

To the Shareholders of Big Rock Brewery Inc.:

Opinion

We have audited the consolidated financial statements of Big Rock Brewery Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as at December 30, 2025 and December 30, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 30, 2025 and December 30, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Corporation incurred a net operating loss and had negative cash flows from operations during the year ended December 30, 2025 and, as of that date, the Corporation had a working capital balance. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Inventory Valuation

Key Audit Matter Description

Inventory comprises raw materials, work-in-process and finished goods and is carried at the lower of cost and net realizable value. Inventory cost is determined using expenditures incurred to acquire the raw materials and convert the materials into finished goods. Net realizable value is determined using the estimated selling price in the ordinary course of business, less estimated costs to finish and sell the products. The accounting policy choice is described in Note 3 and inventory details is described in Note 12 to the consolidated financial statements.

Due to the level of estimation involved in determining the overhead allocated to finished goods inventory, we have determined that inventory valuation is a key audit matter.

Audit Response

We responded to this matter by performing procedures in relation to the valuation and measurement of inventory. Our audit work in relation to this included, but was not limited to, the following:

- Obtained an understanding of the Corporation's controls and tested the design and implementation of those controls, including those related to management's process for developing the estimates used in the determination of costs;
- Obtained an understanding of how the standard costs were calculated and the estimates therein and tested the inputs used to derive the standard costs for each type of product. Assessed management's analysis of how standard costs compare to actuals and any resulting adjustments;
- Assessed that inventory at year-end was recorded at the lower of cost and net realizable value by comparing a sample of inventory items to the most recent sales price of the inventory items; and

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brad Frampton.

Calgary, Alberta

March 27, 2026

MNP LLP

Chartered Professional Accountants

March 27, 2026

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Big Rock Brewery Inc. ("Big Rock") and all information in Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity, and objectivity of the consolidated financial statements within reasonable limits of materiality and has ensured consistency with the financial information presented elsewhere in Management's Discussion and Analysis.

To assist management in the discharge of these responsibilities, Big Rock has established an organizational structure that provides appropriate delegation of authority, division of responsibilities, and selection and training of properly qualified personnel. Management is also responsible for the development of internal controls over the financial reporting process.

The Board of Directors is assisted in exercising its responsibilities through the Audit Committee of the Board of Directors. The Audit Committee meets regularly with management and the independent auditors to satisfy itself that management's responsibilities are properly discharged and to review the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been audited independently by MNP LLP on behalf of the shareholders in accordance with generally accepted auditing standards. Their report outlines the nature of their audits and expresses their opinion on the consolidated financial statements.

(signed) "David Kinder"
David Kinder
Chief Executive Officer

(signed) "William Woods"
William Woods
Chief Financial Officer

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

	Note	Year ended December 30	
		2025	2024
Revenue			
Net revenue	5	49,092	42,677
Cost of sales	6	32,084	31,963
Gross profit		17,008	10,714
Expenses			
Selling expenses	6	10,907	10,060
General and administrative	6	5,869	6,264
Depreciation and amortization	6	411	533
Operating expenses		17,187	16,857
Operating loss		(179)	(6,143)
Finance expenses	7	959	2,600
(Gain)/loss on dispositions	13	(44)	2,755
Impairment	13	—	1,627
Other (income)/expenses		(165)	342
Net loss and comprehensive loss		(929)	(13,467)
Per share amounts			
Basic and diluted	9	\$ (0.04)	\$ (1.92)
Segmented information	22		

See accompanying notes to the consolidated financial statements

BIG ROCK BREWERY INC.
Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

As at	Note	December 30, 2025	December 30, 2024
ASSETS			
Current			
Cash		537	372
Accounts receivable	11	4,779	2,804
Inventories	12	8,042	6,349
Prepaid expenses and deposits	10	1,473	1,389
Assets held for sale		51	51
		14,882	10,965
Non-current			
Property, plant, and equipment	13	31,849	28,198
Intangible assets	17	567	766
Deferred income tax	8	134	134
		32,550	29,098
Total assets		47,432	40,063
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		8,937	11,824
Current portion of debt	16	4,864	18,683
Lease liabilities	14	564	165
Share-based liability	19	6	141
		14,371	30,813
Non-current			
Debt	16	4,635	—
Lease liabilities	14	3,136	53
Other liabilities	15	113	—
		7,884	53
EQUITY			
Shareholders' capital	18	131,177	113,910
Contributed surplus		2,544	3,185
Accumulated deficit		(108,544)	(107,898)
		25,177	9,197
Total liabilities and shareholders' equity		47,432	40,063
Going concern	2		
Commitments and contractual obligations	23		
Subsequent events	26		

See accompanying notes to the consolidated financial statements

On behalf of the Board of Directors: “Stephen Giblin”
Stephen Giblin
Director

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

		Year ended December 30	
	Note	2025	2024
OPERATING ACTIVITIES			
Net loss and comprehensive loss		(929)	(13,467)
Items not affecting cash:			
Depreciation and amortization	13,17	2,315	2,901
(Gain)/loss on dispositions	13	(44)	2,755
Share-based payments	19	(46)	(118)
Amortized debt issue costs	16	9	50
Impairment	13	—	1,627
		1,305	(6,252)
Change in non-cash working capital related to operating activities	25	(5,450)	4,767
Cash used in operating activities		(4,145)	(1,485)
FINANCING ACTIVITIES			
Advance (repayment) of operating facility	16	1,099	(1,925)
Advance of second lien financing facility	16	—	4,701
Repayment of term debts	16	(1,292)	(736)
Repayment of lease liabilities	14	(413)	(657)
Common shares issued	18	8,400	—
Share issue costs	18	(984)	—
Shares issued in settlement of stock-based compensation	18	—	135
Change in non-cash working capital related to financing activities	25	169	(221)
Cash provided by financing activities		6,979	1,297
INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	13	(2,541)	(3,326)
Proceeds from government grant	13	250	—
Proceeds from sale of property, plant, and equipment	13	44	2,886
Change in non-cash working capital related to investing activities	25	(422)	(39)
Cash used in investing activities		(2,669)	(479)
Net increase (decrease) in cash		165	(667)
Cash, beginning of year		372	1,039
Cash, end of year		537	372

