MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Big Rock Brewery Inc. (the "**Corporation**" or "**Big Rock**") for the three and nine months ended September 30, 2023.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Corporation and accompanying notes as at and for the three and nine months ended September 30, 2023 and the December 30, 2022 audited consolidated financial statements and MD&A. These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("**IFRS**") and all tabular amounts are reported in thousands of Canadian dollars unless otherwise noted. Additional information about the Corporation, including the Annual Information Form for the year ended December 30, 2022 (the "**AIF**"), can be found on SEDAR at www.sedar.com and on Big Rock's corporate website at www.bigrockbeer.com. Readers should also read the section "Forward-Looking Information" contained at the end of this document. This MD&A is dated November 14, 2023.

COMPANY OVERVIEW

Big Rock is headquartered in Calgary, Alberta. The Corporation produces premium, all-natural craft beers, ciders, and other alcoholic and non-alcoholic beverages. As one of Canada's largest independently owned craft brewers, Big Rock has an extensive family of permanent ales and lagers, the Rock Creek series of craft ciders, a continually changing selection of seasonal and limited-edition beers and other licensed alcoholic beverages.

Founded in 1985, Big Rock was the first craft brewery in Alberta and stands as a pioneer in the Canadian craft beer industry. Big Rock produces, markets and distributes its premium, high-quality craft beers, ciders, and other alcoholic beverages, primarily in Canada. The Corporation owns and operates production facilities in Alberta, British Columbia ("**BC**"), and Ontario. Today, Big Rock's primary brewing, packaging and warehousing facility is in Calgary, Alberta and has been in operation since 1996. Big Rock has distribution facilities in Calgary and Edmonton, and sales staff resident in Alberta, BC, Saskatchewan, Manitoba, and Ontario.

Given the Corporation's footprint in Western Canada, the Corporation also has several private label agreements, production agreements, and licensing agreements.

THIRD QUARTER 2023 HIGHLIGHTS

For the three months ended September 30, 2023, compared to the three months ended September 30, 2022, the Corporation reported:

- adjusted earnings before interest, taxes, depreciation, and amortization **("Adjusted EBITDA")** of $1.0 million, up 879% from $0.1 million (Adjusted EBITDA is a non-GAAP financial measure, please see "*Non-GAAP Measures*");
- sales volumes, exclusive of co-packing volumes, of 44,451 hectolitres ("**hl**") down 6% compared to 47,154 hl;
- net revenue of $11.6 million, down 3% from $11.9 million;
- operating income of $0.06 million compared to a loss of $1.1 million; and
- net loss of $0.2 million, down 78% from $1.1 million.

For the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, the Corporation reported:

- adjusted EBITDA increased $2.8 million, representing an improvement from $0.1 million versus the comparative period last year;
- sales volumes, exclusive of co-packing volumes, of 121,889 hl down 1% from 122,842 hl;
- total net revenue of $34.7 million, down 5% from $36.6 million;
- an operating loss of $0.05 million compared to a loss $3.1 million;
- a net loss of $0.8 million, reduced by 73% from $2.9 million; and
- a net working capital improvement of $3.3 million on a year-over-year basis (net working capital is a capital management measure, please see "*Non-GAAP Measures*").[1]

$000, except hl and per share amounts	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Sales volumes (hl) (1)	44,451	47,154	121,889	122,842
Gross revenue	$ 15,999	$ 17,411	46,656	$ 50,447
Net revenue	11,553	11,940	34,706	36,550
Cost of sales	8,098	8,445	24,490	26,484
Adjusted EBITDA(2)	999	102	2,889	96
Operating income (loss)	55	(1,146)	(46)	(3,104)
Net income (loss)	(228)	(1,054)	(822)	(2,913)
Income (loss) per share (basic and diluted)	$ (0.03)	$ (0.15)	$ (0.11)	$ (0.42)

(1) Excludes co-packing volumes due to the nature of the agreements.
(2) Non-GAAP financial measure. See "*Non-GAAP Measures*".

