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 months ended March 31, 2024.

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 months ended March 31, 2024 (the "**Interim Financial Statements**"), the audited consolidated financial statements of the Corporation and the accompanying notes as at and for the year ended December 30, 2023 (the "**Annual Financial Statements**") and the Corporation's Management Discussion & Analysis for the year ended December 30, 2023. The Interim 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 Corporation's Annual Information Form for the year ended December 30, 2023 (the "**AIF**"), can be found on SEDAR+ at www.sedarplus.ca 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 MD&A. This MD&A is dated May 14, 2024.

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, the White Peaks family of hard tea beverages, a continually-changing selection of seasonal and limited-edition beers and other licensed alcoholic beverages. In addition to its wholesale operations, the Corporation has an extensive co-packing/contract production business producing lagers, ales and ready to drink products for partners who market, sell and distribute such products in Western Canada.

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 and non-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, co-packing agreements and licensing agreements.

FIRST QUARTER HIGHLIGHTS

For the three months ended March 31, 2024, compared to the three months ended March 31, 2023, the Corporation reported:

- wholesale sales volumes down 4.2% to 32,352 hectolitres ("**hl**") compared with 33,778 hl;
- net revenue decreased to $8.6 million from $10.5 million as a result of reduced co-packing activity;
- operating loss increased to ($2.3 million) from ($0.1 million);
- net loss increased to ($3.1 million) from ($0.3 million); and
- Adjusted EBITDA decreased to ($1.5 million) from $0.7 million. Adjusted EBITDA is a non-GAAP financial measure, see "*Non-GAAP Measures*".

$000, except hl and per share amounts	Three months ended March 31	
	2024	2023
Sales volumes (hl) [1]	**32,352**	33,778
Gross product revenue	**$ 11,288**	$ 13,639
Net revenue	**8,582**	10,451
Cost of sales	**6,845**	7,488
Adjusted EBITDA [2]	**(1,473)**	701
Operating loss	**(2,299)**	(144)
Net loss	**(3,073)**	(255)
Net loss per share (basic & diluted)	**$ (0.44)**	$ (0.04)

(1) Excludes co-packing/contract 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 and value of its capacity and capital investments to drive growth in volume, improve productivity and lower cost of sales and operating expenses from its own house of brands and from volumes produced pursuant to co-packing arrangements. With greater operational efficiencies derived from greater production volumes, the Corporation aims to improve its competitiveness, gain market share and "premiumize" its branded portfolio. The Corporation remains focused on innovation and co-creation of new products with the Corporation's strategic partners and expects to capitalize on increased market demand in certain product categories and to enable the Corporation to gain market share.

In 2023 Big Rock embarked on a strategy of, where possible, balancing production and sales between quarters to allow for a reduction of operating costs. Reduced co-packing contract volumes made this difficult during the last half of 2023 carrying on through the first quarter of 2024. Management continues to work with co-packing partners for the purpose of introducing volumes and expects to be successful in achieving its objectives by year end. This strategy supports Big Rock's long-term vision to become Canada's largest and most stable independent brewer.

Big Rock is continuing to also focus on product innovation and development in the premium alcoholic and non-alcoholic beverage categories to better align with consumer demand. Our non-alcoholic beer, "Pacer,", introduced in the fourth quarter of 2023, continues to exceed expectations. In the first quarter of 2023, our innovation efforts resulted in additions to our premium beer category ("Brightside", a new easy-drinking lager, and "Unwinder" a lighter hazy pale ale), a raspberry wheat ale, a series of summer seasonal beers and a tequila-based beverage developed in conjunction with a key co-packing partner. Several other product innovation releases are planned for the balance of 2024.

During the first quarter of 2024, Canadian domestic beer sales volumes were reported down by 3.1%[1] compared with the same period in 2023. Despite outperforming this benchmark during 2023, Big Rock's domestic beer volumes in Q1 of 2024 were down 7.1% versus the same quarter in 2023. While beer volumes declined, wholesale revenues from all products (beer, cider, non-alcoholic and ready to drink beverages), exclusive of contract/co-packing revenues, were 2.3% higher than in the same period in 2023, illustrating the results of efforts to align with consumer demand.

During first quarter of 2024, traditionally the second-weakest quarter of the year for the Corporation's financial performance, Big Rock's Adjusted EBITDA was ($1.5 million), representing a shortfall of $2.2 million versus $0.7 million earned during the same quarter in 2023. This shortfall was both anticipated and budgeted for, and was related to the Corporation's loss of a certain co-packing contract. While such contract has not yet been replaced, the Corporation's management is continuing to work with prospective co-packing partners to replace the contract and to put in place volumes that will allow the Corporation to both achieve its 2024 budget and exceed the $2.2 million in Adjusted EBITDA generated in 2023.