See accompanying notes to the consolidated financial statements

BIG ROCK BREWERY INC.
Consolidated Statements of Changes in Shareholders' Equity
(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	19	—	89	—	89
Adjustments for RSU classifications		683	(562)	283	404
Common shares issued, net of share issue costs	18	16,416	—	—	16,416
Shares issued from treasury	18	168	(168)	—	—
Net loss and comprehensive loss		—	—	(929)	(929)
As at December 30, 2025		131,177	2,544	(108,544)	25,177

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2023		113,775	3,182	(94,431)	22,526
Share-based payments	19	—	138	—	138
Shares issued from treasury	18	90	(90)	—	—
Shares held in trust issued	18	45	(45)	—	—
Net loss and comprehensive loss		—	—	(13,467)	(13,467)
As at December 30, 2024		113,910	3,185	(107,898)	9,197

See accompanying notes to the consolidated financial statements

BIG ROCK BREWERY INC.

Notes to the 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 beverages 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 consolidated financial statements for the year ended December 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 year ended December 30, 2025, the Corporation incurred a net loss of \$0.9 million, used cash in operations of \$4.1 million and as at that date had a working capital balance of \$0.5 million. The Corporation had \$4.5 million drawn on its operating facility and \$5.1 million outstanding on its term debt as at December 30, 2025.

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 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 consolidated financial statements were approved and authorized for issue by the Board of Directors on March 27, 2026.

Basis of measurement

These 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.

Basis of consolidation

These consolidated financial statements include the accounts of Big Rock and all of its wholly-owned subsidiaries. Subsidiaries are those enterprises controlled by the Corporation.

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

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

The following companies have been consolidated within these financial statements:

Subsidiary	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 consolidated financial statements.

Basis of presentation

These 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Revenue recognition

Big Rock recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers which requires revenue to be recognized when control of good or services is transferred to customers in an amount that reflects the consideration to which the company expects to be entitled.

Revenue is recognized either at a point in time or over a period of time, and when the revenue can be measured reliably.

Revenue from product sales is recognized at a point in time when the access to the benefits of Big Rock's products have been transferred to the buyer and no significant uncertainties remain regarding collection of the sales proceeds.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances, discounts, applicable federal and provincial production, environmental and excise taxes levied by provincial liquor boards and the federal government. In certain sales representation and distribution agreements the Corporation acts as an agent in facilitating the sale of goods or services provided by a third party.

The Corporation evaluates whether it is acting as a principal or agent for each arrangement by assessing indicators regarding areas such as control, assumed risk and pricing discretion. When indicators demonstrate that the Corporation does not control the goods or services prior to transfer to the customer, the Corporation concludes that it is acting as an agent and recognizes revenue on a net basis.

Product which has passed its expiration date for freshness or has been damaged and is returned by distributors is accepted and destroyed. Big Rock uses historical experience to estimate the number of returns on a product level using the expected value method.

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using a standard costing approach which approximates cost and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition to sell. Standard costs incorporate actual levels of materials and supply. Labour efficiency and capacity utilization and are reviewed regularly and revised when necessary to reflect current conditions. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is less than cost, inventories are written down. If the net realizable value subsequently increases, a reversal of the loss initially recognized is applied to cost of sales.

Big Rock's inventories include raw materials (materials and supplies to be consumed in the production process), brews in progress (in the process of production for sale), finished product held for sale in the ordinary course of business, consignment product which is consigned to provincial warehouses for sale and resale goods to be sold in the ordinary course of business in the dry-goods store.

Property, plant, and equipment

Property, plant, and equipment ("PP&E") are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PP&E consists of the purchase price, any costs directly attributable to bring the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write-off the cost of PP&E, less their estimated residual value, using the straight-line method over the following expected useful lives:

Buildings	15-40 years
Machinery and equipment	5-40 years
Office furniture and equipment	5-15 years
Right of use assets	2-5 years

Depreciation of these assets commences when the assets are ready for their intended use. The Corporation conducts an annual assessment of the residual balances and useful lives being used for PP&E and any changes arising from the assessment are applied by the Corporation prospectively.

An item of PP&E is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss and comprehensive loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an intangible asset consists of the purchase price plus any costs directly attributable to bringing the asset to the condition necessary for its intended use.

Amortization is provided at rates calculated to write-off the cost of intangible assets, less the estimated residual values, using the straight-line method over the following expected useful lives:

Computer software	2-10 years
Intellectual property	10 years
Brewing license	10 years

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

Amortization of these assets commences when the assets are ready for their intended use. The Corporation conducts an annual assessment of the residual balances, useful lives and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the Corporation prospectively.

An intangible asset is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss and comprehensive loss.

Lease accounting

The Corporation has lease agreements for buildings, vehicles and equipment. The determination of whether an arrangement is or contains a lease is based on the right to control an identified asset over the term of the arrangement. Qualifying leases are recorded as a right-of-use (“ROU”) asset for the right to use the underlying asset, and a lease liability for the obligation to make lease payments in the consolidated statements of financial position. Lease payments associated with low value leases and leases with a term of under twelve months are expensed.

At the commencement date of a lease, a ROU asset is recognized at cost and depreciated on a straight-line basis over the term of the agreement. ROU assets measured at cost are comprised of the initial lease liability, any lease payments made at or before the commencement date, initial direct costs, and estimates of costs for dismantling and restoration. ROU assets are remeasured when a modification to the underlying lease results in a remeasurement of the corresponding lease liability.

At the commencement date of a lease, a lease liability is recognized at the present value of all future lease payments discounted using either the interest rate implicit in the lease or using the Corporation’s incremental borrowing rate if the implicit rate is not readily available. Discounted future lease payments are comprised of fixed payments less any incentives received, variable payments based on an index or rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option (where the option to exercise is reasonably certain), and penalties for terminating a lease (where the expectation of termination is reasonably certain).

