

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

		Three months ended June 30		Six months ended June 30	
	Note	2025	2024	2025	2024
Revenue					
Net revenue	3	16,567	12,344	27,767	20,926
Cost of sales	4	11,402	8,218	18,893	15,063
Gross profit		5,165	4,126	8,874	5,863
Expenses					
Selling expenses	4	3,110	2,945	5,375	5,241
General and administrative	4	1,559	1,686	2,774	3,264
Depreciation and amortization	4	101	162	230	324
Operating expenses		4,770	4,793	8,379	8,829
Operating income (loss)		395	(667)	495	(2,966)
Finance expenses		213	587	377	1,361
Gain on dispositions - net	8	—	(1,474)	—	(1,474)
Other income		(99)	—	(114)	—
Income (loss) before income taxes		281	220	232	(2,853)
Income tax recovery					
Deferred		—	—	—	—
		—	—	—	—
Net income (loss) and comprehensive income (loss)		281	220	232	(2,853)
Per share amounts					
Basic and diluted	5	\$ 0.01	\$ 0.03	\$ 0.01	\$ (0.41)
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	June 30, 2025	December 30, 2024
ASSETS			
Current			
Cash		631	372
Accounts receivable	6	5,541	2,804
Inventories	7	7,213	6,349
Prepaid expenses and deposits		1,721	1,389
Assets held for sale		51	51
		15,157	10,965
Non-current			
Property, plant, and equipment	8	30,694	28,198
Intangible assets		666	766
Deferred income tax		134	134
		31,494	29,098
Total assets		46,651	40,063
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	9	9,701	11,824
Current portion of lease liabilities	10	365	165
Current portion of debt	11	3,166	18,683
Share-based payments	13	57	141
		13,289	30,813
Non-current			
Lease liabilities	10	2,914	53
Debt	11	4,542	—
		7,456	53
EQUITY			
Shareholders' capital	12	130,463	113,910
Contributed surplus		3,109	3,185
Accumulated deficit		(107,666)	(107,898)
		25,906	9,197
Total liabilities and shareholders' equity		46,651	40,063
Going concern	2		
Commitments and contractual obligations	17		

See accompanying notes to the condensed interim consolidated financial statements.

On behalf of the Board of Directors: "Stephen Giblin"
Stephen Giblin, Director

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

		Three months ended June 30		Six months ended June 30	
	Note	2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income (loss) and comprehensive income (loss)		281	220	232	(2,853)
Items not affecting cash:					
Depreciation and amortization	4	529	827	1,069	1,654
Gain on dispositions - net		—	(1,474)	—	(1,474)
Share-based payments	13	28	(130)	61	(131)
Amortized debt issue costs		—	(23)	—	(12)
(Gain) Loss on debt modification		—	(58)	—	85
		838	(638)	1,362	(2,731)
Change in non-cash working capital related to operating activities	18	(406)	630	(6,013)	1,024
Cash provided by (used in) operating activities		432	(8)	(4,651)	(1,707)
FINANCING ACTIVITIES					
(Repayment)/ advances of operating facility	11	133	322	(947)	(1,507)
(Repayment)/ advances of second lien financing facility	11	—	—	(9,000)	4,200
Repayment of term debts	11	(165)	(176)	(1,028)	(347)
Repayment of lease liabilities	10	(24)	(130)	(144)	(282)
Common shares issued	12	—	—	17,400	—
Shares issued in settlement of stock-based compensation		—	135	—	135
Share issue costs	12	—	—	(984)	—
Repayments of share-based payments liability		(84)	—	(84)	—
Cash (used in) provided by financing activities		(140)	151	5,213	2,199
INVESTING ACTIVITIES					
Purchase of property, plant, and equipment	8	(323)	(926)	(510)	(1,653)
Proceeds from government grant	8	—	—	250	—
Proceeds from sale of property, plant, and equipment		—	2,728	—	2,728
Change in non-cash working capital related to investing activities	18	50	(1,597)	(43)	(1,717)
Cash (used in) provided by investing activities		(273)	205	(303)	(642)
Net increase (decrease) in cash		19	348	259	(150)
Cash, beginning of period		612	541	372	1,039
Cash, end of period		631	889	631	889

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' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2024		113,910	3,185	(107,898)	9,197
Share-based payments	13	—	61	—	61
Common shares issued, net of share issue costs	12	16,416	—	—	16,416
Shares issued from treasury	12	137	(137)	—	—
Net loss and comprehensive loss		—	—	232	232
As at June 30, 2025		130,463	3,109	(107,666)	25,906

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2023		113,775	3,182	(94,431)	22,526
Share-based payments	13	—	4	—	4
Shares held in trust issued	12	90	(90)	—	—
Shares issued from treasury	12	45	(45)	—	—
Net loss and comprehensive loss		—	—	(2,853)	(2,853)
As at June 30, 2024		113,910	3,051	(97,284)	19,677

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, ready to drink 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 and six months ended June 30, 2025 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 six months ended June 30, 2025, the Corporation used cash in operations of \$4.7 million. As at June 30, 2025 the Corporation had a working capital surplus of \$1.9 million and \$2.4 million drawn on its operating facility.

