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

		Three months ended June 30		Six months ended June 30	
	Note	**2026**	2025	**2026**	2025
Revenue					
Net revenue	3	**13,910**	14,054	**24,026**	24,116
Cost of sales	4	**9,573**	8,889	**16,568**	15,242
Gross profit		**4,337**	5,165	**7,458**	8,874
Expenses					
Selling expenses	4	**2,616**	3,110	**5,080**	5,375
General and administrative	4	**1,552**	1,559	**3,050**	2,774
Depreciation and amortization	4	**102**	101	**235**	230
Operating expenses		**4,270**	4,770	**8,365**	8,379
Operating income (loss)		**67**	395	**(907)**	495
Finance expenses		**271**	213	**551**	377
Stock based compensation		**122**	(56)	**593**	(23)
Other expense (income)		**296**	(43)	**354**	(91)
Net (loss) income and comprehensive (loss) income		**(622)**	281	**(2,405)**	232
Per share amounts					
Basic and diluted	5	**$ (0.03)**	$ 0.01	**$ (0.10)**	$ 0.01
Segmented information	18				

See accompanying notes to the condensed interim consolidated financial statements.

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

As at	Note	**June 30, 2026** *(Unaudited)*	December 30, 2025
ASSETS			
Current			
Cash		**232**	537
Accounts receivable	6	**5,410**	4,779
Inventories	7	**9,945**	8,042
Prepaid expenses and deposits		**1,352**	1,473
Assets held for sale	8	—	51
		16,939	14,882
Non-current			
Property, plant, and equipment	9	**31,074**	31,849
Intangible assets	10	**632**	567
Deferred income tax		**134**	134
		31,840	32,550
Total assets		**48,779**	47,432
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	11	**13,196**	8,937
Current portion of lease liabilities	12	**692**	564
Current portion of debt	13	**8,999**	4,864
Share-based liability	15	—	6
		22,887	14,371
Non-current			
Debt	13	—	4,635
Lease liabilities	12	**2,694**	3,136
Other liabilities		**120**	113
		2,814	7,884
EQUITY			
Shareholders' capital	14	**131,412**	131,177
Contributed surplus		**2,615**	2,544
Accumulated deficit		**(110,949)**	(108,544)
		23,078	25,177
Total liabilities and shareholders' equity		**48,779**	47,432

Going concern	2
Commitments and contractual obligations	19
Subsequent events	22

See accompanying notes to the condensed interim consolidated financial statements.

"Stephen Giblin"

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

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

		Three months ended June 30		Six months ended June 30	
	Note	**2026**	2025	**2026**	2025
OPERATING ACTIVITIES					
Net (loss) income and comprehensive (loss) income		**(622)**	281	**(2,405)**	232
Items not affecting cash:					
Depreciation and amortization	4	**663**	529	**1,369**	1,069
Share-based payments	15	**122**	28	**599**	61
Amortized debt issue costs		**32**	–	**42**	–
Changes in other expenses/income		**10**	–	**(102)**	–
		205	838	**(497)**	1,362
Change in non-cash working capital related to operating activities	21	**667**	(406)	**1,165**	(6,013)
Cash provided by (used in) operating activities		**872**	432	**668**	(4,651)
FINANCING ACTIVITIES					
(Repayment)/ advances of operating facility	13	**(444)**	133	**(58)**	(947)
Repayment of second lien financing facility	13	–	–	–	(9,000)
Repayment of term debts	13	**(226)**	(165)	**(382)**	(1,028)
Common shares issued	14	**–**	–	–	17,400
Share issue costs	14	**–**	–	–	(984)
Repayments of share-based liability		**–**	(84)	**(6)**	(84)
Withholding tax on issuance of shares		**–**	–	**(294)**	–
Repayment of lease liabilities	12	**(237)**	(24)	**(474)**	(144)
Change in non-cash working capital related to financing activities	21	**79**	–	**160**	–
Cash (used in) provided by financing activities		**(828)**	(140)	**(1,054)**	5,213
INVESTING ACTIVITIES					
Purchase of property, plant, and equipment	9	**(103)**	(323)	**(501)**	(510)
Purchase of intangible assets		**(26)**	–	**(152)**	–
Proceeds from government grant	9	–	–	**–**	250
Proceeds from sale of property, plant, and equipment	9	**51**	–	**51**	–
Change in non-cash working capital related to investing activities	21	**115**	50	**683**	(43)
Cash provided by (used in) investing activities		**37**	(273)	**81**	(303)
Net increase (decrease) in cash		**81**	19	**(305)**	259
Cash, beginning of period		**151**	612	**537**	372
Cash, end of period		**232**	631	**232**	631

See accompanying notes to the condensed interim consolidated financial statements.