OUTLOOK & STRATEGY

Big Rock's long-term growth strategy is to maximize the utilization of its capacity and capital investments to drive growth in volume, improve productivity and lower operating costs. With greater operational efficiencies and utilization of capacity, the Corporation aims to gain market share and "premiumize" its branded portfolio. A renewed focus on innovation and co-creation of new products with the Corporation's strategic partners will increase market demand and further enable the Corporation to gain market share. Big Rock has embarked on a strategy of, where possible, balancing production and sales between quarters

[1] Not shown in below table, please see consolidated financial statements.

which allows for a reduction of operating costs. This strategy supports Big Rock's vision to become Canada's largest independent brewer.

Big Rock is continuing to focus on product innovation and development in the premium category to better align with trends in consumer demand. As part of this initiative, early in Q4 the Company launched a new non-alcoholic beer, "Pacer," to take advantage of the rapidly growing non-alcohol market.

During the quarter Big Rock managed to increase Adjusted EBITDA ten-fold, despite a shortfall in co-packing volumes. Profitability increased marginally on a quarter-over-quarter basis and versus the prior year, largely the result of cost-savings initiatives and alignment of certain financial assets with fair value.

The Corporation's co-packing segment continues to represent a significant percentage of revenue and total production volumes, made possible by capital investments made prior to the year. The Corporation expects to continue to realize overhead and labor cost efficiencies. Big Rock's co-packing revenues are lower than 2022 by over 20% and management is presently working to put in place co-packing contracts for 2024 which should match or exceed 2022 volumes.

In response to the Corporation's breach of its financial covenants under its credit facilities with ATB Financial in the third quarter of 2022, the Corporation's excess inventory in the fourth quarter of 2022 and management turnover, the Corporation's Board of Directors (the "**Board**") enacted the following changes:

- Stephen Giblin, the Chair of the Board, was brought in as the interim President and Chief Executive Officer of the Corporation on October 27, 2022;
- the Corporation secured a capital injection of $4.3 million through the Corporation's largest shareholder VN Capital Fund I, LP ("**VN Capital**") (see "*Liquidity and Capital Resources – Debt*"), the maturity of this facility was recently extended to June 30, 2024;
- the Corporation's management team was re-structured and significant cost reductions were made across all functional areas of the Corporation's business;
- Big Rock amended the terms of its credit facilities with ATB Financial to amend certain covenants contained therein and to permit the Corporation to obtain the capital injection from VN Capital (see "*Liquidity and Capital Resources – Debt*");
- a new multi-year partnership agreement with Browns Social House Ltd. was signed; and
- the Corporation initiated a process to evaluate potential strategic alternatives with a view to enhancing shareholder value (the "Strategic Review"), led by a special committee of the Board of Directors which engaged Acumen Capital Finance Partners Limited as a strategic advisor. The Special Committee is reviewing the Corporation's operations and investigating alternate courses of actions including, but not limited to, further cost reductions, restructuring, refinancing, a potential sale of all or part of the Corporation's assets, a business combination with another party or other strategic initiatives.

In conjunction with this, the Corporation has developed updated financial projections for fiscal 2023 that show sufficient cash flows to cover forecasted expenses and is projecting profitability. These actions have positioned the Corporation for future growth and in the first three quarters of 2023, Big Rock continued to exceed the new bank covenants with its primary lender ATB Financial. Management continues to work with the previously announced sub-committee of the Board and a consultant on a search for a permanent Chief Executive Officer.

Management is, however, appropriately conservative and will continue to take actions to increase revenues and lower costs to provide certainty that the Corporation will meet expectations for the 2023 fiscal year.

SELECT QUARTERLY FINANCIAL INFORMATION

Big Rock experiences seasonal fluctuations in sales volumes, net revenue, and net income with the second and third quarters typically being stronger than the first and fourth quarters. These seasonal variations are dependent on numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, mainly in Western Canada. The selected quarterly information is consistent with these industry trends.

