

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

|  |      | Three months ended March 31 |              |
|--|------|-----------------------------|--------------|
|  | Note | 2024                        | 2023         |
| <b>Revenue</b>                         |      |                             |              |
| Net revenue                            | 3    | 8,582                       | 10,451       |
| Cost of sales                          | 4    | 6,845                       | 7,488        |
| Gross profit                           |      | 1,737                       | 2,963        |
| <b>Expenses</b>                        |      |                             |              |
| Selling expenses                       | 4    | 2,296                       | 2,474        |
| General and administrative             | 4    | 1,578                       | 442          |
| Depreciation and amortization          | 4    | 162                         | 191          |
| Operating expenses                     |      | 4,036                       | 3,107        |
| Operating loss                         |      | (2,299)                     | (144)        |
| Finance expenses                       |      | 774                         | 463          |
| Gain on dispositions - net             |      | —                           | (212)        |
| Other income                           |      | —                           | 97           |
| Loss before income taxes               |      | (3,073)                     | (492)        |
| <b>Income tax recovery</b>             |      |                             |              |
| Deferred                               |      | —                           | (237)        |
|  |      | —                           | (237)        |
| <b>Net loss and comprehensive loss</b> |      | <b>(3,073)</b>              | <b>(255)</b> |

**Per share amounts**

|                       |    |           |           |
|-----------------------|----|-----------|-----------|
| Basic and diluted     | 5  | \$ (0.44) | \$ (0.04) |
| Segmented information | 16 |           |           |

*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 | March 31, 2024 | December 30, 2023 |
|---|------|----------------|-------------------|
| <b>ASSETS</b>                                     |      |                |                   |
| <b>Current</b>                                    |      |                |                   |
| Cash  |      | 541            | 1,039             |
| Accounts receivable                               |      | 3,638          | 2,933             |
| Inventories                                       | 6    | 8,025          | 8,932             |
| Prepaid expenses and deposits                     |      | 1,341          | 1,668             |
| Assets held for sale                              | 7    | 1,305          | 51                |
|   |      | 14,850         | 14,623            |
| <b>Non-current</b>                                |      |                |                   |
| Property, plant, and equipment                    | 8    | 35,520         | 36,668            |
| Intangible assets                                 |      | 1,160          | 1,366             |
| Deferred income tax                               |      | 134            | 134               |
|   |      | 36,814         | 38,168            |
| <b>Total assets</b>                               |      | <b>51,664</b>  | <b>52,791</b>     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |      |                |                   |
| <b>Current</b>                                    |      |                |                   |
| Accounts payable and accrued liabilities          | 11   | 10,152         | 10,407            |
| Current portion of debt                           | 10   | 7,731          | 4,849             |
| Current portion of lease liabilities              | 9    | 660            | 659               |
| Share-based payments                              | 13   | 263            | 263               |
|   |      | 18,806         | 16,178            |
| <b>Non-current</b>                                |      |                |                   |
| Debt  | 10   | 11,216         | 11,744            |
| Lease liabilities                                 | 9    | 2,190          | 2,343             |
|   |      | 13,406         | 14,087            |
| <b>EQUITY</b>                                     |      |                |                   |
| Shareholders' capital                             | 12   | 113,775        | 113,775           |
| Contributed surplus                               | 13   | 3,181          | 3,182             |
| Accumulated deficit                               |      | (97,504)       | (94,431)          |
|   |      | 19,452         | 22,526            |
| <b>Total liabilities and shareholders' equity</b> |      | <b>51,664</b>  | <b>52,791</b>     |
| Going concern                                     | 2    |                |                   |
| Commitments and contractual obligations           | 17   |                |                   |
| Subsequent events                                 | 18   |                |                   |