BIG ROCK BREWERY INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited
(In thousands of Canadian dollars)

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2025		131,177	2,544	(108,544)	25,177
Share-based payments	15	—	600	—	600
Withholding tax on issuance of shares	14	—	(294)	—	(294)
Shares issued from treasury	14	235	(235)	—	—
Net loss and comprehensive loss		—	—	(2,405)	(2,405)
As at June 30, 2026		**131,412**	**2,615**	**(110,949)**	**23,078**

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2024		113,910	3,185	(107,898)	9,197
Share-based payments	15	—	61	—	61
Common shares issued, net of share issue costs	14	16,416	—	—	16,416
Shares issued from treasury	14	137	(137)	—	—
Net income and comprehensive income		—	—	232	232
As at June 30, 2025		**130,463**	**3,109**	**(107,666)**	**25,906**

See accompanying notes to the condensed interim consolidated financial statements.

1. CORPORATE INFORMATION

Big Rock Brewery Inc. ("**Big Rock**" or the "**Corporation**") is incorporated in Canada, with limited liability under the legislation of the Province of Alberta, and its shares are listed on the Toronto Stock Exchange and trade under the symbol "BR".

Big Rock is a regional producer of premium, all-natural craft beers, ciders, ready to drink and non-alcoholic products, which are sold in six provinces and two territories in Canada. The head office, principal address, and records office of the Corporation are located at 5555 – 76th Avenue SE, Calgary, Alberta T2C 4L8.

2. BASIS OF PREPARATION

Going concern

The condensed interim consolidated financial statements for the three and six months ended June 30, 2026, have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended June 30, 2026, the Corporation incurred a net loss of $2.4 million and cash provided by operations of $0.7 million. As at June 30, 2026 the Corporation had a working capital deficit of $6.0 million, which includes the reclassification of $3.6 million of debt based on a number of positive and negative covenants on the Corporation more fully described in Note 13.

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

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting on a basis consistent with the accounting, estimation and judgement policies described in the Corporation's audited consolidated financial statements as at and for the year ended December 30, 2025.

Certain disclosures that are normally required to be included in the notes to the annual audited financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 30, 2025.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 12, 2026.

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

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value through profit and loss. These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Corporation and its subsidiaries. All values are rounded to the nearest thousand dollars except where otherwise indicated.

The condensed interim consolidated financial statements require management to make estimates and judgments that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures. Accordingly, actual results may differ from estimated amounts. Significant estimates and judgments used in the preparation of the condensed interim consolidated financial statements are described in the audited financial statements and notes thereto for the year ended December 30, 2025.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of Big Rock and each of its wholly-owned subsidiaries. Subsidiaries are those enterprises controlled by the Corporation. The following companies have been consolidated within the condensed interim consolidated financial statements:

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

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

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business and have been prepared on the historical cost basis, presented in Canadian dollars. All values are rounded to the nearest thousand dollars except where otherwise indicated.

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Corporation for the year ended December 30, 2025. These condensed interim consolidated financial statements do not include all of the information and disclosures required in the Corporation’s annual consolidated financial statements and should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the year ended December 30, 2025.

The preparation of these condensed interim consolidated financial statements requires management to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses. The key sources of estimation uncertainty and critical judgements applied are consistent with those disclosed in the annual audited consolidated financial statements for the year ended December 30, 2025. There have been no significant changes in estimates or judgements in the first half of 2026.

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

3. NET REVENUE

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Wholesale revenues	**$ 13,613**	$ 13,765	**$ 23,126**	$ 23,515
Co-pack and other revenues	**3,823**	4,192	**7,100**	7,507
Federal excise taxes	**(1,071)**	(1,453)	**(2,134)**	(2,611)
Provincial liquor tax programs	**(2,455)**	(2,450)	**(4,066)**	(4,295)
Net revenue	**$ 13,910**	$ 14,054	**$ 24,026**	$ 24,116

Gross product 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.

