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 years ended December 30, 2024 and 2023.

This MD&A should be read in conjunction with the audited consolidated financial statements of the Corporation and accompanying notes as at and for the years ended December 30, 2024 and 2023 (the "2024 Annual Financial Statements"). The 2024 Annual 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, 2024 (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 March 20, 2025.

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 RTD 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, RTD beverages, and non-alcoholic beverages, primarily in Canada. The Corporation owns and operates a production facility in Alberta. Today, Big Rock's primary brewing, packaging and warehousing facility is in Calgary, Alberta and has been in operation since 1996. Big Rock has a distribution facility in Calgary and a cross-docking arrangement in Edmonton, and sales staff resident in Alberta, BC, Saskatchewan, as well as sales agencies in place in Manitoba, and Ontario.

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

FOURTH QUARTER AND ANNUAL 2024 HIGHLIGHTS

For the three months ended December 30, 2024, compared to the three months ended December 30, 2023, the Corporation reported:

- wholesale sales volumes down 4.3% to 33,808 hectolitres ("**hl**") compared to 35,314 hl;
- contract sales volumes up 189.2% to 28,779 hl compared to 9,952 hl;
- total sales volumes up 38.3% to 62,587 hl compared to 45,266 hl;
- net revenue increased by 7.7% to $9.7 million from $9.0 million;
- operating loss increased by 87.6% to $2.8 million compared to $1.5 million;
- net loss increased by $7.6 million to $9.7 million due to an increase in one-time costs of $7.2 million compared to 2023 largely attributed to non-cash charges incurred when non-core assets were rationalized; and
- Adjusted EBITDA decreased by $0.3 million to $(1.0) million. Adjusted EBITDA is a non-GAAP (as defined herein) financial measure, see "*Non-GAAP Measures*".

For the year ended December 30, 2024, compared to the year ended December 30, 2023, the Corporation reported:

- wholesale sales volumes down 5.6% to 148,384 hl from 157,203 hl;
- contract sales volumes increased 11.9% to 82,598 hl compared to 73,810 hl;
- total sales volumes flat at 230,982 hl compared to 231,013 hl;
- net revenue is relatively steady at $43.4 million compared to $43.7 million;
- operating loss increased to $6.1 million from $1.6 million;
- net loss increased to $13.5 million from $2.9 million due to an increase in one-time costs of $8.2 million compared to 2023 largely attributed to non-cash charges incurrent when non-core assets were rationalized;
- Adjusted EBITDA decreased by $4.4 million to $(2.2) million; and
- $0.7 million of term debt was repaid and $3.4 million drawn in the year ended December 30, 2024 on the operating facility for total debt of $18.7 million, representing an increase of $2.1 million from the $16.6 million outstanding at December 31, 2023.

$000, except hl and per share amounts	Three months ended December 30		Year ended December 30	
	2024	2023	**2024**	2023
Sales volumes - wholesale (hl)	**33,808**	35,314	**148,384**	157,203
Sales volumes – contract (hl)	**28,779**	9,952	**82,598**	73,810
Gross revenue	**$ 13,116**	$ 11,847	**$ 57,257**	$ 58,503
Net revenue	**9,664**	8,971	**43,364**	43,677
Cost of sales	**8,723**	6,236	**32,650**	30,726
Adjusted EBITDA [(1)]	**(1,022)**	(701)	**(2,182)**	2,188
Operating loss	**(2,830)**	(1,508)	**(6,143)**	(1,554)
Net loss	**(9,676)**	(2,111)	**(13,467)**	(2,933)
Loss per share (basic & diluted)	**$ (1.41)**	$ (0.31)	**$ (1.92)**	$ (0.42)

(1) 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 and gain market share within its contract production business. 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 to enable the Corporation to gain market share.

Co-packing partnerships are an important revenue stream and are a significant area of focus for Big Rock as they allow the Corporation to mitigate the historically seasonal nature of the industry while taking advantage of the high degree of operating leverage and fixed costs built into Big Rock's existing cost structure. This focus is expected to increase margins and overhead absorption as volumes increase. The loss of a key co-pack partner in the last half of 2023 has had a negative effect on the financial results throughout most of 2024, however Big Rock was able to secure two multi-year co-packing agreements on August 12, 2024 and November 26, 2024 which the Corporation anticipates will collectively increase production volumes by more than 100,000 hl annually. These anticipated volume increases were becoming evident in the last quarter of 2024, as December was one of Big Rock's most productive months in company history.