See accompanying notes to the condensed interim 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 March 31 |                |
|--|------|-----------------------------|----------------|
|  |      | 2024                        | 2023           |
| <b>OPERATING ACTIVITIES</b>  |      |                             |                |
| Net loss and comprehensive loss                                    |      | (3,073)                     | (255)          |
| Items not affecting cash:  |      |                             |                |
| Depreciation and amortization                                      | 4    | 827                         | 1,163          |
| Gain on dispositions - net   |      | —                           | (212)          |
| Share-based payments   | 13   | (1)                         | (221)          |
| Amortized debt issue costs   | 10   | 11                          | 44             |
| Loss on debt modification  | 10   | 143                         | —              |
| Deferred income tax recovery                                       |      | —                           | (239)          |
|  |      | (2,093)                     | 280            |
| Change in non-cash working capital related to operating activities |      | 395                         | (1,781)        |
| <b>Cash used in operating activities</b>                           |      | <b>(1,698)</b>              | <b>(1,501)</b> |
| <b>FINANCING ACTIVITIES</b>  |      |                             |                |
| Advances of debt - net   | 10   | 2,371                       | 1,625          |
| Repayment of term debt   | 10   | (171)                       | 305            |
| Repayment of lease liabilities                                     | 9    | (152)                       | (252)          |
| <b>Cash provided by financing activities</b>                       |      | <b>2,048</b>                | <b>1,678</b>   |
| <b>INVESTING ACTIVITIES</b>  |      |                             |                |
| Purchase of property, plant, and equipment                         | 8    | (727)                       | (159)          |
| Purchase of intangibles  |      | —                           | (7)            |
| Proceeds from sale of property, plant, and equipment               |      | —                           | 484            |
| Change in non-cash working capital related to investing activities |      | (121)                       | —              |
| <b>Cash (used in) provided by investing activities</b>             |      | <b>(848)</b>                | <b>318</b>     |
| Net (decrease) increase in cash                                    |      | (498)                       | 495            |
| Cash, beginning of period  |      | 1,039                       | 612            |
| <b>Cash, end of period</b>   |      | <b>541</b>                  | <b>1,107</b>   |

See accompanying 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'<br>capital | Contributed<br>surplus | Accumulated<br>deficit | Total         |
|---------------------------------|------|--------------------------|------------------------|------------------------|---------------|
| As at December 30, 2023         |      | 113,775                  | 3,182                  | (94,431)               | 22,526        |
| Share-based payments            | 13   | —                        | (1)                    | —                      | (1)           |
| Net loss and comprehensive loss |      | —                        | —                      | (3,073)                | (3,073)       |
| <b>As at March 31, 2024</b>     |      | <b>113,775</b>           | <b>3,181</b>           | <b>(97,504)</b>        | <b>19,452</b> |

|                                 | Note | Shareholders'<br>capital | Contributed<br>surplus | Accumulated<br>deficit | Total         |
|---------------------------------|------|--------------------------|------------------------|------------------------|---------------|
| As at December 30, 2022         |      | 113,746                  | 2,954                  | (91,498)               | 25,202        |
| Share-based payments            | 13   | —                        | (148)                  | —                      | (148)         |
| Net loss and comprehensive loss |      | —                        | —                      | (255)                  | (255)         |
| <b>As at March 31, 2023</b>     |      | <b>113,746</b>           | <b>2,806</b>           | <b>(91,753)</b>        | <b>24,799</b> |

*See accompanying notes to the condensed 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, ciders and other alcoholic and non-alcoholic products, 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 months ended March 31, 2024 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 three months ended March 31, 2024, the Corporation incurred a net loss of \$3.1 million. The Corporation has \$4.9 million drawn on its operating facility as at March 31, 2024. The credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 10.

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 assets 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 March 31, 2024.

Certain disclosures that are normally required to be included in the notes to the annual audited financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 30, 2023.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 9, 2024.