Reduced co-packing volumes was also the primary factor responsible for the $1.9 million reduction in net revenue during the quarter compared to the same quarter in 2023. Wholesale product sales (including beer, ciders and ready to drink beverages) volumes fell 4.2% short of the volumes achieved during the first quarter of 2023. However, wholesale revenues *increased* by 2.3% during the quarter on a year-over-year basis as the result of improved yields primarily noted in ready to drink products, cider and the Corporation's white-label beer products.

Despite the trends noted above, the Corporation's co-packing business continues to represent a significant percentage of its revenue and total production volumes. The Corporation expects to continue to realize overhead and labor cost efficiencies and improved cost absorption through increased co-packing volumes and a continued focus on streamlining processes around forecasting and production planning. The Corporation continues to anticipate that its co-packing contracts for 2024 will return to, or exceed, levels seen during 2022.

In response to the Corporation's breach of its financial covenants under its credit facilities with ATB Financial ("ATB") during 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 several changes during 2023 that assisted with improving the Corporation's operating results (Adjusted EBITDA increased in 2023 by $5.6 million versus the loss of ($3.4 million) in 2022 and the net operating loss was cut by $4.2 million from ($7.1 million) in 2022), improving liquidity and introducing greater discipline.

Further changes were enacted in the first quarter of 2024 to further solidify the operations and financial strength:

- On January 8, 2024, David Kinder, a veteran of the beverage industry, was appointed President and Chief Executive Officer of the Corporation, replacing Mr. Stephen Giblin who had taken on the roles on an interim basis. Mr. Giblin continues in his role as Chair of the Board.
- In January 2024, the Corporation announced the addition of a $4.2 million tranche to its existing $4.3 million second lien financing (the "**Second Lien Financing**") with the Corporation's largest shareholder, VN Capital Fund I, LP ("**VN Capital**") (see "*Liquidity and Capital Resources – Debt*"). This funding was introduced to provide liquidity and access to funds for capital expenditures.
- The Corporation's management team was supplemented by a new Director of Operations, who has five years of management experience in the beverage industry.
- In January 2024 Big Rock announced that it had concluded its Strategic Review, a program initiated in March 2023 to evaluate potential strategic alternatives (the "**Strategic Review**"), led by a special committee of the Board (the "**Special Committee**") which engaged Acumen Capital Finance Partners

[1] Source: Beer Canada's Monthly Domestic Beer Sales statistics accumulated from provincial liquor boards, distributors and brewers (https://beercanada.com/sales-statistics/)

Limited as a strategic advisor. The Special Committee reviewed, amongst other things, the Corporation's operations and investigated 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 and other strategic initiatives.

Despite the improvement in operating results during the year ended December 30, 2023, in the fourth quarter of 2023 the Corporation fell $0.6 million short of the Adjusted EBITDA covenant target provided by the Corporation's primary lender, ATB. Under the terms of the credit agreement in place with ATB, this shortfall was curable with the injection of equity or third-party debt in an amount equivalent to the shortfall. The introduction of the Second-Lien Financing satisfied the Corporation's obligations with respect to this deficiency.

Management of the Corporation is working with ATB to establish the covenants for 2024 and beyond.

The Corporation has developed and maintains financial projections for fiscal 2024 that show sufficient cash flows to cover forecasted expenses and is projecting a return to profitability.

GOING CONCERN DISCLOSURE

Management of the Corporation is appropriately conservative and will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will meet expectations for the 2024 fiscal year.

Despite improved financial performance during 2023, there remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The Interim Financial Statements include a "Going Concern" note, but 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 Interim Financial Statements.

SELECTED 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 influenced by numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, mainly in Western Canada. The financial performance reflected in the selected quarterly information is consistent with industry trends. Big Rock's overall financial performance is also impacted by the level of co-packing/contract . Management of Big Rock is continuing to focus on utilizing capacity across each quarter to help moderate the impact of seasonal variations.