The following is a summary of selected financial information for the last eight completed quarters:

($000, except hl and per share amounts)	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Sales volumes (hl) [1]	**44,451**	**43,660**	**33,778**	**35,654**	47,154	42,409	33,279	34,430
Net revenue	**11,553**	**12,702**	**10,451**	**10,548**	11,940	15,823	8,787	8,711
Cost of sales	**8,098**	**8,904**	**7,488**	**10,132**	8,445	11,966	6,073	7,317
Operating income (loss)	**55**	**43**	**(144)**	**(3,815)**	(1,146)	(469)	(1,488)	(2,932)
Adjusted EBITDA [2]	**999**	**1,188**	**701**	**(3,484)**	102	645	(620)	(1,954)
Net income (loss)	**(227)**	**(340)**	**(255)**	**(4,188)**	(1,054)	(588)	(1,271)	(3,825)
Per share amounts (basic & diluted)	**$ (0.03)**	**$ (0.05)**	**$ (0.04)**	**$ (0.60)**	$ (0.15)	$ (0.09)	$ (0.18)	$ (0.55)

(1) Excludes co-packing volumes due to the nature of the agreements.
(2) Non-GAAP financial measure. See "*Non-GAAP Measures*".

During the third quarter of 2023, the Corporation generated net revenues of $11.6 million, compared to $11.9 million during the third quarter of 2022, representing a decrease of $0.3 million. The decrease was primarily related to reduced co-packing volumes for a decline in gross revenues of $0.9 million, partially offset by the increase in wholesale gross revenue of $0.4 million. In addition, the Corporation saw fewer product returns and other adjustments in arriving at net revenue ($0.6 million in the prior period versus $0.4 million in the current period for an overall reduction of $0.2 million) and reduced provincial mark-up costs ($1.4M) offset by an increase in excise payments ($0.1 million).

Cost of sales (excluding depreciation) decreased $0.2 million on lower overall volumes produced and cost-savings initiatives. Production measured at standard costs decreased by $0.9 million (11%) in the current quarter over the same period in 2022 however overhead recoveries fell short of the levels achieved during 2022 based upon lower production. Cost of sales, expressed as a percentage of net revenues, decreased to 70% in the third quarter of 2023 compared to 71% in the third quarter of 2022. This was largely the result of reduced inflationary pressures on raw materials and packaging combined with the realization of cost savings.

Selling expenses decreased by $1.0 million in the third quarter of 2023, due to reduced salaries, wages and benefit costs and a reduction in overall marketing spending, combined with reduced delivery and distribution costs. As a percentage of net revenues, selling expenses decreased to 20% during the third quarter of 2023 compared to 28% for the same period in 2022.

General and administrative expenses in the third quarter of 2023 decreased by $0.3 million (22%) to $0.9 million during the third quarter of 2023. The reduction is the result of reduced salaries and benefits along with a reduction in share-based payments. This was offset by an increase in professional fees, including accounting and legal fees and an increase in other administrative expenses.

RESULTS OF OPERATIONS

Net Income (Loss)

Big Rock's reported net loss decreased on a year-over-year basis by $0.8 million representing a 78% improvement over the same quarter during 2023, largely the result of cost savings initiatives and recognition of certain financial assets at fair value.

Adjusted EBITDA

The calculation of Adjusted EBITDA is a non-GAAP financial measure, whose nearest GAAP measure is net income, or net loss (as applicable), with the reconciliation between the two as follows:

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Change	2023	2022	Change
Net income (loss)	$ (227)	$ (1,054)	$ 826	$ (822)	$ (2,913)	$ 2,091
Addback:						
Interest	551	283	268	1,561	622	939
Taxes	(1)	(329)	328	(312)	(812)	499
Depreciation and amortization	826	987	(161)	2,975	2,616	359
Share based payments	19	229	(210)	(126)	628	(754)
Gain on disposal of assets	(169)	(14)	(155)	(387)	(45)	(342)
Adjusted EBITDA(1)	$ 999	$ 102	$ 897	$ 2,889	$ 96	$ 2,793

(1) See "*Non-GAAP Measures*".