**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 each 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:

| <b>Company</b>                       | <b>Registered</b> | <b>Holding</b> | <b>Functional Currency</b> |
|--------------------------------------|-------------------|----------------|----------------------------|
| 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 and have been prepared on the historical cost basis, 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, 2023. These condensed interim consolidated financial statements do not include all of 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, 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)***3. NET REVENUE**

|                                | Three months ended March 31 |               |
|--------------------------------|-----------------------------|---------------|
|                                | 2024                        | 2023          |
| Gross product revenues         | 11,288                      | 13,639        |
| Federal excise taxes           | (829)                       | (917)         |
| Provincial liquor tax programs | (1,877)                     | (2,271)       |
| <b>Net revenue</b>             | <b>8,582</b>                | <b>10,451</b> |

Gross product revenues include wholesale beer, cider and other alcoholic and non-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 condensed interim consolidated statements of net loss and comprehensive loss:

|                                      | Three months ended March 31 |       |
|--------------------------------------|-----------------------------|-------|
|                                      | 2024                        | 2023  |
| <b>Depreciation and amortization</b> |                             |       |
| Cost of sales                        | 665                         | 972   |
| Depreciation and amortization        | 162                         | 191   |
| <b>Salaries, wages, and benefits</b> |                             |       |
| Cost of sales                        | 1,418                       | 1,358 |
| Selling expenses                     | 603                         | 476   |
| General and administrative           | 690                         | 379   |
| <b>Share-based payments</b>          |                             |       |
| General and administrative           | (1)                         | (221) |

**5. PER SHARE AMOUNTS**

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

| (\$ thousands, except per share amounts) | Three months ended March 31 |           |
|--|-----------------------------|-----------|
|  | 2024                        | 2023      |
| Net loss - basic                         | (3,073)                     | (255)     |
| Effect of dilutive securities            | —                           | —         |
| Net loss - diluted                       | (3,073)                     | (255)     |
| Weighted average shares                  |                             |           |
| Weighted average shares - basic          | 6,974                       | 6,978     |
| Effect of dilutive securities            | —                           | —         |
| Weighted average shares - diluted        | 6,974                       | 6,978     |
| Per share amounts:                       |                             |           |
| Basic and diluted                        | \$ (0.44)                   | \$ (0.04) |

**BIG ROCK BREWERY INC.****Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***6. INVENTORIES**

| As at                        | March 31,<br>2024 | December 30,<br>2023 |
|------------------------------|-------------------|----------------------|
| Raw materials and containers | 1,652             | 1,880                |
| Brews in progress            | 864               | 484                  |
| Finished product             | 4,557             | 5,785                |
| Consignment product          | 926               | 759                  |
| Retail store                 | 26                | 24                   |
| <b>Total inventories</b>     | <b>8,025</b>      | <b>8,932</b>         |

During the three months ended March 31, 2024, charges of \$0.2 million, (year ended December 30, 2023 - \$0.6 million) were recorded to the condensed interim consolidated statements of net loss and comprehensive loss relating to damaged or obsolete inventories. There were no reversals of amounts previously recorded in respect of inventory write-downs during the three months ended March 31, 2024 nor during the year ended December 30, 2023.

**7. ASSETS HELD FOR SALE**

As at March 31, 2024, the Corporation reclassified the Edmonton land and warehouse to an asset held for sale. The net book value of the reclassified assets is \$1.3 million.