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

($000, except hl and per share amounts)	**Q1/24**	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22
Sales volumes (hl) [(1)]	32,352	35,314	44,451	43,660	33,778	35,654	47,154	42,409
Net revenue	8,582	8,971	11,553	12,702	10,451	10,548	11,940	15,823
Cost of sales	6,845	6,236	8,098	8,904	7,488	10,132	8,445	11,966
Operating income (loss)	(2,299)	(1,508)	55	43	(144)	(3,815)	(1,146)	(469)
Adjusted EBITDA [(2)]	(1,473)	(701)	999	1,188	701	(3,484)	102	645
Net loss	(3,073)	(2,111)	(227)	(340)	(255)	(4,188)	(1,054)	(588)
Per share amounts (basic & diluted)	$ (0.44)	$ (0.31)	$ (0.03)	$ (0.05)	$ (0.04)	$ (0.60)	$ (0.15)	$ (0.09)

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

RESULTS OF OPERATIONS

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 as follows:

($000, except where indicated)	Three months ended March 31		
	2024	2023	Change
Net loss	**$ (3,073)**	$ (255)	$ (2,818)
Addback:			
Interest	**774**	463	311
Taxes	**—**	(237)	237
Depreciation and amortization	**827**	1,163	(336)
Share based payments	**(1)**	(221)	220
Gain on dispositions - net	**—**	(212)	212
Adjusted EBITDA [(1)]	**$ (1,473)**	$ 701	$ (2,174)

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

Adjusted EBITDA in the three months ended March 31, 2024 decreased by $2.2 million in comparison to the three months ended March 31, 2023. The decrease in Adjusted EBITDA was primarily attributable to reduced co-packing volumes arising from the loss of a contract that has not been replaced to date.

Net Revenue

Net revenue reflects results from wholesale beer, cider, alcoholic and non-alcoholic beverage sales (net of excise taxes and provincial government liquor taxes), co-packing revenues, 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 2024, followed by BC and Saskatchewan.

($000, except sales volumes)	Three months ended March 31		
	2024	2023	Change
Sales volumes (hl) [1]	**32,352**	33,778	(1,426)
Gross revenue	**$ 11,288**	$ 13,639	$ (2,351)
Federal excise taxes	**(829)**	(917)	88
Provincial liquor tax programs	**(1,877)**	(2,271)	394
Net revenue	**$ 8,582**	$ 10,451	$ (1,869)
Net revenue by segment			
Wholesale	**$ 8,439**	$ 10,341	$ (1,902)
Retail	**143**	110	33
Net revenue	**$ 8,582**	$ 10,451	$ (1,869)
$ per hl			
Wholesale net revenue	**$ 260.85**	$ 306.15	$ (45.30)

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

Sales volumes, exclusive of co-packing, for the first quarter of 2024 were 4.2% lower than the first quarter of 2023. Reduced volumes were largely related to premium value, premium craft and private label on-premise product sales (being sales relating to keg and other sales to bars, restaurants and lounges), which were partially offset by increases in off-premise ("white label product") sales at various retail outlets. On an overall basis, Big Rock was able to partially mitigate lower sales volumes with improved yields across all product categories, but particularly in the ready to drink, cider and white label beer product categories. As noted above, co-packing volumes declined during the first quarter of 2024 compared to the first quarter in 2023 which was the main contributor to reduced gross revenues for the first quarter.

Wholesale Revenue

Net revenues for the three months ended March 31, 2024 declined by $1.9 million (18.3%) compared to the same period in the prior year. Net revenues primarily reflected reduced co-packing volumes and a general continued declining market for beer consumption in Canada. These declines were partially offset by lower excise taxes and provincial commissions.

Retail Revenue

Retail revenue for the first quarter of 2024 was largely unchanged compared to the first quarter of 2023, despite the temporary closure of the Calgary restaurant, with the new restaurant operator scheduled to open in the second quarter of 2024. The retail segment represents roughly 2% of the Corporation's quarterly sales.

Cost of Sales

($000, except where indicated)	Three months ended March 31		
	2024	2023	Change
Operating expenses and raw materials	**$ 4,762**	$ 5,121	$ (359)
Salaries and benefits	**1,418**	1,395	23
Depreciation and amortization	**665**	972	(307)
Cost of sales	**$ 6,845**	$ 7,488	$ (643)
Percentage of revenue	**79.8%**	71.6%	

Cost of sales for the quarter ended March 31, 2024 decreased period-over-period by $0.6 million compared to 2023. These decreases were primarily driven by lower overall production volumes (taking into consideration reduced co-packing volumes) and continued cost savings initiatives.

