

# BIG ROCK BREWERY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Big Rock Brewery Inc. (the "Corporation" or "Big Rock") for the three months and years ended December 30, 2025 and 2024.

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, 2025 and 2024 (the "2025 Annual Financial Statements"). The 2025 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, 2025 (the "AIF"), can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Big Rock's corporate website at [www.bigrockbeer.com](http://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 27, 2026.

## COMPANY OVERVIEW

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's primary brewing, packaging and warehousing facility is located in Calgary, Alberta and has been in operation since 1996. As one of Canada's largest independently owned craft brewers, Big Rock has an extensive family of permanent ales and lagers, the Rock Creek series of craft ciders, the White Peaks family of hard tea beverages, a continually changing selection of seasonal and limited-edition beers and other licensed alcoholic beverages. In addition to its wholesale operations, the Corporation has an extensive co-packing/contract production business producing lagers, ales and ready to drink ("RTD") products for partners who market, sell and distribute such products in Western Canada. The Corporation owns and operates a production and distribution facility in Alberta that produces, markets and distributes its premium, all-natural craft beers, ciders, RTDs, and other alcoholic and non-alcoholic beverages. The sales staff reside 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 2025 HIGHLIGHTS

For the three months ended December 30, 2025, compared to the three months ended December 30, 2024, the Corporation reported:

- total sales volumes up 11.1% to 69,563 hl compared to 62,587 hl, driven by a 14.3% increase in wholesale volumes and a 7.5% increase in contract sales volumes;
- net revenue increased by 23.1% to \$11.1 million from \$9.0 million due to increased volumes and a favourable product mix;
- gross margin increased to \$3.3 million compared to \$0.9 million;
- operating loss was \$(0.8) million, which is an improvement of \$2.0 million, compared to an operating loss of \$(2.8) million;
- net loss improved to \$(1.1) million from a loss of \$(9.7) million, an increase of \$8.6 million; and,
- Adjusted EBITDA increased by \$2.2 million to \$1.2 million. Adjusted EBITDA is a non-GAAP financial measure, see "Non-GAAP Measures".

For the year ended December 30, 2025, compared to the year ended December 30, 2024, the Corporation reported:

- total sales volumes up 34.9% to 311,594 hl compared to 230,982 hl, driven by a wholesale volumes increase of 13.3% and a 73.6% increase in contract volumes;
- net revenue increased by 15.0% to \$49.1 million from \$42.7 million due to increased volumes;
- gross margin increased to \$17.0 million compared to \$10.7 million;
- operating loss improved to \$(0.2) million, compared to an operating loss of \$(6.1) million;
- net loss improved to \$(0.9) million from a loss of \$(13.5) million, an increase of \$12.6 million; and
- Adjusted EBITDA increased by \$5.8 million to \$3.6 million.

\$000, except hl and per share amounts	Three months ended December 30		Year ended December 30	
	2025	2024	2025	2024
Sales volumes - wholesale (hl)	38,636	33,808	168,170	148,384
Sales volumes - contract (hl)	30,927	28,779	143,424	82,598
Total sales volumes (hl)	69,563	62,587	311,594	230,982
Gross product revenue	\$ 14,347	\$ 12,429	\$ 63,469	\$ 56,570
Net revenue	11,054	8,977	49,092	42,667
Cost of sales	7,726	8,036	32,084	31,963
Adjusted EBITDA <sup>(1)</sup>	1,210	(1,022)	3,609	(2,182)
Operating income (loss)	(828)	(2,830)	(179)	(6,143)
Net (loss) income	(1,063)	(9,676)	(929)	(13,467)
Net (loss) income per share - basic & diluted	\$ (0.05)	\$ (1.41)	\$ (0.04)	\$ (1.92)

<sup>(1)</sup> 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, optimize productivity and increase gross profit from its own house of brands and from volumes produced pursuant to co-packing arrangements. With enhanced 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.

The Corporation’s co-packing partnerships continue to benefit the Corporation’s performance, increase sales volumes and increase revenues.

Big Rock’s sales volumes for the fourth quarter of 2025 were up 11.1% compared to the same period in 2024. Net revenues (including beer, cider, non-alcoholic and RTD beverages) increased 23.1% in the fourth quarter compared to the same period in 2024. 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 the co-packing segment of our business.