**8. PROPERTY, PLANT, AND EQUIPMENT**

|                                 | Land and<br>Buildings | Machinery<br>and<br>equipment | Office<br>furniture and<br>equipment | Right of use<br>assets | Total         |
|---------------------------------|-----------------------|-------------------------------|--------------------------------------|------------------------|---------------|
| <b>Cost</b>                     |                       |                               |                                      |                        |               |
| As at December 30, 2023         | 26,668                | 34,200                        | 2,436                                | 3,765                  | 67,069        |
| Additions                       | —                     | 727                           | —                                    | —                      | 727           |
| Assets held for disposition     | (1,566)               | —                             | —                                    | —                      | (1,566)       |
| <b>As at March 31, 2024</b>     | <b>25,102</b>         | <b>34,927</b>                 | <b>2,436</b>                         | <b>3,765</b>           | <b>66,230</b> |
| <b>Accumulated depreciation</b> |                       |                               |                                      |                        |               |
| As at December 30, 2023         | 7,036                 | 19,734                        | 2,356                                | 1,275                  | 30,401        |
| Depreciation                    | 174                   | 311                           | 13                                   | 122                    | 620           |
| Assets held for disposition     | (311)                 | —                             | —                                    | —                      | (311)         |
| <b>As at March 31, 2024</b>     | <b>6,899</b>          | <b>20,045</b>                 | <b>2,369</b>                         | <b>1,397</b>           | <b>30,710</b> |
| <b>Net book value</b>           |                       |                               |                                      |                        |               |
| As at December 30, 2023         | 19,632                | 14,466                        | 80                                   | 2,490                  | 36,668        |
| <b>As at March 31, 2024</b>     | <b>18,203</b>         | <b>14,882</b>                 | <b>67</b>                            | <b>2,368</b>           | <b>35,520</b> |

In January 2024, the Corporation committed \$1.2 million to purchase and install equipment to comply with Canada's ban on single-use plastics. As at March 31, 2024, the Corporation incurred costs of \$0.7 million in relation to this project, with the additional \$0.6 million to be incurred in Q2 2024. The machine will be put into production during the second quarter of 2024.



**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. LEASE LIABILITIES**

| As at                                | March 31,<br>2024 | December 30,<br>2023 |
|--------------------------------------|-------------------|----------------------|
| Lease liabilities, beginning of year | 3,002             | 3,767                |
| Disposals                            | —                 | (18)                 |
| Interest expense                     | 31                | 136                  |
| Lease payments                       | (183)             | (883)                |
|                                      | <b>2,850</b>      | <b>3,002</b>         |
|                                      |                   |                      |
| Current                              | 660               | 659                  |
| Non-current                          | 2,190             | 2,343                |
|                                      | <b>2,850</b>      | <b>3,002</b>         |

Big Rock has lease liabilities for contracts related to real estate within buildings and vehicle leases. The weighted average discount rate for the three months ended March 31, 2024 was 4.3 percent (December 30, 2023 - 4.3 percent). As at March 31, 2024, the undiscounted future lease payments are \$3.4 million (December 30, 2023 - \$3.6 million).

**10. DEBT**

The Corporation has a credit facility with a financial institution owned by the Government of Alberta (“ATB”). The credit facility includes a revolving operating loan facility (the “**Operating facility**”) of \$6.0 million and an evergreen term loan facility (the “**Term debt**”) of \$10.0 million. Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit.

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 January 11, 2024, the Corporation added \$4.2 million in borrowings for a total of \$8.5 million in second lien financing from VN Capital Fund I, LP, a company related through a common director. The maturity date of the facility was also extended from June 30, 2024 to December 31, 2024. A loss on a debt term modification of \$0.1 million was recognized during the quarter associated with the extension of, and amendment to the interest rate arrangements. Per IFRS 9 - Financial Instruments, this loss will be reversed by year end.

During the three months ended March 31, 2024, the Corporation repaid \$0.4 million of its operating facility, repaid \$0.2 million on its term facility and drew \$2.8 million on its second lien financing facility with VN Capital Fund I, LP.