The carrying value of the lease liability is increased by the interest on the lease liability and decreased by the lease payments made. The interest charge is allocated to each period during the lease term. Interest on the lease liability is calculated using the discount rate at the commencement date. Variable lease payments that do not depend on an index or rate are expensed in the period in which they occur.

Any modification to an existing lease agreement triggers reassessment of the lease contract. If the lease modification is not accounted for as a separate lease, the lease liability is remeasured at the effective date of the modification by discounting the revised lease payments using a revised discount rate. A remeasurement of the lease liability will result in a corresponding adjustment to the ROU asset. If the corresponding ROU asset is nil, the adjustment will be recognized in the consolidated statements of loss and comprehensive loss.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

Impairment of assets

The Corporation assesses and continually monitors internal and external indicators of impairment relating to its assets.

(i) Financial assets

The Corporation applies an expected credit loss, or (“ECL”), model to all debt financial assets not held at fair value through profit and loss, or “FVTPL”, where credit losses that are expected to transpire in futures years are provided for, irrespective of whether a loss event has occurred or not as at the consolidated statements of financial position date. For trade receivables, the Corporation has applied the simplified approach under IFRS 9 and have calculated ECLs based on lifetime expected credit losses, taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. ECL’s are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of the difference between the cash flows due in accordance with the contract and the cash flow the Corporation expects to receive. ECL’s are discounted at the effective interest rate of the financial asset.

(ii) Non-financial assets

The carrying amounts of property, plant and equipment and intangible assets are assessed for impairment indicators at each reporting period end to determine whether there is an indication that such assets have experienced impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s or group of assets estimated fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (a cash generating unit “CGU”). Where an impairment loss is subsequently determined to have reversed, the carrying amount of the asset (or CGU) is adjusted to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) previously. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

Share-based payments

Under the Corporation’s share-based payments plans, share-based awards may be granted to executives, employees, and non-employee directors. Big Rock uses option pricing models that are determined to result in the best estimate of fair value for its cash-settled and equity-settled instruments, depending on the vesting conditions of the instruments. The Black-Scholes option pricing model is generally used to determine fair values for all instruments that vest over a period of time. For instruments that vest using market-based performance criteria, fair values are determined using a model which considers the probability of meeting certain price targets and the Black-Scholes value of underlying instruments at such targets.

(i) Cash-settled transactions

Share-based payments awards that settle in cash are accounted for as cash-settled plans and are measured at fair value each reporting period. The expense is recognized over the vesting period, with a corresponding adjustment to liabilities over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

The costs of cash-settled transactions with employees are initially measured by reference to the fair value at the date on which they are granted. The cumulative expense reflects the Corporation's best estimate of the difference between the grant price of the instrument and the price of the Corporation's shares at the date the instrument is ultimately exercised. When awards are surrendered for cash, the cash settlement paid reduces the outstanding liability. At the end of each reporting period, the fair value of the instruments is remeasured to fair value, with a charge or credit to share-based payments expense within general and administrative expense on the consolidated statements of loss and comprehensive loss and a corresponding increase or decrease to the liability on the consolidated statements of financial position.

The Corporation's share-based payment liability is designated as FVTPL and is classified as level 3 in the hierarchy.

(ii) Equity-settled transactions

The Corporation has a share option plan (the "**Share Option Plan**") which permits the Board to grant options to acquire common shares of the Corporation at the volume weighted average closing price for the five trading days preceding the date of grant. The Corporation is authorized to issue options up to a maximum of 10% of the issued and outstanding common shares pursuant to the Share Option Plan. Stock options that give the holder the right to purchase common shares are accounted for as equity-settled plans.

Under the Restricted Share Unit Plan ("**RSU Plan**"), the Board may issue a number of restricted share units ("**RSUs**") to directors, officers, employees and consultants of the Corporation. The RSU Plan entitles grantees under the plan to receive common shares or the cash equivalent. The Corporation is authorized to issue RSUs up to a maximum of 10% of the issued and outstanding common shares pursuant to the RSU Plan. RSUs vest over a three year period, with one-third vesting on each of the first, second and third anniversary from the date of grant. RSUs are forfeited if the grantee leaves before the vesting date. The determination of settling the payout amount in common shares or the cash equivalent is at the option of the Board.

The expense is based on the fair value of the options and RSUs at the time of grant and is recognized over the vesting periods of the respective options and RSUs. The cumulative expense reflects the Corporation's best estimate of the number of equity instruments that will ultimately vest and following issuance, a corresponding increase is recorded to contributed surplus. Consideration paid to the Corporation on exercise of options is credited to share capital and the associated amount in contributed surplus is reclassified to share capital.

Shares held in trust

The Corporation has share-based payment plans whereby employees may be entitled to receive shares of the Corporation purchased on the open market by a trustee controlled by the Corporation. Shares acquired and held by the trustee for the benefit of employees that have not yet been issued to employees, are a separate category of equity that are presented net of common shares outstanding in share capital on the consolidated statements of financial position. The balance of shares held in trust represents the cumulative cost of shares held by the trustee. Upon the issuance of shares to the employee, the amount attributable to an employee is deducted from the balance of shares held in trust and removed from contributed surplus.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

Taxation

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the consolidated statements of financial position.

(ii) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at the date of the consolidated statements of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the date of the consolidated statements of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the consolidated statements of financial position.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Per share amounts

Basic per share amount is calculated by dividing net loss by the weighted average number of common shares outstanding during the period adjusted for the effect of shares held in trust. Diluted per share amount is determined by adjusting net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive potential common shares which comprise the exercise of share options. The calculation assumes that the proceeds on exercise of the options are used to repurchase common shares at the average market price during the period. Should the Corporation have a loss in a period, the options would be anti-dilutive and are excluded from the determination of fully diluted loss per common share.

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

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

Financial instruments

The Corporation classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. A financial asset or liability is measured initially at fair value plus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issuance.