Big Rock's sales volumes for the fourth quarter of 2024 were up 38.32% compared to the same period in 2023. Revenues (including beer, cider, non-alcoholic and RTD beverages) increased 7.7% in the fourth quarter compared to the same period in 2023. This continues to demonstrate the strength of the Corporation's efforts to align with consumer demand and focus on premium product innovation and development as well as lean into the co-packing segment of our business.

As Big Rock continued to advance its strategic goals and efforts throughout 2024 to solidify the Corporation's operational and financial strength, its management team identified key capital investments to support these endeavors and meet the needs for Big Rock's own products and those of its co-packing partners.

In late July 2024, the Corporation completed the installation and commissioning of a QuikFlex$_{TM}$ 2100G[3] ("QuikFlex") packaging machine manufactured by Graphic Packaging International, one of the world's leading providers of integrated solutions for packaging, materials, printing, and automation. QuikFlex represents the latest technology in a flexible, high-speed, continuous-motion packer designed to package single tiers of cans in various configurations and features automatic loading. QuikFlex has been integrated with the Corporation's high-speed canning line that was upgraded during 2022 which has allowed the Corporation to package products in formats to align with the preference of customers and allow for greater flexibility moving forward, helping Big Rock be more competitive and reduce reliance on third parties for packaging. The Corporation made the decision to streamline operations and increase operating efficiencies with the permanent closure of Big Rock's Vancouver location at the conclusion of its lease in July 2024, as well as the sale of its Edmonton distribution facility in June 2024. Big Rock has also decided not to renew the lease of the Liberty Village brewery in Ontario which expires on April 30, 2025. The streamlining of operations will improve cashflows and allow the Corporation to focus on the core sales areas.

With the closing of the Edmonton facility, the Corporation has been able to concentrate its inventory in Calgary and achieve additional operational efficiencies via the introduction of a seamless cross-docking relationship with a local Edmonton-based trucking company. The facility sale also provided funding to assist with the Corporation's capital expenditure program described above. In December 2024, as a result of the sale of the Edmonton warehouse and increased production, the Corporation entered into 5-year lease on 88,156 square feet of warehouse space in Calgary which will commence on June 1, 2025. The sale of the Edmonton facility and the new warehouse lease in Calgary will improve cash flow by reducing third party logistics costs in 2025 and more importantly allow Big Rock to leverage its distribution license.

In conjunction with the items highlighted above, the Corporation brought in a new management team led by David Kinder who was appointed as President and Chief Executive Officer on January 8, 2024. The corporation also hired James Chong as Chief Financial Officer and Robert Ritchie, Director of Brewery Operations in 2024. Additionally, Linda Thomas and George Croft were appointed to the Board of Directors on May 14, 2024.

The Corporation improved liquidity by completing the additional of a $4.2 million tranche to its existing second lien financing (the "Second Lien Financing") with the Corporation's largest shareholder, VN Capital Fund I, LP ("**VN Capital**") on January 17, 2024. An additional $0.5 million tranche was approved by VN Capital to fund strategic growth capital aimed at increasing capacity to produce RTD beverages primarily for our co packaging contract partners.

On January 7, 2025, Big Rock announced that it had executed a binding debt settlement agreement (the "**Debt Settlement Agreement**") with VN Capital in respect of the settlement of all indebtedness and liabilities owing by the Corporation to VN Capital under the Second Lien Facility (the "**Debt Settlement**"). Big Rock also announced that concurrent with the Debt Settlement, it intended to complete a private placement (the "**Private Placement**") of Common Shares at a price of $1.00 per Common Share for gross proceeds of a minimum of $6.3 million and a maximum of $8.0 million.

On January 14, 2025, Big Rock announced that it had increased the maximum size of its previously announced Private Placement from $8.0 million to $8.4 million. The net proceeds of the Private Placement, after payment of expenses and approximately $2.3 million pursuant to the Debt Settlement, were to be used to repay $0.7 million of indebtedness under the Corporation's credit agreement with its senior lender, ATB Financial ("**ATB**"), for investment in capital projects and for working capital purposes.

On January 20, 2025, as a condition to the Debt Settlement, the Corporation amended and restated its credit agreement with ATB Financial in order to, among other things, contemplate the Debt Settlement and amend certain of its covenants (including financial and reporting covenants) thereunder.