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

Details on amounts outstanding under these facilities are as follows:

| As at                                      | March 31,<br>2024 | December 30,<br>2023 |
|--|-------------------|----------------------|
| Operating facility - principal             | 4,881             | 5,290                |
| Term debt - principal and accrued interest | 14,090            | 11,461               |
| Loss on debt modification                  | 143               | —                    |
| Debt issue costs                           | (167)             | (158)                |
|  | <b>18,947</b>     | <b>16,593</b>        |
| Current                                    | 7,731             | 4,849                |
| Non-current                                | 11,216            | 11,744               |

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

|                             | Expiry date       | March 31,<br>2024 | December 30,<br>2023 |
|-----------------------------|-------------------|-------------------|----------------------|
| Tranche 1                   | December 31, 2024 | 7,100             | 4,300                |
| Tranche 2                   | April 30, 2025    | 316               | 368                  |
| Tranche 3                   | February 28, 2026 | 536               | 584                  |
| Tranche 4                   | September 9, 2027 | 437               | 458                  |
| Tranche 5                   | February 28, 2031 | 2,477             | 2,499                |
| Tranche 6                   | December 31, 2031 | 3,224             | 3,252                |
| Total term debt outstanding |                   | <b>14,090</b>     | <b>11,461</b>        |

The facilities impose a number of positive and negative covenants on the Corporation, including the maintenance of certain financial covenants, which are tested at each reporting date. They 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 the rolling 12 month earnings before interest, taxes, and depreciation, less an amount for maintenance capital, compared to the rolling 12 month fixed charges. Fixed charges are the sum of interest, dividends and income taxes paid, and principal repayments. In addition, the Corporation's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets. ATB has first and floating charge debentures over all assets held by the Corporation.

In 2022, Big Rock and ATB signed an Acknowledgement and Reservation of Rights letter where ATB imposed additional conditions on the Corporation. 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.

Pursuant to this arrangement, as part of the annual review, Big Rock and ATB are working to establish benchmarks and financial covenants for the 2024 fiscal year and beyond.

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

| As at   | March 31,<br>2024 | December 30,<br>2023 |
|---|-------------------|----------------------|
| Trade payables  | 5,278             | 6,341                |
| Container deposits                                    | 511               | 517                  |
| Accruals and other                                    | 4,363             | 3,549                |
| <b>Total accounts payable and accrued liabilities</b> | <b>10,152</b>     | <b>10,407</b>        |

**BIG ROCK BREWERY INC.****Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***12. SHARE CAPITAL**

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

| <i>(thousands)</i>                | As at<br>March 31, 2024 |                | As at<br>December 30, 2023 |                |
|-----------------------------------|-------------------------|----------------|----------------------------|----------------|
|                                   | # of shares             | \$ Amount      | # of shares                | \$ Amount      |
| Outstanding, beginning of period  | 6,974                   | 113,775        | 6,978                      | 113,746        |
| Shares held in trust purchased    | —                       | —              | (8)                        | (20)           |
| Shares held in trust issued       | —                       | —              | 4                          | 13             |
| RSU value                         | —                       | —              | —                          | 36             |
| <b>Outstanding, end of period</b> | <b>6,974</b>            | <b>113,775</b> | <b>6,974</b>               | <b>113,775</b> |

**13. SHARE-BASED PAYMENTS**

Share-based compensation expense, included in general and administrative expenses, and recognized in the condensed interim consolidated statements of net loss and comprehensive loss for the three months ended March 31, 2024 and 2023 include:

| Three months ended                               | 2024       | 2023         |
|--|------------|--------------|
| Equity settled plans:                            |            |              |
| Options expense                                  | 11         | —            |
| Restricted share unit/appreciation right expense | (12)       | (148)        |
|  | (1)        | (148)        |
| Cash settled plans:                              |            |              |
| SARs fair value adjustments                      | —          | (73)         |
| <b>Total share-based payments</b>                | <b>(1)</b> | <b>(221)</b> |

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

| <i>(in thousands)</i> | Options        | RSUs          | SARs          |
|-----------------------|----------------|---------------|---------------|
| December 30, 2023     | 315,232        | 109,116       | 93,636        |
| Expired               | —              | (22,622)      | —             |
| <b>March 31, 2024</b> | <b>315,232</b> | <b>86,494</b> | <b>93,636</b> |