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 consolidated financial statements. Such adjustments could be material.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee. These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting on a basis consistent with the accounting, estimation and judgement policies described in the Company’s audited consolidated financial statements as at and for the year ended December 30, 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 consolidated financial statements and notes thereto for the year ended December 30, 2024.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 7, 2025.

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 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.

The condensed interim consolidated financial statements require management to make estimates and judgments that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts. Significant estimates and judgments used in the preparation of the condensed interim consolidated financial statements are described in the audited financial statements and notes thereto for the year ended December 30, 2024.

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:

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

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

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business 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, 2024. 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, 2024.

The preparation of these condensed interim consolidated financial statements requires management to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses. The key sources of estimation uncertainty and critical judgements applied are consistent with those disclosed in the annual audited consolidated financial statements for the year ended December 30, 2024. There have been no significant changes in estimates or judgements in the first half of 2025.

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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Gross product revenues	\$ 20,470	\$ 15,792	\$ 34,673	\$ 27,080
Federal excise taxes	(1,453)	(1,200)	(2,611)	(2,029)
Provincial liquor tax programs	(2,450)	(2,248)	(4,295)	(4,125)
Net revenue	\$ 16,567	\$ 12,344	\$ 27,767	\$ 20,926

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 income (loss) and comprehensive income (loss):

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Depreciation and amortization				
Cost of sales	\$ 428	\$ 665	\$ 839	\$ 1,330
Depreciation and amortization	101	162	230	324
Salaries, wages, and benefits				
Cost of sales	1,677	1,882	2,916	3,300
Selling expenses	683	602	1,297	1,205
General and administrative	595	576	1,197	1,266
Share based payments				
General and administrative	(56)	5	(23)	4

5. PER SHARE AMOUNTS

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net income (loss) - basic and diluted	\$ 281	\$ 220	\$ 232	\$ (2,853)
Weighted average shares				
Issued common shares	24,443	6,990	24,443	6,982
Effect of shares held in trust	—	—	—	—
Weighted average shares - basic	24,443	6,990	24,443	6,982
Effect of dilutive securities	—	523	—	—
Weighted average shares - diluted	24,443	7,513	24,443	6,982
Per share amounts				
Basic and diluted	\$ 0.01	\$ 0.03	\$ 0.01	\$ (0.41)

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. ACCOUNTS RECEIVABLE**

As at	June 30, 2025	December 30, 2024
Provincial liquor boards	2,115	1,338
Co-packing customer receivables	2,757	1,099
Federal and provincial tax program receivables	236	161
Other receivables	433	206
Total accounts receivable	5,541	2,804

The aging of trade receivables is as follows:

As at	June 30, 2025	December 30, 2024
Current	4,212	1,852
Past due 0-30 days	301	144
Past due 31-60 days	39	9
Past due > 60 days	409	265
Total trade receivables	4,961	2,270

7. INVENTORIES

As at	June 30, 2025	December 30, 2024
Raw materials and containers	2,120	1,839
Brews in progress	717	620
Finished product	3,099	2,616
Consignment product	1,242	1,236
Retail store	35	38
Total inventories	7,213	6,349

During the six months ended June 30, 2025, charges of \$0.6 million (2024 - \$0.5 million) were recorded to the condensed interim consolidated statements of income (loss) and comprehensive income (loss) relating to damaged or obsolete inventories. The amount of inventory recognized as an expense in the six months ended June 30, 2025 was \$7.7 million.

There were no reversals of amounts previously recorded in respect of inventory write-downs during the six months ended June 30, 2025, nor during the year ended December 30, 2024.

8. PROPERTY, PLANT, AND EQUIPMENT

	Land and Buildings	Machinery and equipment	Office furniture and equipment	Right of use assets	Total
Cost					
As at December 30, 2024	18,206	33,609	1,386	773	53,974
Additions	—	480	30	3,205	3,715
Adjustments	—	(250)	—	—	(250)
As at June 30, 2025	18,206	33,839	1,416	3,978	57,439
Accumulated depreciation					
As at December 30, 2024	4,570	19,280	1,288	638	25,776
Depreciation	245	562	19	143	969
As at June 30, 2025	4,815	19,842	1,307	781	26,745
Net book value					
As at December 30, 2024	13,636	14,329	98	135	28,198
As at June 30, 2025	13,391	13,997	109	3,197	30,694

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

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

During the six months ended June 30, 2025, the Corporation spent \$0.2 million related to the purchase of a more sustainable ready to drink beverage ("RTD") manufacturing process. The new system will increase the RTD volume output with a focus on safety and higher quality of product. The Corporation spent an additional \$0.3 million on other equipment improvements and furniture and fixtures.