4. EXPENSES BY NATURE

Expenses related to depreciation, amortization and personnel are included within the following line items on the condensed interim consolidated statements of net income (loss) and comprehensive income (loss):

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Depreciation and amortization				
Cost of sales	**$ 561**	$ 428	**$ 1,134**	$ 839
Depreciation and amortization	**102**	101	**235**	230
Salaries, wages, and benefits				
Cost of sales	**1,664**	1,677	**3,356**	2,916
Selling expenses	**703**	682	**1,449**	1,297
General and administrative	**453**	595	**1,311**	1,197
Share based payments				
General and administrative	**122**	(56)	**593**	(23)

5. PER SHARE AMOUNTS

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net (loss) income – basic and diluted	**$ (622)**	$ 281	**$ (2,405)**	$ 232
Weighted average shares				
Issued common shares	**24,596**	24,443	**24,596**	24,443
Weighted average shares – basic and diluted	**24,596**	24,443	**24,596**	24,443
Per share amounts				
Basic and diluted	**$ (0.03)**	$ 0.01	**$ (0.10)**	$ 0.01

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

6. ACCOUNTS RECEIVABLE

As at	June 30, 2026	December 30, 2025
Provincial liquor boards	**2,181**	1,577
Co-packing customer receivables	**2,861**	2,162
Federal and provincial tax program receivables	**147**	577
Other receivables	**251**	611
Expected credit loss provision	**(30)**	(148)
Total accounts receivable	**5,410**	4,779

The aging of trade receivables is as follows:

As at	June 30, 2026	December 30, 2025
Current	**4,226**	2,806
Past due 0-30 days	**393**	162
Past due 31-60 days	**265**	188
Past due > 60 days	**243**	346
Total trade receivables	**5,127**	3,502

7. INVENTORIES

As at	June 30, 2026	December 30, 2025
Raw materials and containers	**2,506**	2,612
Brews in progress	**881**	547
Finished product	**5,131**	3,720
Consignment product	**1,395**	1,126
Retail store	**32**	37
Total inventories	**9,945**	8,042

During the six months ended June 30, 2026, charges of $0.9 million (2025 - $0.6 million) were recorded to the condensed interim consolidated statements of income (loss) and comprehensive income (loss) relating to damaged or obsolete inventories. The amount of inventory recognized as an expense in the three months ended June 30, 2026 was $7.5 million (2025 - $5.0 million) and for the six months ended June 30, 2026 was $10.2 million (2025 - $7.7 million).

There were no reversals of amounts previously recorded in respect of inventory write-downs during the six months ended June 30, 2026 or June 30, 2025.

8. ASSETS HELD FOR SALE

In the second quarter of 2026, the Corporation sold an asset held for sale for proceeds of $0.1 million.

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

9. PROPERTY, PLANT, AND EQUIPMENT

	Land and Buildings	Machinery and equipment	Office furniture and equipment	Right of use assets	Total
Cost					
As at December 30, 2025	18,238	35,548	1,456	4,078	59,320
Additions	25	436	40	—	501
As at June 30, 2026	**18,263**	**35,984**	**1,496**	**4,078**	**59,821**
Accumulated depreciation					
As at December 30, 2025	5,036	20,385	1,328	722	27,471
Depreciation	227	611	48	390	1,276
As at June 30, 2026	**5,263**	**20,996**	**1,376**	**1,112**	**28,747**
Net book value					
As at December 30, 2025	13,202	15,163	128	3,356	31,849
As at June 30, 2026	**13,000**	**14,988**	**120**	**2,966**	**31,074**

In the first half of 2026 the Corporation incurred costs of $0.3 million related to the finalization of the RTD project and another $0.2 million on computer hardware and other equipment.

During the six months ended June 30, 2025, the Corporation spent $0.2 million related to the RTD project. The Corporation spent an additional $0.3 million on other equipment improvements and furniture and fixtures.

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

Impairment

During the six months ended June 30, 2026, the Corporation determined that there are no indicators of impairment.

10. INTANGIBLE ASSETS

In the first half of 2026 the Corporation incurred costs of $0.2 million related to the acquisition and implementation of a warehouse management system to support logistics operations. The project is in the testing and implementation phase and has costs incurred have been capitalized as intangible assets under development.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**June 30, 2026**	December 30, 2025
Trade payables	**8,506**	5,153
Container deposits	**485**	515
Federal excise tax payable	**512**	345
Accruals and other	**3,693**	2,924
Total accounts payable and accrued liabilities	**13,196**	8,937

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

12. LEASE LIABILITIES

As at	June 30, 2026	December 30, 2025
Lease liabilities, beginning of year	**3,700**	218
Additions	—	3,726
Interest expense	**160**	169
Lease payments	**(474)**	(413)
	3,386	3,700
Current	**692**	564
Non-current	**2,694**	3,136
	3,386	3,700

Big Rock has lease liabilities for contracts related to buildings, vehicle and equipment leases. The weighted average discount rate for the six months ended June 30, 2026 was 8.9 percent (2025 – 8.9 percent).