On January 21, 2025, Big Rock announced the closing of its previously announced Debt Settlement of all indebtedness and liabilities owing by the Corporation to VN Capital. VN Capital was issued an aggregate of 9,000,000 Common Shares pursuant to the Debt Settlement. Following closing of the Debt Settlement, VN Capital owned or controlled (directly or indirectly), approximately 11,017,100 Common Shares. On January 21, 2025, Big Rock also announced the closing of its previously announced concurrent Private Placement of Common Shares at a price of $1.00 per Common Share for gross proceeds of $8.4 million. The net result of this recapitalization is a substantially deleveraged balance sheet while providing the capital required to grow Big Rocks capability and capacity in the ready to drink beverage market segment.

The Corporation has developed and maintains financial projections for fiscal 2025 that show sufficient cash flows to cover forecasted expenses and is projecting a return to profitability. ATB has imposed a number of positive and negative covenants on the Corporation including a rolling 12-month fixed charge ratio, which is required to be a minimum of 1.15 to 1, and a current minimum ratio of 1.25:1.00 which is assessed monthly. The Corporation is required to perform a monthly assessment of its EBITDA targets which are defined in the loan agreement.

On December 30, 2024, the Corporation was not compliant with its fixed charge coverage ratio. In January 2025, the ATB provided a commitment letter which provided a waiver for this covenant for the fiscal 2024 year end. Had this been obtained on or before December 30, 2024 $9.0 million in ATB debt would have been classified as non-current as opposed to current on the balance sheet. As this issue was resolved in January 2025, the classification of ATB debt will follow the maturities outlined in the notes to the financial statements.

Due to the current macroeconomic uncertainty, including the threat of tariffs on aluminum and other materials, as well as recent changes to the Alberta mark-up rate on alcohol sales, 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.

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 2025 fiscal year.

Despite improved production performance, there remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The 2024 Annual Financial Statements include a “Going Concern” note, but do not include adjustments to the recoverability and classification of recorded asset and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying 2024 Annual Financial Statements.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is a summary of selected financial information for the last three years:

$000, except per share amounts	Year ended December 30,		
	2024	2023	2022
Gross revenue	**$ 57,257**	$ 58,503	$ 63,918
Net revenue	**43,364**	43,677	47,098
Net loss	**(13,467)**	(2,933)	(7,101)
Loss per share (basic and diluted)	**(1.92)**	(0.42)	(1.02)
Total assets	**$ 40,063**	$ 52,791	$ 51,626
Total non-current financial liabilities	**$ 53**	$ 14,087	$ 11,322

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 dependent on numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, mainly in Western Canada. The selected quarterly information is consistent with these industry trends.

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

($000, except hl and per share amounts)	**Q4/24**	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Sales volumes – Wholesale (hl)	**33,808**	41,705	40,519	32,352	35,314	44,451	43,660	33,778
Sales volumes – Contract (hl)	**28,779**	24,277	16,690	12,852	9,952	8,949	26,293	28,616
Net revenue	**9,664**	12,774	12,344	8,582	8,971	11,553	12,702	10,451
Cost of sales	**8,723**	8,864	8,218	6,845	6,236	8,098	8,904	7,488
Operating (loss) income	**(2,830)**	(347)	(667)	(2,299)	(1,508)	55	43	(144)
Adjusted EBITDA [1]	**(1,022)**	281	165	(1,473)	(701)	999	1,188	701
Net loss	**(9,676)**	(938)	220	(3,073)	(2,111)	(227)	(340)	(255)
Loss per share (basic & diluted)	**$(1.41)**	$ (0.13)	$ 0.03	$ (0.44)	$ (0.31)	$ (0.05)	$ (0.04)	$ (0.60)

(1) 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 between the two as follows:

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2024	2023	Change	**2024**	2023	Change
Net income (loss)	**$ (9,676)**	$ (2,111)	$ (7,565)	**$ (13,467)**	$ (2,933)	$ (10,534)
Addback:						
Interest	**523**	557	(34)	**2,600**	2,118	482
Taxes	**—**	—	—	**—**	(312)	312
Depreciation and amortization	**696**	759	(63)	**2,901**	3,734	(833)
Share based payments	**190**	36	154	**138**	(90)	228
Loss (gain) on disposal of assets	**4,354**	58	4,296	**2,755**	(329)	3,084
Impairment	**1,627**	—	1,627	**1,627**	—	1,627
Contingent liability	**227**	—	227	**227**	—	227
Obsolete inventory	**356**	—	356	**356**	—	356
Bad debt expense	**405**	—	405	**405**	—	405
Other expenses	**276**	—	276	**276**	—	276
Adjusted EBITDA [1]	**$ (1,022)**	$ (701)	$ (321)	**$ (2,182)**	$ 2,188	$ (4,370)

[1] See "*Non-GAAP Measures*".