Adjusted EBITDA in the three months ended September 30, 2023, increased by $0.9 million (880%) in comparison to the comparative period in the prior year. The growth in Adjusted EBITDA is attributed primarily to cost savings in overhead, selling and general & administrative costs.

Net Revenue

Net revenue includes wholesale beer, cider, and alcoholic beverage sales (net of excise taxes and provincial government liquor taxes), co-packing sales and retail restaurant and store sales from Big Rock's Alberta, BC, and Ontario locations. Geographically, Alberta continued to represent the largest share of the Corporation's sales in 2023, followed by BC and Saskatchewan.

($000, except sales volumes)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Change	2023	2022	Change
Sales volumes (hl)	44,451	47,154	(2,703)	121,889	122,842	(953)
Gross revenue	$ 15,999	$ 17,411	$ (1,412)	$ 46,656	$ 50,447	$ (3,791)
Federal excise taxes	(1,725)	(1,642)	(83)	(4,314)	(4,320)	6
Provincial liquor tax programs	(2,721)	(3,829)	1,108	(7,636)	(9,577)	1,941
Net revenue	$ 11,553	$ 11,940	$ (387)	$ 34,706	$ 36,550	$ (1,844)
Net revenue by segment						
Wholesale	$ 11,287	$ 11,324	$ (68)	$ 34,023	$ 35,192	$ (1,169)
Retail	266	616	(319)	683	1,358	(675)
Net revenue	$ 11,553	$ 11,940	$ (387)	$ 34,706	$ 36,550	$ (1,844)
$ per hl						
Wholesale net revenue	$ 253.92	$ 246.11	$ 7.81	$ 279.94	$ 288.77	$ (8.83)

(1) Excludes co-packing volumes due to the nature of the agreements.

Sales volumes, exclusive of co-packing, for the third quarter decreased by 6% when compared to the third quarter of 2022, primarily driven by reductions in private label on and off premise sales. Co-packing volumes declined by 17% versus Q3 2022, accounting for the reduction in gross revenue ($0.9 million).

Wholesale Revenue

Wholesale net revenues for the quarter ended September 30, 2023, decreased compared to the comparable quarter in the previous fiscal year by $68K (1%) to $11.3 million. Net revenues reflect a continued declining market for beer consumption and increased excise taxes offset by reduced provincial commissions.

Retail Revenue

Retail revenue decreased by $0.3 million in the third quarter of 2023 compared to the third quarter of 2022. A significant portion of the decline is a result of the permanent closure of the Corporation's tap room in Vancouver. The retail segment represents only about 3% of the Corporation's sales.

Cost of Sales

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Change	2023	2022	Change
Operating expenses and raw materials	$ 5,661	$ 5,755	$ (94)	$ 17,301	$ 18,957	$ (1,656)
Salaries and benefits	1,760	1,875	(115)	4,698	5,431	(733)
Depreciation and amortization	677	815	(138)	2,491	2,096	395
Cost of sales	$ 8,098	$ 8,445	$ (347)	$ 24,490	$ 26,484	$ (1,994)
Percentage of revenue	70.1%	70.7%		70.6%	72.5%	

Cost of sales for the quarter ended September 30, 2023, decreased period-over-period by 4.1% or $0.3 million, primarily driven by lower overall production volumes (taking into consideration co-packing volumes) and cost savings initiatives impacting absorbed overhead.

Cost of sales, expressed as a percentage of net revenue, was lower in the third quarter of 2023 than in the corresponding quarter during 2022. This was largely due to a reduction in various cost categories primarily in building-related costs and in key raw materials consistent with a reduction in general industry inflationary pressures. Big Rock saw reductions in salaries, wages and benefits in the current quarter due to staff reductions and continued open positions. The Corporation continued to be impacted by employee turnover consistent with an overall challenging labour recruitment market. Depreciation costs decreased due to fewer assets available for service.