Big Rock continued to advance its strategic goals and efforts throughout 2025 by identifying key capital investments and capitalizing on sales and marketing opportunities.

- The Corporation installed and commissioned an RTD manufacturing system. This RTD project provides in-line blending opportunities and offers improved de-aerated water capabilities simultaneously.

- In the first half of 2025, the Corporation entered into a new warehouse lease agreement in Calgary, Alberta. This new warehouse is designed to enhance inventory management, reduce third-party storage costs and provide additional storage and warehousing opportunities to co-packaging partners. Management expects the facility will generate operating efficiencies and support gross margin improvement.
- In 2025 the Corporation celebrated its 40<sup>th</sup> year of Big Rock serving as Alberta’s original craft brewery.
- A brand refresh and the return of the Barn Burner concert event resulted in increased customer engagement in the brand and its products.

The successes realized by Big Rock in 2025 were adversely affected by the events outlined below:

- Effective February 2025, the Alberta government introduced a new markup structure for beer by substantially lowering the production threshold breweries needed to meet before they paid the highest fee to the government, from 40 million litres to 18 million litres, while also adjusting the production limits and fees. On June 1, 2025 the Alberta government revised the changes to the Alberta mark-up rate to scale back the mark-up rate increase, which remained slightly higher than the rates seen in 2024. The change increased taxes paid to the Alberta government by \$321k.
- During the last quarter of the year, the BC General Employees' Union (“BC GUE”) strike action impacted the entire BC alcohol distribution network preventing orders and shipments, resulting in lost sales volumes. In addition, one of the Corporation’s co-packaging partners also invoked force majeure & severely cut purchase orders which had a negative impact on revenue and operating income. Management anticipates that the BC strike-related volume impacts will not extend into 2026, based on current information.
- In 2025 the Corporation experienced increased volatility in aluminum pricing and related inputs due to tariff actions and market uncertainty. Aluminum is a key input in the Corporation’s packaging processes and tariffs on cross-border aluminum trade significantly increased the input costs and supply chain uncertainty across the industry. The Corporation mitigated a portion of these impacts through contractual pricing arrangements with key suppliers. Management continues to monitor developments and tariffs and other trade restrictions affecting aluminum and related products may continue to create uncertainty in the Corporation’s supply chain.

As a result of management’s efforts and strategic initiatives, and in light of the macroeconomic headwinds faced during the year, the Corporation reported a \$5.8 million increase in Adjusted EBITDA in 2025 compared to 2024.

Macroeconomic uncertainties will continue to pose a possible risk to Big Rock. To mitigate these risks, management continues to engage with policymakers and review its procurement strategies to reduce the potential operational and economic impact future changes may have.

The Corporation continues to manage its financial projections that show sufficient cash flows to cover forecasted expenses. ATB Financial (“ATB”), the Corporation’s primary lender, has imposed a number of covenants on the Corporation including maintaining a current minimum ratio of 1.25:1.00 and providing an assessment of its EBITDA targets which are due monthly. The Corporation also provides ATB its rolling 12-month fixed charge ratio, which was required to be a minimum of 1.15:1 as of December 31, 2025. As at December 30, 2025, Big Rock achieved each of the covenants included in the amended lending arrangement with ATB.

## GOING CONCERN DISCLOSURE

Management of the Corporation remains conservative in its approach and will continue to take actions to increase revenues and lower costs to meet expectations for the 2026 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 2025 Annual Financial Statements include a "Going Concern" note, but do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying 2025 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,		
	2025	2024	2023
Gross revenue	\$ 63,469	\$ 56,570	\$ 58,503
Net revenue	49,092	42,677	43,677
Net loss	(929)	(13,467)	(2,933)
Loss per share (basic and diluted)	(0.04)	(1.92)	(0.42)
Total assets	\$ 47,432	\$ 40,063	\$ 52,791
Total non-current financial liabilities	\$ 7,884	\$ 53	\$ 14,087

## SELECTED QUARTERLY FINANCIAL INFORMATION

Big Rock experiences seasonal fluctuations in sales volumes, net revenue, and net income, with the second and third quarters typically being stronger than the first and fourth quarters. These seasonal variations are influenced by numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, mainly in Western Canada. The financial performance reflected in the selected quarterly information is consistent with industry trends. Big Rock's overall financial performance is also impacted by the level of co-packing/contract volumes. Management is continuing to focus on growing production volumes in a responsible fashion and utilizing capacity across each quarter to reduce the impact of seasonal variations.