Adjusted EBITDA in the three months ended December 30, 2024 decreased by $0.3 million in comparison to the comparative period in the prior year and decreased $4.4 million for the year compared to 2023. The decreased Adjusted EBITDA is primarily attributable to increased production costs and product mix variances.

Net Revenue

Net revenue includes 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.

($000, except sales volumes)	Three months ended December 30			Year ended December 30		
	2024	2023	Change	**2024**	2023	Change
Sales volumes (hl)	**62,587**	45,266	17,321	**230,981**	231,013	(32)
Gross revenue	**$ 13,116**	$ 11,847	$ 1,269	**$ 57,257**	$ 58,503	$ (1,246)
Federal excise taxes	**(1,555)**	(747)	(808)	**(5,558)**	(5,061)	(497)
Provincial liquor tax programs	**(1,897)**	(2,129)	232	**(8,335)**	(9,765)	1,430
Net revenue	**$ 9,664**	$ 8,971	$ 693	**$ 43,364**	$ 43,677	$ (313)
$ per hl						
Net revenue per hl	**$ 154.41**	$ 198.18	$ (43.77)	**$187.74**	$ 189.07	$ (1.33)

Sales volumes for the fourth quarter increased by 38.3% mainly due to the new sales contract that was entered into in the third quarter of 2024. The increase in the fourth quarter volumes were offset by lower volumes in the first three quarters of the year resulting in flat overall volumes compared to the same periods in 2023. Even with the continued declining market for alcoholic beverage consumption in Canada and increased excise taxes the Corporation was able to maintain a steady net revenue.

Retail revenue stayed consistent in the fourth quarter of 2024 at $0.2 million and for the year ended December 30, 2024 at $0.9 million compared to the same periods in 2023. The retail segment represents roughly 2% of the Corporation's annual sales.

Cost of Sales

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2024	2023	Change	**2024**	2023	Change
Operating expenses and raw materials	**$ 6,375**	$ 4,267	$ 2,108	**$ 23,550**	$ 21,568	$ 1,982
Salaries and benefits	**1,775**	1,356	419	**6,732**	6,054	678
Depreciation and amortization	**573**	613	(40)	**2,368**	3,104	(736)
Cost of sales	**8,723**	$ 6,236	$ 2,487	**$ 32,650**	$ 30,726	$ 1,924
Percentage of revenue	**90.3%**	69.5%		**75.3%**	70.3%	

Cost of sales for the quarter ended December 30, 2024 increased period-over-period by $2.5 million and $1.9 million for the year ended December 30, 2024 compared to 2023. These increases were primarily driven by increased production volumes in the fourth quarter as well as increased salaries and benefits to meet the operational needs of the increased volumes as well as build the company's workforce back up to where it was in prior years.

Cost of sales as a percentage of net revenue was higher in the fourth quarter and full year of 2024 compared to the same periods in 2023. This was largely due to an increase in key raw materials consistent with the increased sales volumes in the fourth quarter, and overall pricing increases. The Corporation also continued to produce volumes at a higher rate than sales through the first three quarters of 2024 to factor in the fixed costs incurred in that period.

Selling Expenses

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2024	2023	Change	**2024**	2023	Change
Delivery and distribution costs	**$1,438**	$ 1,127	$ 311	**$ 4,795**	$ 4,708	$ 87
Salaries and benefits	**577**	548	29	**2,408**	2,090	318
Marketing and sales expenses	**111**	693	(582)	**2,857**	2,282	575
Selling expenses	**$ 2,126**	$ 2,368	$ (242)	**$ 10,060**	$ 9,080	$ 980
Percentage of revenue	**22.0%**	26.4%		**23.2%**	20.8%	

Selling expenses increased by $0.3 million in the fourth quarter of 2024 compared to 2023, as increased delivery and distribution costs related to third party storage and handling and increased sales volumes, were partially offset by savings in marketing and sales expenses due to the seasonality of the business. For the full year of 2024, selling expenses were $1.0 million higher than 2023 primarily due to increased marketing and sales expenses relating to additional sales initiatives and programs and staffing costs associated with filling vacancies from 2023.