Selling Expenses

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Change	2023	2022	Change
Delivery and distribution costs	$ 1,088	$ 1,573	$ (485)	$ 3,581	$ 3,512	$ 69
Salaries and benefits	570	714	(144)	1,542	2,433	(891)
Marketing and sales expenses	673	1,002	(329)	1,589	2,329	(740)
Selling expenses	$ 2,331	$ 3,289	$ (958)	$ 6,712	$ 8,274	$ (1,562)
Percentage of revenue	20.2%	27.5%		19.3%	22.6%	

Selling expenses decreased by $1.0 million in the third quarter of 2023 compared to 2022. During the quarter, the Company reduced delivery and distribution costs based upon decreased product shipments (exclusive of co-packed products) and reduced transportation costs, including fuel surcharges because of a concerted effort to consolidate shipments/improve logistics management. Reduced staffing levels resulted in savings in salaries and benefit and marketing and sales expenses declined by 20%. As noted above, the state of the labour markets has made recruiting for open positions more difficult. The Corporation also reduced its marketing and sales expenses significantly from prior periods.

General and Administrative Expenses

($000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Change	2023	2022	Change
Salaries and benefits	$ 557	$ 376	$ 181	$ 1,205	$ 1,915	$ (710)
Share based payments	19	208	(189)	(127)	628	(755)
Professional fees	253	432	(179)	679	608	71
Other administrative expenses	95	164	(69)	1,314	1,225	89
General and administrative expenses	$ 925	$ 1,180	$ (255)	$ 3,071	$ 4,376	$ (1,305)
Percentage of revenue	8.0%	9.9%		8.8%	12.0%	

General and administrative expenses in the third quarter of 2023 decreased by $0.3 million or 22%, to $0.9 million compared to $1.2 million during the third quarter of 2022. This was primarily due to reduced share-based payments, reduced consulting fees, adjustment to fair value of an account receivable, offset by increased executive compensation costs.

Finance Expense

Finance expenses of $0.6 million in the third quarter of 2023 were $0.3 million (95%) higher than for the corresponding period in 2022, primarily the result of the increased financing rates and the injection of short-term debt from VN Capital late in fiscal 2022. See "*Liquidity and Capital Resources – Debt*" in this MD&A.

SEGMENTED INFORMATION

The Corporation has two reportable business segments, wholesale and retail, which are monitored by executive management for the purpose of making decisions about resource allocation and performance management. The wholesale segment manufactures and distributes beer, cider, and other alcoholic beverages to provincial liquor boards, grocery chains, and on-premises customers which are subsequently sold to end consumers. The retail segment sells beverages, food, and merchandise to end consumers through premises owned and/or operated by the Corporation.

Segment performance is evaluated on several measures, the most significant being gross profit net of selling expenses. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The Corporation's operating assets and liabilities, general and administrative expenses, income taxes, and capital expenditures are managed on a corporate basis.

SEGMENTED RESULTS

Nine months ended	Wholesale		Retail		Eliminations		Consolidated	
September 30	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)
Income (loss) before income taxes							**(1,135)**	(3,725)

Three months ended	Wholesale		Retail		Eliminations		Consolidated	
September 30	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)
Income (loss) before income taxes							**(227)**	(1,383)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	September 30, 2023	December 20, 2022
Cash	1,593	612
Debt	15,438	13,750
Lease liabilities [(1)]	3,174	3,767
Net debt [(2)]	17,019	16,905
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 [(3)]	**41,619**	**42,107**
Net debt to total capitalization ratio [(4)]	41%	40%

(1) Includes current and non-current portions.
(2) Capital management measure. See "*Non-GAAP Measures*".
(3) Non-GAAP financial measure. See "*Non-GAAP Measures*".
(4) Non-GAAP ratio. See "*Non-GAAP Measures*".

Capital Strategy

The Corporation's capital consists of debt and equity. To maintain or adjust the Corporation's capital structure, Big Rock may issue new public securities, issue or renegotiate its debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents. The budget is updated as necessary depending on numerous factors, including capital deployment, results from operations, general industry conditions, and government policy changes.