In the first half of 2025, the Corporation entered into a new warehouse lease agreement in Calgary, Alberta. The lease has a commencement date of June 1, 2025 and a term of 5 years. As a result, the Corporation recognized \$3.2 million related to this right of use asset.

A government grant of \$0.3 million was received in the first quarter of 2025 related to the cartoner project that was completed in 2024.

Impairment

During the six months ended June 30, 2025, the Corporation determined that there are no indicators of impairment.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	June 30, 2025	December 30, 2024
Trade payables	4,128	4,146
Container deposits	523	518
Accrued interest on debt	—	2,265
Federal excise tax payable	835	636
Accruals and other	4,215	4,259
Total accounts payable and accrued liabilities	9,701	11,824

10. LEASE LIABILITIES

As at	June 30, 2025	December 30, 2024
Lease liabilities, beginning of year	218	3,002
Additions	3,205	—
Disposals	—	(2,201)
Interest expense	29	74
Lease payments	(173)	(657)
	3,279	218
Current	365	165
Non-current	2,914	53
	3,279	218

Big Rock has lease liabilities for contracts related to buildings, vehicle and equipment leases. The weighted average discount rate for the six months ended June 30, 2025 was 8.9 percent (2024 - 4.3 percent).

In the first half of 2025, the Corporation entered into a new warehouse lease agreement in Calgary, Alberta. The lease has a commencement date of June 1, 2025 and a term of 5 years.

Lease disposals in 2024 include a reduction of \$2.0 million of building lease liabilities upon assignment of the warehouse building lease.

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

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

11. DEBT

The Corporation has a credit facility with a financial institution owned by the Government of Alberta. The credit facility includes a revolving operating loan facility (the “**Operating facility**”) of \$6.0 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.

During the six months ended June 30, 2025, the Corporation repaid \$0.9 million of its ATB Financial (“**ATB**”) operating facility, \$1.0 million on its ATB term facilities and the \$9.0 million second lien financing facility with VN Capital through a debt-to-equity transaction on January 19, 2025.

Details on amounts outstanding under these facilities are as follows:

As at	June 30, 2025	December 30, 2024
Operating facility - principal	2,418	3,365
Term debt - principal and accrued interest	5,397	15,425
Debt issue costs	(107)	(107)
	7,708	18,683
Current	3,166	18,683
Non-current	4,542	—

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

	Expiry date	June 30, 2025	December 30, 2024
Tranche 1	March 31, 2025	—	9,000
Tranche 2	April 30, 2025	—	154
Tranche 3	February 28, 2026	37	381
Tranche 4	September 9, 2027	316	367
Tranche 5	February 28, 2031	2,336	2,400
Tranche 6	December 31, 2031	2,708	3,123
Total term debt outstanding		5,397	15,425

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 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, with the first calculation being December 31, 2025.

In addition, the Corporation must have a current minimum ratio of 1.25:1.00 which is assessed quarterly. The Corporation is required to perform a monthly assessment of its EBITDA targets which are defined in the loan agreement. ATB has first and floating charge debentures over all assets held by the Corporation.

As at June 30, 2025, the Corporation was in compliance with all its covenants.

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 June 30, 2025		As at December 30, 2024	
	# of shares	\$ Amount	# of shares	\$ Amount
Outstanding, beginning of year	6,998	113,910	6,974	113,775
Common shares issued through private placement	17,400	16,416	—	—
Shares issued from treasury	45	137	16	90
Shares held in trust issued	—	—	8	45
Outstanding, end of period	24,443	130,463	6,998	113,910

On January 21, 2025 the Corporation issued 17,400,000 common shares relating to the private placement, and an additional 44,787 common shares were issued from treasury in the first half of 2025.

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.

13. SHARE-BASED PAYMENTS

Share-based compensation expense, included in general and administrative expenses, and recognized in the condensed interim consolidated statements of net income (loss) and comprehensive income (loss) include:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Equity settled plans:				
Options expense	4	(30)	12	(19)
Restricted share unit expense	24	35	49	23
	28	5	61	4
Cash settled plans:				
RSUs fair value adjustments	(84)	—	(84)	—
Total share-based payments	(56)	5	(23)	4

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

The Corporation's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, debt and share-based payments.