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

(\$000, except hl and per share amounts)	Q4/25	Q3/25	Q2/25	Q1/25	Q4/24	Q3/24	Q2/24	Q1/24
Sales volumes - Wholesale (hl)	38,636	48,945	48,698	31,892	33,808	41,705	40,519	32,352
Sales volumes - Contract (hl)	30,927	40,627	35,418	36,452	28,779	24,277	17,389	12,852
Total sales volumes (hl)	69,563	89,572	84,116	68,344	62,587	65,982	57,908	45,204
Net revenue	\$11,054	\$13,922	\$14,054	\$10,062	\$8,977	\$12,774	\$12,344	\$8,582
Cost of sales	7,726	9,116	8,889	6,353	8,036	8,864	8,218	6,845
Operating income (loss)	(828)	154	395	100	(2,830)	(347)	(667)	(2,299)
Adjusted EBITDA <sup>(1)</sup>	1,210	744	967	688	(1,022)	281	165	(1,473)
Net income (loss)	(1,063)	(98)	281	(49)	(9,676)	(938)	220	(3,073)
Per share amounts (basic and diluted)	\$(0.05)	\$(0.00)	\$ 0.01	\$ (0.00)	\$(1.41)	\$(0.13)	\$ 0.03	\$(0.44)

<sup>(1)</sup> Non-GAAP financial measure. See "Non-GAAP Measures".

Refer also to "Correction Quarterly Revenue and COGS - Gross vs Net Accounting" on page 11

## RESULTS OF OPERATIONS

### Adjusted EBITDA

“Adjusted EBITDA” is a non-GAAP financial measure and its most directly comparable GAAP measure is net income, or net loss (as applicable). The following table details the composition of Adjusted EBITDA and its reconciliation to net income or net loss (as applicable):

(\$000, except where indicated)	Three months ended December 30			Year ended December 30		
	2025	2024	Change	2025	2024	Change
Net loss	\$ (1,063)	\$ (9,676)	\$ 8,613	\$ (929)	\$ (13,467)	\$ 12,538
Addback:						
Interest	330	523	(193)	959	2,600	(1,641)
Depreciation and amortization	624	696	(72)	2,315	2,901	(586)
Share based payments	9	190	(181)	(46)	138	(184)
Loss on dispositions - net	(44)	4,354	(4,398)	(44)	2,755	(2,799)
Impairment	—	1,627	(1,627)	—	1,627	(1,627)
Contingent liability	—	227	(227)	—	227	(227)
Obsolete inventory	60	356	(296)	60	356	(296)
Bad debt expense	138	405	(267)	138	405	(267)
Non-recurring items	1,156	—	1,156	1,156	—	1,156
Other expenses	—	276	(276)	—	276	(276)
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 1,210</b>	<b>\$ (1,022)</b>	<b>\$ 2,232</b>	<b>\$ 3,609</b>	<b>\$ (2,182)</b>	<b>\$ 5,791</b>

<sup>(1)</sup> Non-GAAP financial measure. See “Non-GAAP Measures”.

Adjusted EBITDA in the three months ended December 30, 2025, increased by \$2.2 million to \$1.2 million in comparison to the comparative period in the prior year. The growth in Adjusted EBITDA is attributed to higher gross margins as a result of increased sales volumes and cost saving initiatives and operational efficiencies.

### 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. Geographically, Alberta continued to represent the largest share of the Corporation’s sales in 2025, followed by BC and Saskatchewan.