General and Administrative Expenses

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2024	2023	Change	**2024**	2023	Change
Salaries and benefits	**$ 599**	$ 502	$ 97	**$ 2,577**	$ 1,707	$ 870
Share based payments	**190**	37	153	**138**	(90)	228
Professional fees	**405**	170	235	**1,158**	849	309
Other administrative expenses	**328**	1,020	(692)	**2,391**	2,334	57
General and administrative expenses	**$ 1,522**	$ 1,729	$ (207)	**$ 6,264**	$ 4,800	$ 1,464
Percentage of revenue	**15.7%**	19.3%		**14.4%**	11.0%	

General and administrative expenses for the three months and year ended December 30, 2024 decreased by $0.2 million and increased by $1.5 million respectively, compared to the same periods in 2023. In 2024 the corporation added pertinent operations staff for the anticipated increase in volumes, that were previously cut in the prior year. The corporation also wrote off an accounts receivable of $0.3 million in 2024.

Finance Expense

Finance expenses of $0.5 million in the fourth quarter of 2024 and $2.6 million for the year ended December 30, 2024 were $0.1 million and $0.5 million higher, respectively, than the corresponding periods in 2023. Such increases were primarily due to higher interest rates and the injection of additional short-term debt from VN Capital late in fiscal 2023. The increase was slightly offset by a decrease in interest on lease liabilities with the expiry of the Vancouver brewery lease in July 2024.

SEGMENTED INFORMATION

The Corporation has two reportable business segments, wholesale and retail, which are monitored by executive management for the purpose of making decisions about resource allocation and performance management. The wholesale segment 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. The retail segment includes 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

Year ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	**2024**	2023
Net revenue	42,533	42,975	944	890	(113)	(188)	**43,364**	43,677
Cost of sales	32,222	30,342	541	572	(113)	(188)	**32,650**	30,726
Gross profit	10,311	12,633	403	318	–	–	**10,714**	12,951
Selling expenses	10,032	9,064	28	16	–	–	**10,060**	9,080
Segment profit	**279**	3,569	375	302	–	**–**	**654**	3,871
General and administrative cost							**6,264**	4,800
Depreciation and amortization							**533**	625
Operating (loss)							**(6,143)**	(1,554)
Finance expense							**2,600**	2,118
Gain on disposition							**2,755**	(329)
Impairment							**1,627**	–
Other expenses (income)							**342**	(98)
Loss before income taxes							**(13,467)**	(3,245)

Three months ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	**2024**	2023
Net revenue	9,501	8,797	187	207	(24)	(33)	**9,664**	8,971
Cost of sales	8,521	6,134	226	135	(24)	(33)	**8,723**	6,236
Gross profit (loss)	980	2,663	(39)	72	–	–	**941**	2,735
Selling expenses	2,111	2,364	15	4	–	–	**2,126**	2,368
Segment (loss) profit	**(1,131)**	299	(54)	68	–	**–**	**(1,185)**	367
General and administrative cost							**1,522**	1,729
Depreciation and amortization							**123**	146
Operating loss							**(2,829)**	(1,508)
Finance expense							**523**	557
Gain on disposition							**4,354**	–
Impairment							**1,627**	–
Other expenses							**342**	45
Loss before income taxes							**(9,675)**	(2,111)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	**December 30, 2024**	December 30, 2023
Debt	**18,683**	16,593
Lease liabilities [(1)]	**218**	3,002
Less: Cash	**(372)**	(1,039)
Net debt [(2)]	**18,529**	18,556
Shareholders' equity:		
Shareholders' capital	**113,910**	113,775
Contributed surplus	**3,185**	3,182
Accumulated deficit	**(107,898)**	(94,431)
Total shareholders' equity	**9,197**	22,526
Total capitalization [(3)]	**27,726**	41,082
Net debt to total capitalization ratio [(4)]	**66.8%**	45.2%

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

Capital Strategy

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

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

Net Working Capital

Net working capital is a capital management measure and is defined as current assets less accounts payable, accrued liabilities, and current portion of debt (see *"Non-GAAP Measures")*. The Corporation had a net working capital deficit of $19.8 million as of December 30, 2024. This represents a decline of $18.3 million from December 30, 2023 resulting from decreased inventory levels, as well as additional current debt associated with increase to the VN Capital second lien facility and the reclassification of ATB loan balances from non-current to current. (see *"Liquidity and Capital Resources - Debt"*).