See "*Going Concern*" in this MD&A.

Net Working Capital

Net working capital is a capital management measure and is defined as current assets less accounts payable, accrued liabilities, and current portion of debt (see *"Non-GAAP Measures")*. The Corporation had a net working capital deficit of $1.9 million as of September 30, 2023. This represents an improvement of $3.3 million from December 30, 2022. Higher inventory levels and cash balances net of reduced current liabilities account for the improvement. The current portion of debt decreased from the prior period from payments made on bank loans.

Debt

During the third quarter of 2023, the Corporation repaid net $0.6 million from its operating facility with ATB Financial. Exclusive of the operating facility, the Corporation's total term debt decreased from

December 30, 2022, due to continued payments on the loans. Details on amounts outstanding under the Corporation's credit facilities are as follows:

($000)	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**
Non-current	**9,853**	**8,045**

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

($000)	Expiry date	September 30, 2023	December 30, 2022
Tranche 1	December 2, 2023	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**

At September 30, 2023, the Corporation had $2.0 million available on its operating facility. The Corporation’s senior secured lender has provided a letter of credit to collateralize excise remittances to the Canada Revenue Agency; this letter of credit reduces the overall operating line availability by $575k.

During the fourth quarter of 2022, the Corporation closed a $4.3 million second lien financing with VN Capital (the "**Second Lien Financing**"). The Second Lien Financing assisted Big Rock in strengthening access to liquidity and a significant portion of the $4.3 million from VN Capital was used to pay down the Corporation’s operating facility with ATB Financial. The Second Lien Financing matures on June 30, 2024.

The credit facilities impose several positive and negative covenants on the Corporation, including the maintenance of certain financial covenants which are tested monthly and at each reporting date. These include the maintenance of a rolling 12-month fixed charge ratio which is required to be a minimum of 1.15 to 1, calculated as Adjusted EBITDA (defined as the rolling 12—month earnings before interest, taxes and depreciation, less unfunded capital). Compliance with the rolling fixed charge ratio has been waived by ATB Financial for the entirety of fiscal 2023. The Corporation is subject to a current ratio covenant that is monitored and tested monthly and shall not be less than 1.1:1.0 effective June 30, 2023, and increasing to 1.25:1.0 effective September 30, 2023. In addition, the Corporation is subject to an EBITDA covenant where the Corporation’s EBITDA shall not be less than the values reflected in the table below.

Fiscal quarter ending:	**Minimum EBITDA – year-to-date (except December 30, 2022) ($000)**
December 30, 2022	(861)
March 31, 2023	(684)
June 30, 2023	748
September 30, 2023	1,945
December 30, 2023	2,160

In addition, the Corporation’s borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation’s assets.

Lease Liabilities

Big Rock currently has lease liabilities for contracts related to real estate, equipment and vehicle leases.

($000)	September 30, 2023	December 30, 2022
Lease liabilities, beginning of year	3,767	4,366
Additions	-	211
Lease terminated	(18)	-
Interest expense	104	167
Lease payments	(679)	(977)
Lease liabilities, end of year	**3,174**	**3,767**
Current	**666**	**668**
Non-current	**2,508**	**3,099**

Capital Expenditures

During the three months ended September 30, 2023, a total of $0.1 million was spent on capital expenditures. This includes expenditures on production equipment and digital transformation initiatives.

Equity

As of the date of this MD&A, the Corporation had 6,978,866 common shares outstanding less 4,663 restricted shares held in trust to resource employee compensation programs.

In addition, as of the date of this MD&A, 109,116 common shares are potentially issuable to satisfy the Corporation's outstanding restricted share units. 255,095 of the Corporation's outstanding share options (total options outstanding: 315,232) are "in the money".