(i) Financial assets

At initial recognition, a financial asset is classified and measured at: amortized cost, FVTPL or fair value through other comprehensive income depending on the business model and contractual cash flows of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. A substantial modification to the terms of an existing financial asset results in the derecognition of the financial asset and the recognition of a new financial asset at fair value. In the event that the modification to the terms of an existing financial asset do not result in a substantial difference in the contractual cash flows the gross carrying amount of the financial asset is recalculated and the difference resulting from the adjustment in the gross carrying amount is recognized in net loss.

The Corporation's cash and accounts receivable are measured at amortized cost. The Corporation has no financial assets measured at FVTPL or fair value through other comprehensive income.

(ii) Financial liabilities

Financial liabilities are initially measured at amortized cost or FVTPL. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid less any required discount to reduce the payables to fair value. Debt is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities are derecognized when the liability is extinguished. A substantial modification of the terms of an existing financial liability is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in net loss. Where a financial liability is modified in a way that does not constitute an extinguishment, the modified cash flows are discounted at the liability's original effective interest rate. Transaction costs paid to third parties in a modification are amortized over the remaining term of the modified debt.

The Corporation's accounts payable and accrued liabilities and debt are measured at amortized cost. Share-based payments are measured at fair value.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as a finance expense in the statements of loss and comprehensive loss.

Newly adopted accounting standards

The Corporation adopted the following amendment, issued by the IASB, that was effective for annual periods beginning on or after January 1, 2025. The pronouncement does not have a material impact on the consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 7 and IAS 9, Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* Annual Improvements to IFRS Accounting Standards - Amendments to:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
- IFRS 7 *Financial Instruments: Disclosures* and its accompanying *Guidance on implementing IFRS 7*;
- IFRS 9 *Financial Instruments*;
- IFRS 10 *Consolidated Financial Statements*; and
- IAS 7 *Statement of Cash flows*

The adoption of this amendment did not have a material impact on the consolidated financial statements.

Issued but not yet adopted accounting standards

IFRS 18 *Presentation and Disclosure in Financial Statements* promotes a more structure income statement, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on a company's main business activities. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The standard will be applied retrospectively, with certain transition provisions. The Corporation is currently evaluating the impact of adopting IFRS 18 on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make judgments in applying accounting policies. Judgments that have the most significant effect on the amounts recognized in the consolidated financial statements are described below. Management also makes assumptions and critical estimates. Critical estimates are those which are most subject to uncertainty and have the most significant risk of resulting in a material change to the carrying amounts of assets and liabilities within the next year. Judgments, assumptions, and estimates are based on historical experience, business trends, and all available information that management considers relevant at the time of the preparation of the consolidated financial statements. However, future events and their effects cannot be anticipated with certainty and so as confirming events occur, actual results could ultimately differ from assumptions and estimates. Such differences could be material.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

The following discusses the most significant accounting judgments and estimates that Big Rock has made in the preparation of these consolidated financial statements. The sensitivity analyses below should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Significant judgments

Deferred income taxes

Deferred tax assets and liabilities require management judgment to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

Revenue recognition

Judgement is applied to determine whether the Corporation acts as principal or agent in providing sales representation and distribution services. In making this assessment, the Corporation considers whether it controls the specified goods prior to transfer to the customer, including who:

- has the primary responsibility for fulfilling the promised good or service;
- bears the inventory risk including if the vendor has the right to have its product returned on demand; and
- has discretion for establishing the price.

For sales services contracts where the Corporation determines it acts as the agent, revenue from such agreements is recognized on a net basis, representing the fee earned.

Revenue from sales service agreements is recognized at the point in time when the underlying sale occurs, as the Corporation is entitled to consideration only upon completion of the sale.

Impairment assessment

Impairment indicators include a significant decline in an asset's market value, significant changes in the technological, market, economic or legal environment in which the assets are operated, evidence of obsolescence or physical damage of an asset, significant changes in the planned use of an asset, or ongoing under-performance of an asset. Application of these factors to the facts and circumstances of a particular asset requires a significant amount of judgment.

Going concern

The assessment of the Corporation's ongoing viability as an operating entity, and determination of the related disclosures, requires significant judgment. In assessing the Corporation's ability to continue as a going concern, market and regulatory factors are considered.

Assumptions and critical estimates

Property, plant and equipment

Calculation of the net book value of property, plant and equipment requires Big Rock to make estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. Residual values of the assets, estimated useful lives and depreciation methodology, are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the physical life of the assets. A change in any of the estimates would result in a change in the amount of depreciation and, as a result, a charge to net loss recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the consolidated statements of financial position.

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

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

Inventories

Inventories consist of raw materials and finished goods recorded at the lower of cost and net realizable value. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or slow moving. Actual net realizable value may vary from the estimated provision. The cost of inventories also involves estimates in determining the allocation of fixed and variable labour and production overhead. These estimates include determination of normal production capacity and nature of expenses to be allocated.

Incremental borrowing rates for leases and lease terms

The incremental borrowing rates are based on judgements including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right of use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term. In addition, lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Provision for expected credit losses

The Corporation uses a single loss-rate approach to measure expected credit losses of accounts receivable. Under this approach, the Corporation determines an average historical loss rate by comparing the total balance of accounts receivable at various past dates against the amount collected and not collected. This rate is then adjusted based on management judgement to account for current economic conditions, counterparty's present financial condition and the term to maturity of the specified receivable balance. Actual credit loss may significantly differ from this estimate of provision.

5. NET REVENUE

	Year ended December 30	
	2025	2024
Wholesale revenues	48,695	47,222
Co-pack and other revenues	14,774	9,348
Federal excise taxes	(5,892)	(5,558)
Provincial liquor tax programs	(8,485)	(8,335)
Net revenue¹	\$49,092	\$42,677

Revenues include wholesale beer, cider and other 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.

¹ The Corporation revised the presentation of certain revenues from a gross basis to a net basis. Prior-year amounts in the net revenue table have been reclassified and \$687 has been removed from net revenues in 2024. The change affects presentation only and has no impact on prior-year gross profit or net loss.