(\$000, except sales volumes)	Three months ended December 30			Year ended December 30		
	2025	2024	Change	2025	2024	Change
Sales volumes (hl)	69,563	62,587	6,976	311,594	230,982	80,612
Gross revenue	\$ 14,347	\$ 12,429	\$ 1,918	\$ 63,469	\$ 56,570	\$ 6,899
Federal excise taxes	(1,528)	(1,555)	27	(5,892)	(5,558)	(334)
Provincial liquor tax programs	(1,765)	(1,897)	132	(8,485)	(8,335)	(150)
Net revenue	\$ 11,054	\$ 8,977	\$ 2,077	\$ 49,092	\$ 42,677	\$ 6,415
<b>\$ per hl</b>						
Net revenue per hl	\$158.91	\$ 143.43	\$ 15.48	\$ 157.55	\$ 184.76	\$ (27.21)

Sales volumes for the fourth quarter of 2025 were up 11.1% compared to the same period in 2024. The increase is due to wholesale volume increases of 14.3% and increased co-packing sales volumes of 7.5%.

Net revenues for the three months ended December 30, 2025 increased by \$2.1 million, or 23.1% compared to the same period in the prior year reflecting the increased sales volumes and a positive change to product mix seeing higher sales in premium craft.

### Cost of Sales

(\$000, except where indicated)	Three months ended December 30			Year ended December 30		
	2025	2024	Change	2025	2024	Change
Operating expenses and raw materials	\$ 5,170	\$ 5,688	\$ (518)	\$ 23,577	\$ 22,863	\$ 714
Salaries and benefits	2,023	1,775	248	6,603	6,732	(129)
Depreciation and amortization	533	573	(40)	1,904	2,368	(464)
Cost of sales	\$ 7,726	\$ 8,036	\$ (310)	\$ 32,084	\$ 31,963	\$ 121
Percentage of revenue	69.9%	89.5%		65.4%	74.9%	

Cost of sales for the quarter ended December 30, 2025 decreased period-over-period by \$0.3 million compared to 2024. The decrease in cost of sales is 3.9% lower than the prior year, compared to a 23.1% increase in net revenues. The variance is due to improved productivity and cost savings initiatives in 2025.

Cost of sales as a percentage of net revenue was lower in the fourth quarter of 2025 compared to the same period in 2024 due to cost saving initiatives. The percentage of revenues for the year is down 19.6%.

### Selling Expenses

(\$000, except where indicated)	Three months ended December 30			Year ended December 30		
	2025	2024	Change	2025	2024	Change
Delivery and distribution costs	\$ 1,337	\$ 1,438	\$ (101)	\$ 6,240	\$ 4,795	\$ 1,445
Salaries and benefits	766	577	189	2,746	2,408	338
Marketing and sales expenses	328	111	217	1,921	2,857	(936)
Selling expenses	\$ 2,431	\$ 2,126	\$ 305	\$ 10,907	\$ 10,060	\$ 847
Percentage of revenue	22.0%	23.7%		22.2%	23.6%	

Selling expenses increased by \$0.3 million in the fourth quarter of 2025 compared to 2024, due to increased delivery and distribution costs and third party storage and handling, related to increased sales volumes.

### General and Administrative Expenses

(\$000, except where indicated)	Three months ended December 30			Year ended December 30		
	2025	2024	Change	2025	2024	Change
Salaries and benefits	\$ 679	\$ 599	\$ 80	\$ 2,482	\$ 2,577	\$ (95)
Share based payments	9	190	(181)	(46)	138	(184)
Professional fees	128	405	(277)	604	1,158	(554)
Other administrative expenses	818	328	490	2,829	2,391	438
General and administrative expenses	\$ 1,634	\$ 1,522	\$ 112	\$ 5,869	\$ 6,264	\$ (395)
Percentage of revenue	14.8%	17.0%		12.0%	14.7%	

General and administrative expenses for the three months ended December 30, 2025 were lower than the same period in 2024 and were only 14.8% of revenues, down from 17.0% in 2024.

## Finance Expense

Finance expenses of \$0.3 million in the fourth quarter of 2025 was consistent with the same period in 2024.