Debt

During the year ended December 30, 2024, the Corporation repaid $0.7 million of term debt and drew $3.4 million on its operating facility with ATB. Details on amounts outstanding under the Corporation's credit facilities are as follows:

($000)	**December 30, 2024**	December 30, 2023
Operating facility – principal	**3,365**	5,290
Term debt - principal and accrued interest	**15,425**	11,461
Debt issue costs	**(107)**	(158)
	18,683	16,593
Current	**18,683**	4,849
Non-current	**—**	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	**December 30, 2024**	December 30, 2023
Tranche 1	March 31, 2025	**9,000**	4,300
Tranche 2	April 30, 2025	**154**	368
Tranche 3	February 28, 2026	**381**	584
Tranche 4	September 9, 2027	**367**	458
Tranche 5	February 28, 2031	**2,400**	2,499
Tranche 6	December 31, 2031	**3,123**	3,252
Total term debt outstanding		**15,425**	11,461

At December 30, 2024, the Corporation had $2.6 million available on its operating facility. The Corporation remains current with each of its remittances to the Canada Revenue Agency.

In January 2024, the Corporation announced that it had added $4.2 million in borrowings from VN Capital for a combined Second Lien Facility total of $8.5 million. The maturity date of the Second Lien Facility was also extended from June 30, 2024 to December 31, 2024. On November 20, 2024 the Corporation added an additional $0.5 million to the Second Lein Facility and a further extended the maturity date to March 31, 2025. The additional $4.7 million Second Lien Financing was used to finance working capital, capital projects and to satisfy a $0.6 million shortfall of the covenanted Adjusted EBITDA target in the fourth quarter of 2024. Prior to its full repayment in January 2025, the Second Lien Facility was subordinate to the senior credit arrangement with ATB .

Under terms of the Corporation’s credit facilities with ATB (which were amended in January 2025) there are several positive and negative covenants on the Corporation, including the maintenance of certain financial covenants which are tested monthly. The rolling fixed charge ratio was waived by ATB for the entirety of fiscal 2024. Beginning in 2025, the rolling fixed charge ratio shall not be less than 1.15:1.00 reported on an annual basis based on a trailing 12-month period, with the first calculation being December 31, 2025. The Corporation is also subject to a current ratio that is to be monitored and tested monthly and shall not be less than 1.25:1.00. In addition, the Corporation is subject to an EBITDA covenant where the Corporation’s EBITDA shall be no less than reflected in the table below.

Fiscal quarter ending:	**Minimum EBITDA – year-to-date, ($000)**
March 31, 2025	365
June 30, 2025	1,230
September 30, 2025	2,230
December 30, 2025	2,600

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

Lease Liabilities

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

($000)	**December 30, 2024**	December 30, 2023
Lease liabilities, beginning of year	**3,002**	3,767
Additions	**—**	—
Disposals	**(2,201)**	(18)
Interest expense	**74**	136
Lease payments	**(657)**	(883)
Lease liabilities, end of year	**218**	3,002
Current	**165**	659
Non-current	**53**	2,343

Capital Expenditures

During the year ended December 30, 2024, $3.3 million (fourth quarter of 2024 - $0.1 million) was spent on installation and commissioning of a QuikFlex$_{TM}$ 2100G^3 packaging machine for packaging, materials, printing, and automation, installation and commissioning two machines that bind four, six and eight-pack products with "Earthrings," an environmentally-friendly, 100% recyclable, compostable binding for cans.

Equity

As of the date of this MD&A, the Corporation had 6,997,843 common shares outstanding.

In addition, as of the date of this MD&A, 29,176 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".