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

Expenses related to depreciation, amortization and personnel are included within the following line items on the consolidated statements of loss and comprehensive loss:

	Year ended December 30	
	2025	2024
Depreciation and amortization		
Cost of sales	1,904	2,368
Depreciation and amortization	411	533
Salaries, wages, and benefits		
Cost of sales	6,603	6,732
Selling expenses	2,746	2,408
General and administrative	2,482	2,577
Share-based payments		
General and administrative	(46)	(118)

7. FINANCE EXPENSES

	Year ended December 30	
	2025	2024
Interest on debt	790	2,526
Interest on lease liabilities	169	74
Finance expenses	959	2,600

8. INCOME TAXES

The following table reconciles the estimated income tax expense using a weighted average Canadian federal and provincial tax rate of 23.58% (2024 - 23.00%) to the reported tax expense. The reconciling items represent, aside from the impact of tax rate differentials and changes, non-taxable benefits or non-deductible expenses arising from permanent differences between the local tax base and the reported consolidated financial statements, in accordance with IFRS.

	Year ended December 30	
	2025	2024
Loss before income taxes	\$ (929)	\$ (13,467)
Income tax recovery at statutory rate of 23.58% (2024 - 23.00%)	(219)	(3,097)
Effect on taxes of:		
Share-based payments	21	32
Non-deductible expenses	10	39
Other timing differences	873	—
Change in tax rate	(131)	24
Other	(229)	(691)
Net change in tax assets not recognized	(325)	3,693
Income tax (recovery) expense	—	—

The movement in deferred income tax during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

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

	2024	Change	2025
Property, plant, and equipment	(898)	317	(581)
Intangible assets	203	54	257
Deferral of partnership income (loss)	—	(344)	(344)
Non-capital losses	4,455	95	4,550
Other	67	203	270
Net change in tax assets not recognized	(3,693)	(325)	(4,018)
Total deferred tax asset	134	—	134

The Corporation has unused tax loss carry forwards which expire as follows:

2040	3,362
2041	—
2042	3,902
2043	6,179
2044	1,529
Total non-capital losses	14,972

9. PER SHARE AMOUNTS

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

(\$ thousands, except per share amounts)	Year ended December 30	
	2025	2024
Net loss - diluted	(929)	(13,467)
Weighted average shares		
Issued common shares	24,494	6,998
Weighted average shares - basic and diluted	24,494	6,998
Per share amounts:		
Basic and diluted	\$ (0.04)	\$ (1.92)

10. PREPAID EXPENSES AND DEPOSITS

As at	December 30, 2025	December 30, 2024
Prepaid expenses	310	76
Deposits	473	763
Prepaid excise tax	690	550
Total prepaid expenses and deposits	1,473	1,389

11. ACCOUNTS RECEIVABLE

As at	December 30, 2025	December 30, 2024
Provincial liquor boards	1,577	1,338
Co-packing customer receivables	2,162	1,099
Federal and provincial tax program receivables	577	161
Other receivables	611	206
Expected credit loss provision	(148)	—
Total accounts receivable	4,779	2,804

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

The aging of trade receivables is as follows:

As at	December 30, 2025	December 30, 2024
Current	2,806	1,852
Past due 0-30 days	162	144
Past due 31-60 days	188	9
Past due > 60 days	346	265
Total trade receivables	3,502	2,270

12. INVENTORIES

As at	December 30, 2025	December 30, 2024
Raw materials and containers	2,612	1,839
Brews in progress	547	620
Finished product	3,720	2,616
Consignment product	1,126	1,236
Retail store	37	38
Total inventories	8,042	6,349

During the year ended December 30, 2025, charges of \$1.0 million (2024 - \$1.0 million) were recorded to the consolidated statements of loss and comprehensive loss relating to damaged or obsolete inventories. The amount of inventory recognized as an expense in the year was \$17.6 million (2024 - \$15.9 million)

There were no reversals of amounts previously recorded in respect of inventory write-downs during the years ended December 30, 2025 and 2024.

13. PROPERTY, PLANT, AND EQUIPMENT

	Land and Buildings	Machinery and equipment	Office furniture and equipment	Right of use assets	Total
Cost					
As at December 30, 2023	26,668	34,200	2,436	3,765	67,069
Additions	—	3,305	21	—	3,326
Disposals	(8,462)	(3,896)	(1,071)	(2,992)	(16,421)
As at December 30, 2024	18,206	33,609	1,386	773	53,974
Additions	32	2,439	70	3,726	6,267
Disposals	—	—	—	(421)	(421)
Government grants	—	(500)	—	—	(500)
As at December 30, 2025	18,238	35,548	1,456	4,078	59,320
Accumulated depreciation					
As at December 30, 2023	7,036	19,734	2,356	1,275	30,401
Depreciation	685	1,221	41	354	2,301
Disposals	(3,151)	(1,675)	(1,109)	(991)	(6,926)
As at December 30, 2024	4,570	19,280	1,288	638	25,776
Depreciation	466	1,105	40	505	2,116
Disposals	—	—	—	(421)	(421)
As at December 30, 2025	5,036	20,385	1,328	722	27,471
Net book value					
As at December 30, 2024	13,636	14,329	98	135	28,198
As at December 30, 2025	13,202	15,163	128	3,356	31,849

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

During the year ended December 30, 2025, the Corporation spent \$1.6 million on the purchase of a more sustainable ready to drink beverage (“RTD”) manufacturing process that will increase RTD volumes. The Corporation spent an additional \$0.9 million on other equipment, improvements and furniture and fixtures. A previously impaired asset was sold in the year for proceeds of \$44,000.

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.

In the last quarter of the year ended December 2025, the Corporation’s vehicle leases expired, and new leases were entered into with terms between 3-4 years.

A government grant of \$0.25 million was received in the first quarter of 2025 related to the cartoner project that was completed in 2024. The Corporation has also been approved for another grant of \$0.25 million which was received in the first quarter of 2026.

During first half of 2024, the Corporation purchased and commissioned a new paper hi-cone machine at a cost of \$1.2 million.

In the third quarter of 2024, the Corporation also purchased packaging equipment (QuikFlex™ 2100G³) for \$1.8 million, which has provided a solution for in-line packaging of canned products and variety packing.