## SEGMENTED INFORMATION

The Corporation has two reportable business segments, wholesale and retail, which are monitored by management for the purposes of making decisions regarding resource allocation and performance management. The wholesale segment reflects the results from the manufacturing and distribution of beer, cider, and other alcoholic and non-alcoholic beverages to provincial liquor boards, grocery chains, and on-premises customers which are subsequently sold to end consumers, as well as the results from co-packing/contract arrangements. The retail segment includes direct sales of beverages, food, and merchandise to consumers through premises owned and/or operated by the Corporation.

Segment performance is evaluated on several measures, the most significant being gross profit net of selling expenses. Transfer prices between operating segments are applied on an arm's length basis in a manner similar to transactions with third parties. The Corporation's operating assets and liabilities, general and administrative expenses, income taxes, and capital expenditures are managed on a corporate-wide basis.

## SEGMENTED RESULTS

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

Three months ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
Net revenue	10,951	8,814	114	187	(11)	(24)	11,054	8,977
Cost of sales	7,641	7,834	96	226	(11)	(24)	7,726	8,036
Gross profit	3,310	980	18	(39)	–	–	3,328	941
Selling expenses	2,423	2,111	8	15	–	–	2,431	2,126
Segment profit	887	(1,131)	10	(54)	–	–	897	(1,185)
General and administrative cost							1,634	1,522
Depreciation and amortization							91	123
Operating loss							(828)	(2,830)
Finance expense							327	523
Gain on dispositions - net							(41)	4,354
Impairment							–	1,627
Other (income) expenses							(51)	342
Net loss before income taxes							(1,063)	(9,676)

## LIQUIDITY AND CAPITAL RESOURCES

### Capitalization

(\$000)	December 30, 2025	December 30, 2024
Debt <sup>(1)</sup>	9,499	18,683
Lease liabilities <sup>(1)</sup>	3,700	218
Less: Cash	(537)	(372)
Net debt <sup>(2)</sup>	12,662	18,529
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 capitalization <sup>(3)</sup>	37,839	27,726
Net debt to total capitalization ratio <sup>(4)</sup>	33.5%	66.8%

<sup>(1)</sup> Includes current and non-current portions.

<sup>(2)</sup> Capital management measure. See "Non-GAAP Measures".

<sup>(3)</sup> Non-GAAP financial measure. See "Non-GAAP Measures".

<sup>(4)</sup> Non-GAAP ratio which includes the non-GAAP financial measure total capitalization. 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 calculated as current assets less accounts payable, accrued liabilities, and current portion of debt (see “*Non-GAAP Measures*”). The Corporation had a net working capital surplus of \$0.5 million as of December 30, 2025. This represents an improvement of \$20.3 million from December 30, 2024 resulting from the reclassification of ATB loan balances from current to non-current and the closing of the Corporation’s \$17.4 million private placement offering of common shares of the Corporation (“**Common Shares**”), which closed on January 19, 2025, and resulted in the issuance of 17.4 million Common Shares (the “**Private Placement**”). The proceeds of the Private Placement were used to settle \$9.7 million in debt with the residual \$7.7 million being allocated to improve working capital and fund future capital expenditures. See “*Liquidity and Capital Resources - Debt*”.

(\$000)	December 30, 2025	December 30, 2024
Current assets	14,882	10,965
Current liabilities	(14,371)	(30,813)
Working Capital	511	(19,848)

### Debt

During the year ended December 30, 2025 the Corporation received advances of \$1.1 million on its ATB 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.

Details on amounts outstanding under the Corporation’s credit facilities are as follows:

(\$000)	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
Non-current	4,635	—

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, 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

At December 30, 2025, the Corporation had \$1.5 million available on its operating facility. ATB has provided a letter of credit to collateralize excise remittances to the Canada Revenue Agency which reduces the overall operating line availability by \$0.6 million. The Corporation remains current with each of its remittances to the Canada Revenue Agency.

In January 2025, the Corporation amended its credit facilities with ATB to include several 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 Corporation was required, and is required to continue, to maintain a rolling fixed charge ratio not 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 must also maintain a current minimum ratio of not less than 1.25:1.00 and provide an assessment of its EBITDA targets, each of which are due monthly. Further, the Corporation's EBITDA was required to be no less than the values reflected in the table below as of the specified dates.

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.