Cost of sales as a percentage of net revenue was higher in the first quarter of 2024 compared to the same period in 2023. While there were reductions in various cost categories (primarily in key raw materials) consistent with a reduction in general industry inflationary pressures, the reduction in volumes resulted in a reduced amount of overhead absorption. Salaries and benefits in the first quarter 2024 were consistent with the same period in the prior year with both periods reflecting lower staffing levels and open positions. Depreciation costs decreased in the first quarter of 2024 compared to the same period in 2023 due to dispositions effected during 2023.

Selling Expenses

($000, except where indicated)	Three months ended March 31		
	2024	2023	Change
Delivery and distribution costs	**$ 948**	$ 1,114	$ (166)
Salaries and benefits	**603**	476	127
Marketing and sales expenses	**745**	884	(139)
Selling expenses	**$ 2,296**	$ 2,474	$ (178)
Percentage of revenue	**26.8%**	23.7%	

Selling expenses declined by $0.2 million in the first quarter of 2024 compared to 2023, as increased staffing costs associated with filling vacancies from 2023 were offset by savings in marketing and sales program expenses, mainly related to agency fees, and delivery and distribution costs related to third party storage and handling. The Corporation has continued with its concerted effort to consolidate shipments and improve logistics management. Increased sales and marketing staffing levels resulted in higher salaries and benefits and are consistent with Big Rock's efforts to promote its brands, including efforts with respect to innovation and improved market share, as well as the expected introduction of new products in 2024 and additional sales and marketing programs and events.

General and Administrative Expenses

($000, except where indicated)	Three months ended March 31		
	2024	2023	Change
Salaries and benefits	**$ 690**	$ 379	$ 311
Share based payments	**(1)**	(221)	220
Professional fees	**295**	—	295
Other administrative expenses	**594**	284	310
General and administrative expenses	**$ 1,578**	$ 442	$ 1,136
Percentage of revenue	**18.4%**	4.3%	

General and administrative expenses for the three months March 31, 2024 increased by $1.1 million compared to the same period in 2023 primarily due to higher salaries and benefits associated with filling positions that were vacant in 2023, lower recovery on share-based payments valuation ($0.2 million), and higher consulting and accounting fees.

Finance Expense

Finance expenses of $0.8 million in the first quarter of 2024 were $0.3 million higher than the same period in 2023. The financing costs reflect the injection of short-term debt financings from VN Capital late in fiscal 2022 and the first quarter of 2024 as well as the debt term modification charge ($0.1 million) recognized pursuant to the application of IFRS 9 (Financial Instruments). 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 purposes of making decisions regarding resource allocation and performance management. The wholesale segment reflects the results from the manufacturing and distribution of beer, cider, and other alcoholic and non-alcoholic beverages to provincial liquor boards, grocery chains, and on-premises customers which are subsequently sold to end consumers, as well as the results from co-packing/contract arrangements. The retail segment includes direct sales of beverages, food, and merchandise to 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 applied 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-wide basis.

SEGMENTED RESULTS

Three months ended 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)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	March 31, 2024	December 30, 2023
Debt [1]	**18,947**	16,593
Lease liabilities [1]	**2,850**	3,002
Less: Cash	**(541)**	(1,039)
Net debt [2]	**21,256**	18,556
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 capitalization [3]	**40,708**	41,082
Net debt to total capitalization ratio [4]	**52%**	45%

(1) Includes current and non-current portions.
(2) Non-GAAP 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 $2.9 million as of March 31, 2024. This represents a decline of $2.3 million from December 30, 2023 and is largely due to higher current portion of long term debt associated with the draw on the additional Second Lien Financing, which matures on December 31, 2024 (see *"Liquidity and Capital Resources - Debt"*) and lower cash balances.

Debt

During the three months ended March 31, 2024, the Corporation repaid $0.4 million on its ATB operating facility, repaid $0.2 million on its ATB term facilities, and drew $2.8 million on the Second Lien Financing. Details on amounts outstanding under the Corporation's credit facilities are as follows:

($000)	March 31, 2024	December 30, 2023
Operating facility – principal	**4,881**	5,290
Term debt - principal and accrued interest	**14,090**	11,461
Loss on debt term modification	143	
Debt issue costs	(167)	(158)
	18,947	16,593
Current	**7,731**	4,849
Non-current	**11,216**	11,744

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

($000)	Expiry date	**March 31, 2024**	December 30, 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	**2,478**	2,499
Tranche 6	December 31, 2031	**3,224**	3,252
Total term debt outstanding		**14,090**	11,461

At March 31, 2024, the Corporation had $0.5 million available on its operating facility. ATB has provided a letter of credit to collateralize excise remittances to the Canada Revenue Agency which reduces the overall operating line availability by $0.6 million. The Corporation remains current with each of its remittances to the Canada Revenue Agency.