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Big Rock has entered into various commitments for expenditures covering utilities, raw materials, and marketing initiatives. The commitments, for the next five years are as follows:

($000)	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**	**-**	**-**

OFF BALANCE SHEET ARRANGEMENTS

Big Rock does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet, other than the operating leases summarized in "*Commitments and Contractual Obligations*" herein.

RISK FACTORS

The Corporation is exposed to business risks that are inherent to the alcoholic beverage industry, as well as those governed by the individual nature of the Corporation's operations, the details of which are set out in the corporation's most recent Annual Information Form ("AIF"), which is available on SEDAR at www.sedar.com.

GOING CONCERN

The 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.

The Corporation has $4.0 million drawn on its operating facility as at September 30, 2023. The credit facilities impose a number of positive and negative covenants on the Corporation more fully described in Note 9 of the consolidated financial statements.

There remains a material uncertainty that may cast significant doubt on the Company'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 Company 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 consolidated financial statements. Such adjustments could be material.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates during the three and nine months ended September 30, 2023 nor during the year ended December 30, 2022. Further information on the Corporation's accounting policies, critical estimates, and judgements can be found in the notes to the consolidated financial statements for the quarter ended September 30, 2023 and in the audited financial statements for the year ended December 31, 2022.

FINANCIAL INSTRUMENTS

Big Rock did not use any financial instruments in the nine months ended September 30, 2023, nor during the year ended December 30, 2022.

CERTIFICATION OF DISCLOSURES IN QUARTERLY FILINGS

In accordance with National Instrument *52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*, the Corporation quarterly issues a Certification of Interim Filings ("**Certification**"). The Certification requires certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**").

The Certification requires certifying officers to state that they designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the certifying officers by others; (ii) information required to be disclosed by the Corporation in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities legislation. In addition, the Certification requires certifying officers to state that they have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

There were no changes in the Corporation's internal control over financial reporting during the period beginning on December 31, 2022 and ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Corporation has procedures in place relating to DC&P and ICFR and will continue to monitor such procedures as the Corporation's business evolves.

NON-GAAP MEASURES

The Corporation uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by Generally Accepted Accounting Principles ("GAAP"). These financial measures do not have any standardized meaning under the Corporation's GAAP and therefore may not be comparable to similar measures presented by other issuers. The following terms "net working capital", "net debt", "total capitalization", "Adjusted EBITDA" and "net debt to total capitalization ratio" are not recognized measures under GAAP and may not be comparable to that reported by other companies. In addition to net loss and cash flow from operating activities, Management uses these non-GAAP measures to evaluate the Corporation's operating performance and leverage.

Net working capital: is a capital management measure that is defined as current assets less accounts payable, accrued liabilities, and current portion of debt. This measure allows the Corporation to monitor its liquidity in relation to the bank covenants and cash resources available at any time.

Net debt: is a capital management measure that is defined as the Corporation's current and non-current portions of debt, license obligations, lease liabilities less cash. Due to the Corporation having a hard debt ceiling at the current time, this measure is instrumental in monitoring the availability of capital.

Total capitalization: is a non-GAAP financial measure calculated by adding shareholders' equity and net debt. A reconciliation of total capitalization to cash, total debt and total shareholders' equity and a reconciliation of net debt to cash and total debt are provided under "Liquidity and Capital Resources – Capitalization". This measure allows the Corporation to monitor its debt in relation to equity within the Corporation in determining the appropriate mix of debt and equity for planning for growth, expansion and product development.

Adjusted EBITDA: is a non-GAAP financial measure that the Corporation uses to measure operating performance and borrowing capacity. Adjusted EBTDA is calculated by adding back to net income, interest, income taxes, depreciation and amortization, impairment of property, plant and equipment, impairment on co-packing customer receivable, share based payment adjustments, gains and losses on disposal of assets and gain on extinguishment. A reconciliation of Adjusted EBITDA to net loss, the nearest GAAP measure, is contained under "Results of Operations – Adjusted EBITDA". This measure closely mirrors cash generated or used in any particular period. It is also similar to the Corporation's covenants with its bank.