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

The Corporation's categories of financial instruments are:

Classification of Financial Instrument	Designated as	June 30, 2025		December 30, 2024	
		Carrying Amount	Fair Value Amount	Carrying Amount	Fair Value Amount
Financial assets:					
Cash	Amortized cost	631	631	372	372
Accounts receivable	Amortized cost	5,541	5,541	2,804	2,804
Financial liabilities:					
Accounts payable and accrued liabilities	Amortized cost	9,701	9,701	11,824	11,824
Debt	Amortized cost	7,708	7,708	18,683	18,683
Share-based payments	Fair value - Level 1	57	57	141	141

Fair value measurement

Big Rock uses the following hierarchy for determining and disclosing the fair value of financial instruments

- Level 1 - quoted prices in active markets
- Level 2 - inputs other than quoted prices that are observable
- Level 3 - unobservable inputs

Risk management

The Corporation's financial risk management policies associated with these financial instruments and the policies on how to mitigate these risks remain consistent with those disclosed in the consolidated annual financial statements dated December 30, 2024. No significant changes in exposure to foreign exchange, interest rate, credit or liquidity risk during the interim period.

Commodity price risk

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

Tax risk

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

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

Market Risk

The Corporation is exposed to other price risks arising from the potential of import tariffs on raw materials and brewing equipment. Key inputs such as hops, specialty malts and packaging materials are sourced internationally. Changes in tariffs, particularly in relation to the U.S. trade policies can materially affect costs and the value of related financial instruments such as trade

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

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

payables. Big Rock has been engaging with policymakers and carefully reviewing our procurement strategies to mitigate the potential operational and economic impact these changes may have.

15. 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	June 30, 2025	December 30, 2024
Debt	7,708	18,683
Lease liabilities	3,279	218
Total debt	10,987	18,901
Shareholders' equity		
Shareholders' capital	130,463	113,910
Contributed surplus	3,109	3,185
Accumulated deficit	(107,666)	(107,898)
Total shareholders' equity	25,906	9,197
Total debt and shareholders' equity	36,893	28,098
Less: Cash	(631)	(372)
Total capitalization (total debt plus shareholders' equity, net of cash balances)	36,262	27,726

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 11.

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

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

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

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

Six months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
Net revenue	27,587	20,588	242	396	(62)	(58)	27,767	20,926
Cost of sales	18,755	14,943	200	178	(62)	(58)	18,893	15,063
Gross profit	8,832	5,645	42	218	—	—	8,874	5,863
Selling expenses	5,367	5,237	8	4	—	—	5,375	5,241
Segment profit	3,465	408	34	214	—	—	3,499	622
General and administrative cost							2,774	3,264
Depreciation and amortization							230	324
Operating income (loss)							495	(2,966)
Finance expenses							377	1,361
Gain on dispositions - net							—	(1,474)
Other income							(114)	—
Income (loss) before income taxes							232	(2,853)

Three months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
Net revenue	16,455	12,119	143	253	(31)	(28)	16,567	12,344
Cost of sales	11,316	8,150	117	96	(31)	(28)	11,402	8,218
Gross profit	5,139	3,969	26	157	—	—	5,165	4,126
Selling expenses	3,103	2,945	7	—	—	—	3,110	2,945
Segment profit	2,036	1,024	19	157	—	—	2,055	1,181
General and administrative cost							1,559	1,686
Depreciation and amortization							101	162
Operating income (loss)							395	(667)
Finance expenses							213	587
Gain on dispositions - net							—	(1,474)
Other (income)							(99)	—
Income before income taxes							281	220

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***17. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

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

	2025	2026	2027	2028	2029	Thereafter
Utilities contracts	312	624	—	—	—	—
Raw material purchase commitments	1,413	103	53	—	—	—
Marketing sponsorships	180	115	115	—	—	—
Capital commitments	1,868	—	—	—	—	—
Total	3,773	842	168	—	—	—

During the first quarter, the Corporation entered into a \$2.1 million purchase commitment for the purchase of an RTD improvement system which will increase the RTD volume output with a focus on safety and higher quality of product. To date \$0.2 million has been paid on this project with the balance to be paid throughout the second half of 2025.

18. SUPPLEMENTAL CASH FLOW DISCLOSURES

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash provided by (used in):				
Accounts receivable	(952)	(2,333)	(2,737)	(3,038)
Inventories	(135)	(121)	(864)	786
Prepaid expenses and deposits	(498)	295	(332)	622
Property, plant, and equipment	8	—	—	—
Accounts payable and accrued liabilities	1,221	1,191	(2,123)	936
Total change in non-cash working capital	(356)	(968)	(6,056)	(694)
Total change in non-cash working capital allocated to:				
Operating	(406)	629	(6,013)	1,023
Investing	50	(1,597)	(43)	(1,717)
	(356)	(968)	(6,056)	(694)

Supplemental cash-flow information

Interest paid	213	327	377	581
---------------	-----	-----	-----	-----