During the second quarter of 2024, the Corporation entered into a cross-docking arrangement with a third party and sold its Edmonton warehouse for proceeds, net of closing costs, of \$2.7 million. The warehouse had a net book value of \$1.3 million, resulting in a gain on sale of \$1.4 million.

On July 31, 2024, the Corporation’s lease of the Vancouver Brewery expired and consistent with recent operational realignments, management decided not to renew the contract. A loss of \$2.0 million was recognized on disposal of the right of use asset related to the lease. As part of the closure of the Vancouver location, the Corporation sold all the assets associated with the brewery for a net loss on sale of \$4.4 million, net of repair and restoration costs.

Impairment

During the year ended December 30, 2025 the Corporation determined that there are no indicators of impairment.

During the year ended December 30, 2024 the Corporation recognized an impairment loss of \$1.6 million on certain assets related to the Liberty Village Brewery in Ontario, due to the expiry of a lease agreement in April 2025. The impairment was recognized following management’s assessment that the non-renewal of the lease would result in the assets related to the brewery to becoming obsolete and no viable alternatives for relocation or continued use of these assets were identified.

The recoverable amount of the assets held at the brewery were determined based on the fair value less costs of disposal which was based on a third-party valuation assessment performed in February 2025. The valuation assessment assumed the sales comparison approach to valuation as it is considered to be the most reliable valuation methodology as there is a sufficient number of sales of comparable assets.

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

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

14. LEASE LIABILITIES

As at	December 30, 2025	December 30, 2024
Lease liabilities, beginning of year	218	3,002
Additions	3,726	—
Disposals	—	(2,201)
Interest expense	169	74
Lease payments	(413)	(657)
	3,700	218
Current	564	165
Long-term	3,136	53
	3,700	218

Big Rock has lease liabilities for contracts related to real estate within buildings, vehicle and equipment leases. The weighted average discount rate for the year ended December 30, 2025 was 8.9 percent (2024 - 3.4 percent).

In the year ended December 30, 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. The Corporation also entered into new vehicle lease agreements with terms between 36-48 months and a value of \$0.5 million.

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

15. OTHER LIABILITY

During the year ended December 30, 2024, the Corporation recognized a provision of \$0.2 million related to an onerous contract. The provision represents the present value of unavoidable costs required to fulfill contractual obligations where such costs exceed the expected economic benefit.

The provision represents management's best estimate of the net cost required to satisfy the remaining obligations under the contract and will be utilised over the remaining term of the contract.

As at December 30, 2025, management determined that the duration of the liability extended beyond twelve months and therefore reclassified a portion of the liability as non-current.

16. DEBT

The Corporation has a credit facility with ATB Financial ("ATB") which includes a revolving operating loan facility (the "Operating facility") of \$6.0 million and an evergreen term loan facility (the "Term debt") of \$8.0 million. Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit. ATB has first and floating charge debentures over all assets held by the Corporation.

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.

In January 2024, the Corporation added \$4.7 million in borrowings for a total of \$9.0 million in second lien financing from VN Capital Fund I, LP ("VN Capital"), a company related through a common director.

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

During the year ended December 30, 2025, the Corporation received advances of \$1.1 million on its operating facility, repaid \$1.3 million on its ATB term facilities and repaid the \$9.0 million second lien financing facility with VN Capital through a debt-to-equity transaction on January 19, 2025.

As at	December 30, 2025	December 30, 2024
Debt, beginning of year	18,683	16,593
Advances (repayment) of operating facility	1,099	(1,925)
(Repayment) advances of second lien financing facility	(9,000)	4,701
Repayment of term debt	(1,292)	(736)
Debt issue costs	9	50
	9,499	18,683

Details on amounts outstanding under these facilities are as follows:

As at	December 30, 2025	December 30, 2024
Operating facility - principal	4,464	3,365
Term debt - principal and accrued interest	5,133	15,425
Debt issue costs	(98)	(107)
	9,499	18,683
Current	4,864	18,683
Long-term	4,635	—

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

	Expiry date	December 30, 2025	December 30, 2024
Tranche 1	March 31, 2025	—	9,000
Tranche 2	April 30, 2025	—	154
Tranche 3	February 28, 2026	—	381
Tranche 4	September 9, 2027	262	367
Tranche 5	February 28, 2031	2,267	2,400
Tranche 6	December 31, 2031	2,604	3,123
Total term debt outstanding		5,133	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.

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.

As at December 30, 2025, Big Rock achieved each of the covenants included in the arrangement with ATB.

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

As at December 30, 2024, the Corporation was not in compliance with its fixed charge coverage ratio covenant for the year ended 2024. ATB waived the non-compliance for 2024 in recognition of the Corporation's private placement in January 2025, however since the waiver was obtained after year end, under the terms of the agreement, the Corporation was required to classify its \$9.0 million of long-term debt as current.

17. INTANGIBLE ASSETS

Intangible assets are broken down as follows:

	Computer software	Brewing license	Intellectual property	Website costs	Total
Cost					
As at December 30, 2023, 2024 and 2025	2,016	1,885	254	236	4,391
Accumulated amortization					
As at December 30, 2023	1,583	998	215	229	3,025
Amortization	396	188	9	7	600
As at December 30, 2024	1,979	1,186	224	236	3,625
Amortization	2	188	9	—	199
As at December 30, 2025	1,981	1,374	233	236	3,824
Net book value					
As at December 30, 2024	37	699	30	—	766
As at December 30, 2025	35	511	21	—	567

As at December 30, 2025 and 2024 there were no indicators of impairment noted in the carrying value of the Corporation's intangible assets.

18. SHARE CAPITAL

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

<i>(thousands)</i>	As at December 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	96	168	16	90
Shares held in trust issued	—	—	8	45
FV of awards exercised/released in prior periods	—	683	—	—
Outstanding, end of year	24,494	131,177	6,998	113,910

During the year ended December 30, 2025, the Corporation converted \$9.0 million of debt into common shares. This transaction was a non-cash financing activity and therefore has not been reflected in the consolidated statement of cash flows.