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

### *Lease Liabilities*

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

(\$000)	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)
Lease liabilities, end of year	3,700	218
Current	564	165
Non-current	3,136	53

### *Capital Expenditures*

During the year ended December 30, 2025, the Corporation spent \$1.6 million on the purchase of a more efficient 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.

### *Equity*

On January 21, 2025 the Corporation issued 17,400,000 Common Shares in connection with the Private Placement and an additional 96,105 Common Shares were issued from treasury in 2025.

As of the date of this MD&A, the Corporation had 24,493,948 Common Shares outstanding.

In addition, as of the date of this MD&A, 726,364 Common Shares are potentially issuable to satisfy the Corporation's outstanding restricted share units. None of the Corporation's 2,220 outstanding stock appreciation rights or 305,232 vested options to purchase Common Shares are currently "in the money".

## COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

(\$000)	2026	2027	2028	2029	2030
Utilities contracts	624	—	—	—	—
Raw material purchase commitments	778	53	—	—	—
Marketing sponsorships	180	100	—	—	—
Capital commitments	310	—	—	—	—
<b>Total</b>	<b>1,892</b>	<b>153</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 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 contractual commitments 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](http://www.sedarplus.ca). Also see "Forward-Looking Information" in this MD&A.

## CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates during the three months and year ended December 30, 2025, nor during the 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 2025 Annual Financial Statements.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Big Rock did not use any derivative financial instruments or other instruments in the three months and years ended December 30, 2025 and December 30, 2024.

## CORRECTION OF QUARTERLY REVENUE AND COGS - GROSS VS NET ACCOUNTING

In the first quarter of 2026, management held discussions with its auditors, in respect of the application of IFRS 15 to a sales representation and distribution services contract which began generating revenue in the fourth quarter of 2024 but was material during the year ended December 30, 2025 and is expected to be material in fiscal 2026. Management had previously sought advice on this matter of judgment in September 2024. Following such discussions, it was concluded that IFRS 15 had been incorrectly applied with respect to whether control of the specified goods exists prior to transfer of a customer. This assessment considered various control indicators, including primary responsibility for fulfilling the promised service and bearer of inventory risk, and concluded the Company acted as an agent under IFRS 15. As a result a portion of the revenue stream under that contract was being reported on a gross revenue basis and ought to be reported on a net revenue basis under IFRS 15 in the fiscal 2025 quarterly consolidated financial statements. There is no impact to the consolidated statements of financial position, changes in shareholders' equity and cash flows, or to consolidated quarterly gross profit or net loss for the current or any historic period. Readers of the quarterly financial statements are cautioned not to rely on the gross revenue presented and are advised to review the following tables which detail the impacts of this change on the interim consolidated statements of loss and comprehensive loss for each financial period and line items affected. Future filings of the interim financial statements will contain the below noted adjustments in the comparative financial statements.

	Three months ended March 31, 2025			Three months ended June 30, 2025			Three months Ended September 30, 2025		
	Previously Reported	Adjustment	Restated	Previously Reported	Adjustment	Restated	Previously Reported	Adjustment	Restated
Net revenue	11,200	-1,138	10,062	16,567	-2,513	14,054	16,274	-2,351	13,923
Cost of sales	7,491	-1,138	6,353	11,402	-2,513	8,889	11,468	-2,351	9,117
Gross margin	3,709	—	3,709	5,165	—	5,165	4,806	—	4,806

	Six months ended June 30, 2025			Nine months Ended September 30, 2025		
	Previously Reported	Adjustment	Restated	Previously Reported	Adjustment	Restated
Net revenue	27,767	-3,651	24,116	44,041	-6,002	38,039
Cost of sales	18,893	-3,651	15,242	30,361	-6,002	24,359
Gross margin	8,874	—	8,874	13,680	—	13,680

	Three months ended December 31, 2024			Twelve months Ended December 31, 2025		
	Previously Reported	Adjustment	Restated	Previously Reported	Adjustment	Restated
Net revenue	9,664	-687	8,977	43,364	-687	42,677
Cost of sales	8,723	-687	8,036	32,650	-687	31,963
Gross margin	941	—	941	10,714	—	10,714

## CERTIFICATION OF DISCLOSURES IN QUARTERLY FILINGS

In accordance with National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Corporation issues a Certification of Interim Filings (“**Certification**”) quarterly. The Certification requires certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures (“**DC&P**”) and internal control over financial reporting (“**ICFR**”).