Net Debt to Total Capitalization Ratio: is a non-GAAP financial ratio that is calculated by dividing net debt by total capitalization. This measure shows the total amount of outstanding company debt as a percentage of the Corporations total capitalization and is used as an indicator of the Corporations leverage. It also assists the Corporation in monitoring its cash availability to ensure it can effectively manage principal and interest payments.

Readers are cautioned that these measures should not be construed as an alternative to net income, cash flows from operating activities or other relevant GAAP measures as calculated under GAAP.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or Big Rock's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking information are not facts, but only predictions and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "likely" "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

This MD&A contains forward-looking statements pertaining to the following:

- Big Rock's long-term growth strategy and the anticipated benefits to be derived therefrom;
- Big Rock's aim to gain market share and "premiumize" its branded portfolio;
- Big Rock's expectations that innovation and co-creation of new products with its strategic partners will increase market demand and further enable the Corporation to gain market share;
- Big Rock's focus on continued product innovation and development in the premium category;
- the Corporations plan to balance production and sales between quarters, providing the opportunity to reduce operating costs;
- Big Rock's expectation that co-packing contracts will be in place for 2024 which should match or exceed 2022 volumes;
- the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies;
- Big Rock's expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability;
- that Big Rock is positioned for further growth;
- that Big Rock will continue to take actions to increase revenues and lower costs to provide certainty that the Corporation will achieve expectations for the year;

- Big Rock's business plans, outlook, and strategy;
- Big Rock's vision to become Canada's largest independent brewer;
- Big Rock's ability to maintain or adjust its capital structure through issuing new public securities, issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents;
- Big Rock’s future term debt payments of principal and interest and the anticipated timing thereof; and
- Big Rock's anticipated commitments and contractual obligations and the anticipated timing thereof.

With respect to the forward-looking statements listed above and FOFI (as defined below) contained in this MD&A, management has made assumptions regarding, among other things:

- Big Rock’s ability to continue as a going concern;
- that Big Rock's long-term growth strategy will support it in becoming Canada's largest independent brewer;
- volumes in the current fiscal year will remain constant or will increase;
- there will be no material change to the regulatory environment in which Big Rock operates;
- there will be no material supply issues with Big Rock’s vendors;
- seasonal fluctuations in demand;
- that innovation and co-creation of new products with Big Rock's strategic partners will increase market demand and further enable the Corporation to gain market share; and
- Big Rock’s ability to extend its lending arrangements and recapitalize, if necessary.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking information and statements and FOFI contained herein include the risk factors set out in the AIF and include, but are not limited to:

- that the year-over-year growth in Big Rock's co-packing arrangements may be less than anticipated;
- the inability to grow demand for Big Rock’s products;
- the risk that Big Rock may not have an increase in market demand or market share;
- the risk that Corporation may not realize overhead and labour cost efficiencies;
- the risk that Big Rock may not realize the benefits of increased co-pack production;
- the risk that Big Rock may not have sufficient cash flows to cover forecasted expenses or return to profitability; and
- the risk that Big Rock may not be in compliance with its financial covenants.

Any financial outlook or future oriented financial information (in each case “**FOFI**”) contained in this MD&A regarding prospective financial position, including, but not limited to: the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies; Big Rock's updated financial projections for fiscal 2023 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability; and that Big Rock will continue to take actions to increase revenues and lower costs to provide certainty that the Corporation will achieve budget for the year;, is based on reasonable assumptions about future events, including those described above, based on an assessment by management of the relevant information that is currently available. The actual results will likely vary from the amounts set forth herein and such variations may be material. Readers are cautioned that any such FOFI contained herein should not be used for purposes other than those for which it is disclosed herein. Such information was made as of the date of this MD&A and the Corporation disclaims any intention or obligation to update or revise any such information, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements and FOFI contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements and FOFI included in this MD&A are made as of the date hereof and Big Rock does not undertake any obligation to publicly update such forward-looking information and statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.