Rock requires various permits, licenses, and approvals from several government agencies to operate in its market areas. In Alberta, Big Rock's largest market, the AGLC provides the necessary licensing approvals. Other licenses have been obtained from various other government authorities. Management believes that Big Rock is in compliance with all licenses, permits, and approvals.

Each provincial authority has its own tax or "mark-up" structure by which fees are levied on brewers' sales within that jurisdiction. These regulations may be changed from time to time, which may positively or negatively impact Big Rock's profitability. The Corporation has adopted a proactive approach with provincial governments and continues to evaluate its long-term business plan in order to mitigate the risk of future mark-up rate structure fluctuations.

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***15. SEGMENTED INFORMATION**

For management purposes, the Corporation is organized into operating segments based on its products, services, location, and distribution methods. Ten operating segments have been identified. These segments have been aggregated into two reportable segments: the wholesale segment, which manufactures and distributes beer, cider, and other alcoholic beverages to and through provincial liquor boards which are subsequently sold on to end consumers and the retail segment, which sells beverages, food, and merchandise to end consumers on premises owned and/or operated by the Corporation.

The wholesale segment has similar production processes, types of customers and products that are shipped to customers rather than sold on-site. The retail segment has been aggregated to reflect the products and services sold directly to the end consumer through premises owned and operated by Big Rock.

Management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being profit or loss, which is measured consistently with the definition of profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Operating assets and liabilities are managed on a corporate basis. General and administrative expenses, current taxes, deferred taxes, and capital expenditures are not allocated to segments as they are also managed on a corporate basis. Inter-segment revenues are eliminated on consolidation and are reflected in the "eliminations" column. All other adjustments and eliminations are part of detailed reconciliations presented below.

Profit by Segment

Nine months ended September 30	Wholesale		Retail		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
Net Revenue	34,178	35,469	683	1,358	(155)	(277)	34,706	36,550
Cost of sales	24,208	25,550	437	1,211	(155)	(277)	24,490	26,484
Gross profit	9,970	9,919	246	147	—	—	10,216	10,066
Selling expenses	6,700	8,212	12	62	—	—	6,712	8,274
Segment profit (loss)	3,270	1,707	234	85	—	—	3,504	1,792
General and administrative cost							3,071	4,376
Depreciation and amortization							479	520
Operating income (loss)							(46)	(3,104)
Finance expense							1,561	622
Other							(472)	(1)
Loss before income taxes							(1,135)	(3,725)

Three months ended September 30	Wholesale		Retail		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
Net Revenue	11,298	11,406	297	616	(42)	(82)	11,553	11,940
Cost of sales	7,986	8,185	154	342	(42)	(82)	8,098	8,445
Gross profit	3,312	3,221	143	274	—	—	3,455	3,495
Selling expenses	2,328	3,287	3	2	—	—	2,331	3,289
Segment profit (loss)	984	(66)	140	272	—	—	1,124	206
General and administrative cost							925	1,180
Depreciation and amortization							144	173
Operating income (loss)							55	(1,147)
Finance expense							551	283
Other income							(268)	(47)
Loss before income taxes							(228)	(1,383)

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

Big Rock has entered into various commitments for expenditures over the next five years:

	2023	2024	2025	2026	2027	Thereafter
Utilities contracts	52	52	52	52	—	—
Raw material purchase commitments	448	831	—	—	—	—
Marketing sponsorships	181	108	58	—	—	—
Total	681	991	110	52	—	—