BIG ROCK BREWERY INC.**Notes to the Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***19. SHARE-BASED PAYMENTS**

Share based compensation expense, included in general and administrative expenses, and recognized in the consolidated statements of loss and comprehensive loss for the years ended December 30, 2025 and 2024 include:

As at	December 30, 2025	December 30, 2024
Equity settled plans:		
Options expense	18	(17)
Restricted share unit expense	71	155
	89	138
Cash settled plans:		
RSU fair value adjustments	—	(134)
SARs fair value adjustments	(135)	(122)
Total share-based payments	(46)	(118)

Share Option Plan

The Corporation granted no share options during the year ended December 30, 2025.

In 2024 the Corporation granted 30,000 share options. All options are exercisable for five years after the grant date.

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

As at	December 30, 2025			December 30, 2024		
	# of options	Weighted average exercise price (\$)	Remaining life (years)	# of options	Weighted average exercise price (\$)	Remaining life (years)
Balance, beginning of year	345,232	1.57	4.15	315,232	1.59	4.86
Granted	—	—		30,000	1.57	
Balance, end of year	345,232	1.57	3.15	345,232	1.57	4.15
Exercisable, end of year	305,232	1.58	2.81	275,232	1.59	3.51

Restricted Share Unit Plan

RSUs vest evenly over three years commencing one year following the grant date. RSUs may be settled in cash, in common shares of the Corporation, or a combination thereof at the discretion of the Board. RSUs are accounted for as equity settled as the Corporation anticipates RSUs to be settled in common shares of the Corporation.

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

The following is a summary of transactions under the RSU Plan:

As at	December 30, 2025		December 30, 2024	
	# of RSUs	Weighted average remaining life (years)	# of RSUs	Weighted average remaining life (years)
Balance, beginning of year	233,954	1.32	109,116	1.19
Granted	891,975	1.29	212,477	1.33
Exercised	(180,423)		(39,197)	
Cancelled/forfeited	(219,142)		(48,442)	
Balance, end of year	726,364	0.98	233,954	1.32
Exercisable, end of year	—	—	29,176	1.32

The weighted average fair value of RSUs granted were estimated using the Black-Scholes pricing model using the following assumptions:

	Year ended December 30	
	2025	2024
Market price at grant (\$)	1.11	1.39
Risk-free interest rate (%)	3.90	4.14
Dividend yield (%)	0.00	0.00
Forfeiture rate (%)	0.00	0.00
Volatility (%)	50.15	81.40

Share Appreciation Rights Plan

Under the Share Appreciation Rights Plan (“SARs Plan”), the Board may issue an unlimited number of share appreciation rights (“SARs”). The SARs are exercisable for up to ten years after the grant date. The exercise of SARs is settled in cash.

The following is a summary of transactions under the SARs Plan:

As at	December 30, 2025			December 30, 2024		
	# of SARs	Weighted average exercise price (\$)	Remaining life (years)	# of SARs	Weighted average exercise price (\$)	Remaining life (years)
Balance, beginning of year	47,036	4.54	0.56	93,636	4.82	1.23
Exercised	—	—		(46,600)	5.11	
Expired	44,816	4.47		—	—	
Balance, end of year	2,220	5.92	0.21	47,036	4.54	0.56
Exercisable, end of year	2,220	5.92	0.21	47,036	4.54	0.56

BIG ROCK BREWERY INC.**Notes to the Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***20. CAPITAL RISK MANAGEMENT**

The Corporation defines its capital to include common shares plus short-term and long-term debt 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	December 30, 2025	December 30, 2024
Debt	9,499	18,683
Lease liabilities	3,700	218
Total debt	13,199	18,901
Shareholders' equity		
Shareholders' capital	131,177	113,910
Contributed surplus	2,544	3,185
Accumulated deficit	(108,544)	(107,898)
Total shareholders' equity	25,177	9,197
Total debt and shareholders' equity	38,376	28,098
Less: cash	(537)	(372)
Total capitalization (total debt plus shareholders' equity, net of cash balances)	37,839	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 plus license obligation 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 2 and Note 16.

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

The Corporation's principal financial instruments are its outstanding amounts drawn from its credit facilities, which, after cash flow from operations, are its main source of financing. Financial assets and liabilities arising directly from its operations and Big Rock's activities include accounts receivable, debt, accounts payable and accrued liabilities, and share-based payments liabilities.

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

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

Big Rock's financial instruments and their designations are:

Classification of Financial Instrument	Designated as	December 30, 2025		December 30, 2024	
		Carrying Amount	Fair Value Amount	Carrying Amount	Fair Value Amount
Financial assets:					
Cash	Amortized cost	537	537	372	372
Accounts receivable	Amortized cost	4,779	4,779	2,804	2,804
Financial liabilities:					
Accounts payable and accrued liabilities	Amortized cost	8,937	8,937	11,824	11,824
Debt	Amortized cost	9,499	9,499	18,683	18,683
Share-based payments	Fair value	6	6	141	141

Financial risk management objectives and policies

The Corporation's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, debt and share-based payments. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising from transactions and balances denominated in United States Dollars ("USD") while the functional currency is Canadian Dollars ("CAD"). Foreign exchange risk arises from purchases denominated in USD. The Corporation has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure. For the year ended December 30, 2025, a 10% increase of the USD against the CAD would have an immaterial foreign exchange gain or loss to the statement of loss and comprehensive loss.

Interest rate risk

Big Rock is exposed to interest rate risk on the variable rate of interest incurred on the amounts due under the Operating Facility and Term Debt and on interest earned on bank deposits. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rates. For the year ended December 30, 2025, a 1% increase in the prime interest rate would result in additional interest expense of \$0.1 million (2024 - \$0.2 million).

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Corporation incurring a financial loss. Big Rock has a concentration of credit risk because a majority of its accounts receivable are from provincial liquor boards, under provincially regulated industry sale and payment terms. The Corporation is not exposed to significant credit risk on amounts outstanding from provincial liquor boards as payment in full is typically collected at the time of sale and this portion of receivables are with government agencies. While the majority of Big Rock's accounts receivables are from provincial government liquor authorities, the timing of receipts of large balances may vary significantly from period to period.