On January 17, 2024, the Corporation announced that it had added $4.2 million in borrowings from VN Capital for a combined total of $8.5 million in Second Lien Financing from VN Capital and that the maturity date of the Second Lien Financing facility was extended from June 30, 2024 to December 31, 2024. The initial $4.3 million of Second Lien Financing was used to pay down the Corporation's operating facility with ATB. The additional $4.2 million Second Lien Financing (of which $2.8 million has been drawn at March 31, 2024) is expected to be used to finance working capital, the replacement of packaging equipment to allow beverages to be packaged in more environmentally-friendly and flexible formats and to satisfy the $0.6 million shortfall of the covenanted Adjusted EBITDA target in the fourth quarter of 2023. The Second Lien Financing is subordinate to the existing credit arrangement with ATB.

With the amendment to the Second Lien Financing, a $0.1 million loss on a debt term modification was recognized associated with the extension of the term and changes to the interest rate arrangements. Per IFR 9 (Financial Instruments) this loss will be reversed by year end.

Management of the Corporation is working with ATB to establish the covenants for 2024 and beyond.

Lease Liabilities

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

($000)	**March 31, 2024**	December 30, 2023
Lease liabilities, beginning of year	3,002	3,767
Additions	-	-
Disposals	-	(18)
Interest expense	31	136
Lease payments	(183)	(883)
Lease liabilities, end of year	**2,850**	3,002
Current	**660**	659
Non-current	**2,190**	2,343

Capital Expenditures

During the three months ended March 31, 2024, $0.7 million was spent on capital expenditures for packaging equipment to allow beverages to be packaged in more environmentally-friendly and flexible formats. With the introduction of this equipment Big Rock expects to be compliant with Canada's ban on single-use plastics.

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.

Equity

As of the date of this MD&A, the Corporation had 6,981,628 common shares outstanding less 7,425 common shares held in trust to resource employee compensation programs.

In addition, as of the date of this MD&A, 86,494 common shares are potentially issuable to satisfy the Corporation's outstanding restricted share units. None of the Corporation's outstanding share options are "in the money".

Subsequent to the quarter ended March 31, 2024, effective April 29, 2024, the Corporation granted 30,000 stock options and 212,477 restricted share units to certain employees, officers, directors and advisors of the Corporation. An additional 16,215 common shares were issued from treasury and 7,425 from shares held in trust in satisfaction of restricted share units that had vested.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

($000)	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	1,414	-	-	-	-	-
Total	**3,238**	**1,479**	**113**	**103**	**53**	**-**

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 "AIF, which is available on SEDAR+ at www.sedarplus.ca.

GOING CONCERN

The Interim Financial Statements 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. Despite the noted improvement in the financial performance on a year-over-year basis in 2023, the Corporation incurred a net loss in the current quarter of $2.9 million. The Corporation had $5.5 million drawn on its operating facility as at March 31, 2024. The ATB credit facility imposes a number of positive and negative covenants on the

Corporation more fully described in Note 14 of the Annual Financial Statements. Management of the Corporation is working with ATB to establish the covenants for 2024 and beyond.

There remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The Interim 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 Interim 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 quarter ended March 31, 2024 nor during the year ended December 30, 2023. 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 March 31, 2024.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Big Rock did not use any derivative financial instruments or other instruments in the quarters ended March 31, 2024 and March 31, 2023.

CERTIFICATION OF DISCLOSURES IN QUARTERLY FILINGS

In accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, the Corporation issues a Certification of Interim Filings ("Certification") quarterly. 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 quarter ended March 31, 2024 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 IFRS nor 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 of the Corporation uses these non-GAAP measures to evaluate the Corporation's operating performance and leverage.

Net working capital: is a non-GAAP capital management measure that is defined as current assets less accounts payable, accrued liabilities, and current portion of debt. This is utilized by the Corporation as a measure of liquidity and to assess the ability to repay current obligations from current assets.

Net debt: is a non-GAAP capital management measure that is defined as the Corporation's current and non-current portions of debt, and lease liabilities less cash. This is utilized by the Corporation to assist with assessing borrowing levels and obligations. A reconciliation of net debt is provided under "*Liquidity and Capital Resources – Capitalization*".