**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. CAPITAL RISK MANAGEMENT**

The Corporation defines its capital to include common shares plus current and non-current debt and lease liabilities less cash balances. 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   | March 31,<br>2024 | December 30,<br>2023 |
|---|-------------------|----------------------|
| Debt  | 18,947            | 16,593               |
| Lease liabilities   | 2,850             | 3,002                |
| Total debt  | 21,797            | 19,595               |
| Shareholders' equity  |                   |                      |
| Shareholders' capital   | 113,775           | 113,775              |
| Contributed surplus   | 3,181             | 3,182                |
| Accumulated deficit   | (97,504)          | (94,431)             |
| Total shareholders' equity  | 19,452            | 22,526               |
| Total debt and shareholders' equity   | 41,249            | 42,121               |
| Less: Cash  | (541)             | (1,039)              |
| Total capitalization (total debt plus shareholders' equity, net of cash balances) | 40,708            | 41,082               |

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 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. Refer also to Note 10.

**15. 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 BREWERY INC.****Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***16. 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 and non-alcoholic beverages to and through provincial liquor boards which are subsequently sold on to end consumers, as well as the results from co-packing/contract arrangements. 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 condensed interim 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**

| Three months ended<br>March 31  | Wholesale |        | Retail |      | Eliminations |      | Consolidated |        |
|---------------------------------|-----------|--------|--------|------|--------------|------|--------------|--------|
|                                 | 2024      | 2023   | 2024   | 2023 | 2024         | 2023 | 2024         | 2023   |
| Net revenue                     | 8,469     | 10,357 | 143    | 142  | (30)         | (48) | 8,582        | 10,451 |
| Cost of sales                   | 6,793     | 7,417  | 82     | 119  | (30)         | (48) | 6,845        | 7,488  |
| Gross profit                    | 1,676     | 2,940  | 61     | 23   | —            | —    | 1,737        | 2,963  |
| Selling expenses                | 2,292     | 2,469  | 4      | 5    | —            | —    | 2,296        | 2,474  |
| Segment profit                  | (616)     | 471    | 57     | 18   | —            | —    | (559)        | 489    |
| General and administrative cost |           |        |        |      |              |      | 1,578        | 442    |
| Depreciation and amortization   |           |        |        |      |              |      | 162          | 191    |
| Operating loss                  |           |        |        |      |              |      | (2,299)      | (144)  |
| Finance expense                 |           |        |        |      |              |      | 774          | 463    |
| Other                           |           |        |        |      |              |      | —            | (115)  |
| Loss before income taxes        |           |        |        |      |              |      | (3,073)      | (492)  |

**17. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

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

|                                   | 2024  | 2025  | 2026 | 2027 | 2028 | Thereafter |
|-----------------------------------|-------|-------|------|------|------|------------|
| Utilities contracts               | 624   | 624   | —    | —    | —    | —          |
| Raw material purchase commitments | 1,305 | 740   | 113  | 103  | 53   | —          |
| Marketing sponsorships            | 168   | 115   | —    | —    | —    | —          |
| Capital commitments               | 1,141 | —     | —    | —    | —    | —          |
| Total                             | 3,238 | 1,479 | 113  | 103  | 53   | —          |

**BIG ROCK BREWERY INC.**

**Notes to the Condensed Interim Consolidated Financial Statements**

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

**18. SUBSEQUENT EVENTS**

Subsequent to the quarter ended March 31, 2024, the Corporation entered into a \$1.5 million purchase commitment for the purchase of packaging equipment to allow it to meet the requirements of its existing and prospective co-packing partners and to reduce reliance upon, and costs incurred with third-party vendors.

Effective April 29, 2024, Big Rock granted 30,000 stock options and 212,477 restricted share units to certain employees, officers, directors and advisors of the Corporation pursuant to the Corporation's long term incentive plan. An additional 16,215 common shares were issued from treasury and 7,425 from shares held in trust in satisfaction of the restricted share units that had vested.