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

There were no changes in the Corporation’s ICFR during the year ended December 30, 2025 that have materially affected, or are reasonably likely to materially affect, ICFR. 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

**Readers are cautioned that these non-GAAP measures should not be considered in isolation, as an alternative or to be more meaningful than the most directly comparable GAAP measures, such as net income, cash flows from operating activities or other relevant GAAP measures, which are prepared in accordance with IFRS Accounting Standards.**

In this MD&A, the Corporation uses the non-GAAP financial measures: "Adjusted EBITDA" and "total capitalization", the capital management measures "net working capital" and "net debt" and the non-GAAP ratio "net debt to total capitalization ratio". 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.

**Adjusted EBITDA:** is a non-GAAP financial measure that the Corporation uses to measure operating performance and borrowing capacity. Adjusted EBITDA is calculated by adding back to net income, interest, income taxes, depreciation and amortization, impairment of property, plant and equipment, share based payment adjustments, and gains and losses on disposal of assets. A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP measure to Adjusted EBITDA, is provided under "*Results of Operations - Adjusted EBITDA*".

**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, the most directly comparable GAAP measures to total capitalization is provided under "*Liquidity and Capital Resources - Capitalization*".

**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 to cash and total debt, the most directly comparable GAAP measures to net debt, is provided under "*Liquidity and Capital Resources - Capitalization*".

**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 calculation of net debt to capitalization ratio is provided under "*Liquidity and Capital Resources - Capitalization*".

## FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable securities legislation. These statements relate to expectations regarding future events or Big Rock's future performance based on certain assumptions made by Big Rock. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "likely", "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those forward-looking statements are

reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

This MD&A contains forward-looking statements pertaining to the following:

- Big Rock's long-term growth strategy and the anticipated benefits to be derived therefrom;
- Big Rock's expectations that operational efficiencies derived from increased production volumes will aim to improve its competitiveness and gain market share within its contract production business;
- 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;
- that Big Rock's co-packing partnerships continue to benefit the Corporation's performance, increase sales volumes and increase revenues;
- the expectation that the Corporation's new warehouse lease facility will generate operating efficiencies and support gross margin improvement;
- [the expectation that the BC strike related volume impacts will not extend into 2026
- that Macroeconomic uncertainty continues to pose a possible risk to Big Rock, Management's mitigation strategies and the result thereof;
- that Big Rock will meet its financial projections for fiscal 2026 and the expectations that it will have sufficient cash flows to cover forecasted expenses;
- that Management will continue to take actions to increase revenues and lower costs to meet expectations for the 2026 fiscal year;
- Big Rock's belief that future results will continue 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 the co-packing segment of its business;
- Big Rock's expectations regarding its strategic goals and efforts throughout 2026;
- plans and strategies to help moderate the impact of seasonal variations;
- 
- Big Rock's business plans, outlook, and strategy;
- 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 future oriented financial information ("FOFI") contained in this MD&A, management has made assumptions regarding, among other things:

- Big Rock's ability to continue as a going concern;
- future changes to mark-up rates put in effect in Alberta;
- impacts of the BCGEU strike on the Corporation;
- anticipated cost increases in Big Rock's production and supply chain;
- that volumes in the current fiscal year will remain constant or will increase;
- that co-packing volumes will continue to exceed prior year levels;
- that the beyond beer market will continue to grow;
- that there will be no material change to the regulatory environment in which Big Rock operates;
- that 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;
- 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 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;
- risks related to unanticipated change to Alberta mark-up rates;
- 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;
- risks regarding the tariffs imposed by the U.S. and/or Canadian governments on the import of goods from one country to the other and any future changes thereto; and
- the risk that Big Rock may lose co-packing partner revenues used to offset fixed overhead costs.

Any financial outlook or FOFI contained in this MD&A regarding prospective financial position, including, but not limited to: Big Rock's commitments with respect to capital expenditures for the next five years, is 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 statements and FOFI contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking 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 statements or FOFI to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.