Total capitalization: is a non-GAAP financial measure calculated by adding shareholders' equity and net debt. This is utilized by the Corporation in the assessment of the financial leverage of the Corporation in comparison to its equity in review of the ability to meet current commitments and obligations as well as the capacity for growth. 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*".

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*".

Net Debt to Total Capitalization Ratio: is a non-GAAP financial ratio that is calculated by dividing net debt by total capitalization. This is utilized by the Corporation in assessing its capital structure and the financial health and optimal structure to fund operations and growth for Big Rock. A reconciliation and calculation of net debt to capitalization ratio is contained under "*Liquidity and Capital Resources – Capitalization*".

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, including with respect to production from its own house of brands and from volumes pursuant to co-packing/contract arrangements;
- Big Rock's expectations regarding operational efficiencies derived from greater production volumes and a more seasonally-balanced production schedule;
- Big Rock's aim to gain market share and "premiumize" its branded portfolio;
- Big Rock's expectations that it will remain committed to its focus on innovation and co-creation of new products with its strategic partners and its expectation that it will capitalize on increased market demand in certain product categories and gain market share;
- Big Rock's expectations regarding the non-alcoholic market and its growth;

- Big Rock's plan to continue to focus on product innovation and development in the premium alcoholic and non-alcoholic beverage categories to better align with trends in consumer demand and augmenting beer sales with ready to drink products;
- Big Rock's expectations with respect to product innovation releases in 2024;
- Big Rock's expectations that it will continue to realize overhead and labour cost efficiencies and improved cost absorption through increased co-packing volumes and continued focus on streamlining processes around forecasting and production planning;
- Big Rock's expectations that its 2024 co-packing/contract arrangements are anticipated to return to or exceed levels seen during 2022;
- Big Rock's long-term vision to become Canada's largest and most stable independent brewer;
- Big Rock's expectation that it will continue to work with co-packing partners for the purpose of introducing volumes and its expectation that it will be successful in achieving its objectives by year;
- Big Rock's expectation that it will continue working with prospective co-packing partners to replace its lost co-packing contract and that it will put in place volumes that will allow it to both achieve its 2024 budget and exceed the $2.2 million in Adjusted EBITDA generated in 2023;
- Big Rock's expectations that its focus on streamlining processes around forecasting and production planning will enable the Corporation to realize operational efficiencies and drive margin growth;
- Big Rock's expectation that, where possible, it will continue to employ the strategy of balancing production and sales between quarters to allow for a reduction of operating costs and the anticipated benefits to be derived therefrom, including that such strategy will support Big Rock's vision to become Canada's largest and most stable independent brewer;
- Big Rock's updated financial projections for fiscal 2024 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability;
- Big Rock's expectations that it will establish covenants for 2024 and beyond with ATB and its expectations that it will be in compliance with its financial covenants for the next 12 months;
- Big Rock's expectations that it will continue to focus on utilizing capacity across each quarter to help moderate the impact of seasonal variation;
- Big Rock's expectations regarding the timing of the opening of the Calgary restaurant;
- Big Rock's expectations with respect to the use of the additional $4.2 million Second Lien Financing;
- that Big Rock is positioned for further growth;
- that Big Rock will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will meet expectations for the 2024 fiscal year;
- Big Rock's business plans, outlook, and strategy;
- Big Rock's expectations that it will be compliant with Canada's ban on single-use plastics;
- 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 and most stable independent brewer;
- volumes in the current fiscal year will remain constant or will increase;
- 2024 co-packing volumes will return to or exceed 2022 levels;
- the non-alcoholic market will continue to rapidly grow;
- 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 capitalize on increased market demand in certain product categories and further enable the Corporation to gain market share; and

- that a continued focus on streamlining processes around forecasting and production planning will enable the Corporation to continue to realize operational efficiencies and drive margin growth.

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:

- the risk that Big Rock may not be able to renegotiate a refinancing of its existing credit facility terms with ATB given the event of default;
- 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 Big Rock may not realize overhead and labour cost efficiencies;
- the risk that Big Rock may not realize the benefits of increased co-packing production;
- the risk that Big Rock may not realize operational efficiencies or margin growth;
- 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 for the next 12 months.

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: 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; the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies; Big Rock's expectations that its continued focus on streamlining processes around forecasting and production planning will enable the Corporation to continue to realize operational efficiencies and drive margin growth; Big Rock's updated financial projections for fiscal 2024 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability; Big Rock's expectations that it will be in compliance with its financial covenants for the next 12 months; that Big Rock will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will achieve budget for the year; 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, are 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.