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

($000)	2025	2026	2027	2028 and thereafter
Utilities contracts	624	624	—	—
Raw material purchase commitments	1,703	140	72	—
Marketing sponsorships	230	115	115	—
Total	**2,557**	**879**	**187**	—

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 consolidated financial statements for the year ended December 30, 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. Despite the noted improvements in fourth quarter volumes on a year-over-year basis, during the year ended December 30, 2024, the Corporation incurred a net loss of $13.5 million and used cash in operations of $1.5 million and as at that date had negative working capital of $19.8 million. The Corporation had $3.4 million drawn on its operating facility as at December 30, 2024. The ATB credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 15 of the 2024 Annual Financial Statements.

There remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The 2024 Annual Financial Statements do not include adjustments to the recoverability and classification of recorded asset and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the 2024 Annual Financial Statements. Such adjustments could be material.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates in the three months and one year ended December 30, 2024. Further information on the Corporation's accounting policies, critical estimates, and judgements can be found in the notes to the 2024 Annual Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Big Rock did not use any derivative financial instruments or other instruments in the three months or years ended December 30, 2024, and December 30, 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 quarterly issues a Certification of Interim Filings ("**Certification**"). The Certification requires certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**").

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

There were no changes in the Corporation's internal control over financial reporting during the year ended December 30, 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 capital management measure that is defined as current assets less accounts payable, accrued liabilities, and current portion of debt. It is utilized by the Corporation as a measure of liquidity and to assess the Corporation's ability to repay current obligations from current assets.

Net debt: is a capital management measure that is defined as the Corporation's current and non-current portions of debt, and lease liabilities less cash. It 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. It is utilized by the Corporation in the assessment of the financial leverage of the Corporation in comparison to its equity to assess the Corporation's 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. It 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, among other things, the following:

- Big Rock's long-term growth strategy and the anticipated benefits to be derived therefrom;
- Big Rock's expectations that with greater operational efficiencies derived from greater production volumes, the Corporation will aim to improve its competitiveness and gain market share within its branded portfolio;
- Big Rock's expectation that the Corporation will remain focused on innovation and co-creation of new products with its strategic partners;
- Big Rock's expectation that the Corporation will capitalize on increased market demand in certain product categories to enable the Corporation to gain market share;
- Big Rock's expectation that its focus on co-packing partnerships will increase margins and overhead absorption as volumes increase;
- Big Rock's expectations with respect to its new multi-year co-packing agreements, including that they will collectively increase production volumes by more than 100,000 hl annually;
- Big Rock's belief that 2024 fourth quarter results demonstrate the strength of the Corporation's efforts to align with consumer demand and focus on premium product innovation and development as well as lean into the co-packing segment of its business;
- Big Rock's expectations regarding its strategic goals and efforts throughout 2025;
- Big Rock plans not to renew its lease of the Liberty Village brewery in Ontario and the anticipated
- benefits therefrom;
- Big Rock's plans to continue to maintain its manufacturing licenses and brew high-quality products in BC and Ontario;
- Big Rock's expectations regarding the sale of its Edmonton facility and its new warehouse lease in Calgary, including that such are expected to improve cash flow by reducing third party logistics costs in 2025 and allowing the Corporation to leverage its distribution license;
- Big Rock's expectations regarding the current macroeconomic uncertainty, including the threat of tariffs on aluminum and other materials, as well as recent changes to the Alberta mark-up rate on alcohol sales, including that Big Rock will continue to engage with policymakers and carefully reviewing its procurement strategies to mitigate the potential operational and economic impact these changes may have;
- 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 expectations regarding the non-alcoholic market and its growth;
- Big Rock's updated financial projections for fiscal 2025 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability;
- that Big Rock is positioned for further growth;
- that Big Rock will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will meet expectations for the 2025 fiscal year;
- Big Rock's business plans, outlook, and strategy;
- 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;
- volumes in the current fiscal year will remain constant or will increase;
- 2025 co-packing volumes will return to or exceed 2023 levels;
- that 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 increase market demand 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; and
- the potential scope and duration of tariffs, export taxes, export restrictions or other trade actions.

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

- that the year-over-year growth in Big Rock's co-packing arrangements may be less than anticipated;
- the inability to grow demand for Big Rock's products;
- the risk that Big Rock may not have an increase in market demand or market share;
- the risk that 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;
- the risk that Big Rock may not be in compliance with its financial covenants under its ATB credit facilities; and
- that the U.S. and/or Canadian governments increase the rate or scope of new tariffs effected on March 4, 2025 (and subsequently paused on March 6, 2025, if they come into effect in the future) or impose new tariffs on the import of goods from one country to the other.

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; 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; 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.