The Corporation also extends credit terms to certain co-packing partners which carries greater risk of incurring financial loss compared to amounts outstanding from provincial liquor boards.

BIG ROCK BREWERY INC.

Notes to the Consolidated Financial Statements

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

The credit quality of the Corporation's significant customers is monitored regularly, and allowances are provided for potential losses that have been incurred at the period end date. Receivables that are neither past due, nor impaired are considered collectible. Receivables over 90 days old are considered to be past due. Where concentrations of credit risk exist, management monitors the receivable balances closely to ensure appropriate controls are in place to ensure recovery. At December 30, 2025, 93% of accounts receivables were from ten customers (90% in 2024), including provincial liquor boards and contract customer receivables with 10% of receivables aged over 90 days compared to 11% in the prior year.

Liquidity risk

Big Rock's primary sources of liquidity are its cash flows from operations and existing or new credit facilities. Liquidity risk is mitigated by maintaining banking facilities, continuously monitoring forecast and actual cash flows and, if necessary, adjusting levels of dividends to shareholders and capital spending to maintain liquidity.

Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Corporation's operations. The table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flow from the reporting date to the contractual maturity date:

	Carrying Amount	Due within one year	Due in one to five years	Due greater than five years
Accounts payable and accrued liabilities	8,937	8,937	—	—
Debt	9,499	4,864	2,054	2,581
Lease liabilities	3,700	564	3,136	—
Total contractual repayments	22,136	14,365	5,190	2,581

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.

Big Rock's profitability depends on the selling price of its products to provincial liquor boards. While these prices are controlled by the Corporation, they are subject to such factors as regional supply and demand, and to a lesser extent inflation and general economic conditions. As beer and other alcoholic beverage sales are the only source of revenue for the Corporation, a 5% increase or decrease in these prices will result in a corresponding increase or decrease in revenue.

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.

BIG ROCK BREWERY INC.**Notes to the Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***22. 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 beverages to and through provincial liquor boards which are subsequently sold on to end consumers and the retail segment, which sells beverages, food, and merchandise to end consumers on premises owned and/or operated by the Corporation.

The wholesale segment has similar production processes, types of customers and products that are shipped to customers rather than sold on-site. The retail segment has been aggregated to reflect the products and services sold directly to the end consumer through premises owned and operated by Big Rock.

Management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being profit or loss, which is measured consistently with the definition of profit or loss in the 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

Year ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
Net revenue	48,665	41,846	532	944	(105)	(113)	49,092	42,677
Cost of sales	31,759	31,535	430	541	(105)	(113)	32,084	31,963
Gross profit	16,906	10,311	102	403	–	–	17,008	10,714
Selling expenses	10,883	10,032	24	28	–	–	10,907	10,060
Segment profit	6,023	279	78	375	–	–	6,101	654
General and administrative cost							5,869	6,264
Depreciation and amortization							411	533
Operating (loss)							(179)	(6,143)
Finance expense							959	2,600
(Gain) loss on disposal of assets							(44)	2,755
Impairment							–	1,627
Other (income) expense							(165)	342
Loss before income taxes							(929)	(13,467)

BIG ROCK BREWERY INC.**Notes to the Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***23. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

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

	2026	2027	2028	2029	2030
Utilities contracts	624	–	–	–	–
Raw material purchase commitments	778	53	–	–	–
Capital commitments	310	–	–	–	–
Marketing sponsorships	180	100	–	–	–
Total	1,892	153	–	–	–

24. RELATED PARTY TRANSACTIONS

During the year ended December 30, 2025, the Corporation entered into certain transactions with related parties in the normal course of business. Related parties include key management personnel, members of the Board of Directors, and entities over which these individuals have significant influence.

Key management personnel compensation

Key management includes members of the Board, President and Chief Executive Officer, Chief Financial Officer, Vice President, Sales and Marketing and Vice President, Innovation, Business Development & Government Relations. The remuneration is included in cost of sales and general and administrative expenses and is comprised as follows:

	Year ended December 30	
	2025	2024
Salaries and other short-term benefits	1,148	1,630
Share-based payments	623	23
Total compensation	1,771	1,653

Transactions with related entities

During the year ended December 30, 2024, the Corporation added \$4.7 million in borrowings on its second lien financing from VN Capital Fund I, LP, a company related through a common director, for a total debt of \$9.0 million. In 2024, the facility had an interest rate of prime plus 7.5%-9.5% and a maturity date of March 31, 2025.

In the first quarter of 2025, the Corporation repaid the \$9.0 million second lien financing facility with VN Capital through a debt-to-equity transaction and VN Capital was issued Common Shares at a price of \$1.00 per Common Share for gross proceeds of \$9.0 million, pursuant to the Debt Settlement. The interest accrued on the debt was also paid out at this time.

BIG ROCK BREWERY INC.**Notes to the Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***25. SUPPLEMENTAL CASH FLOW DISCLOSURES**

	Year ended December 30	
	2025	2024
Cash (used in) provided by:		
Accounts receivable	(1,975)	129
Inventories	(1,693)	2,583
Prepaid expenses and deposits	(84)	279
Property, plant, and equipment	249	(6)
Accounts payable and accrued liabilities	(2,369)	1,448
Lease and other liabilities	169	74
Total change in non-cash working capital	(5,703)	4,507
Total change in non-cash working capital allocated to:		
Operating	(5,450)	4,767
Financing	169	(221)
Investing	(422)	(39)
	(5,703)	4,507
Supplemental cash-flow information		
Interest paid	896	1,130
Taxes paid	—	—

26. SUBSEQUENT EVENTS

Subsequent to the year ended December 30, 2025, the Corporation signed an agreement with ATB to amend the commitment letter dated January 9, 2025. The amendment included a change to the payment schedule for each loan under the evergreen term loan facility, which will be effective March 2026. The amendment also updated the calculation of minimum EBITDA in its monthly EBITDA targets.