13. 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.

On March 9, 2026 the Corporation entered into an amendment to the term loan facility agreement with ATB. The amendment modified the debt repayment schedule, resulting in increased monthly term debt payments, effective March 31, 2026. The modification did not result in derecognition of the existing debt, as the revised terms were determined not to be substantially different from the original terms. Accordingly, the amendment is being accounted for as a debt modification, with the carrying amount adjusted for revised cash flows using the original effective interest rate, and the change is being amortized over the term of the debt.

The amendment was accounted for as a modification of a financial liability in accordance with IFRS 9 and resulted in a gain of $0.1 million, recognized in finance costs in the first quarter of 2026 and is being amortized over the term of the debt.

During the six months ended June 30, 2026, the Corporation repaid $0.1 million of its ATB Financial (**"ATB"**) operating facility and repaid $0.4 million on its ATB term facilities.

As at	June 30, 2026	December 30, 2025
Debt, beginning of year	**9,499**	18,683
(Repayment)/Advances of operating facility	**(58)**	1,099
Repayment of second lien financing facility	—	(9,000)
Repayment of term debt	**(382)**	(1,292)
Debt issue costs	**42**	9
Gain on debt modification	**(102)**	—
	8,999	9,499

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

Details on amounts outstanding under these facilities are as follows:

As at	**June 30, 2026**	December 30, 2025
Operating facility – principal	**4,405**	4,464
Term debt – principal and accrued interest	**4,752**	5,133
Debt issue costs	**(56)**	(98)
Gain on debt modification	**(102)**	—
	8,999	9,499
Current	**8,999**	4,864
Non-current	—	4,635

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

	Contractual Maturity Date	**June 30, 2026**	December 30, 2025
Tranche 4	September 9, 2027	**196**	262
Tranche 5	February 28, 2031	**2,115**	2,267
Tranche 6	December 31, 2031	**2,441**	2,604
Total term debt outstanding		**4,752**	5,133

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 monthly. The Corporation is also required to perform a monthly assessment of its EBITDA targets which are defined in the loan agreement. ATB has first and floating charge debentures over all assets held by the Corporation.

As at June 30, 2026, the Corporation was not in compliance with its EBITDA targets. Management is working with ATB to waive the breach however because a waiver was not obtained prior to June 30, 2026, under terms of the agreement the Corporation was required to reclassify the $3.6 million long-term portion of its debt, as current.

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

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

14. SHAREHOLDERS' CAPITAL

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

	As at June 30, 2026		As at December 30, 2025	
(thousands)	# of shares	$ Amount	# of shares	$ Amount
Outstanding, beginning of year	**24,494**	**131,177**	6,998	113,910
Common shares issued through private placement	–	–	17,400	16,416
Shares issued from treasury	103	235	96	168
Shares held in trust issued	–	–	–	683
Outstanding, end of period	**24,597**	**131,412**	24,494	131,177

15. SHARE-BASED PAYMENTS

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Equity settled plans:				
Options expense	–	4	**4**	12
Restricted share unit expense	**122**	24	**595**	49
	122	28	**599**	61
Cash settled plans:				
RSUs fair value adjustments	–	(84)	**(6)**	(84)
Total share-based payments	**122**	(56)	**593**	(23)

16. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

The Corporation's categories of financial instruments are:

Classification of Financial Instrument	**Designated as**	**June 30, 2026**		December 30, 2025	
		Carrying Amount	**Fair Value Amount**	**Carrying Amount**	**Fair Value Amount**
Financial assets:					
Cash	Amortized cost	**232**	**232**	537	537
Accounts receivable	Amortized cost	**5,410**	**5,410**	4,779	4,779
Financial liabilities:					
Accounts payable and accrued liabilities	Amortized cost	**13,196**	**13,196**	8,937	8,937
Debt	Amortized cost	**8,999**	**8,999**	9,499	9,499
Share-based payment liability	Fair value – Level 1	–	–	6	6

Fair value measurement

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

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

Risk management

The Corporation's financial risk management policies associated with these financial instruments and the policies on how to mitigate these risks remain consistent with those disclosed in the consolidated annual financial statements dated December 30, 2025. No significant changes in exposure to foreign exchange, interest rate, credit or liquidity risk during the interim period.

Commodity price risk

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

Tax risk

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

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

Market Risk

The Corporation is exposed to other price risks arising from the potential of import tariffs on raw materials and brewing equipment. Key inputs such as hops, specialty malts and packaging materials are sourced internationally. Changes in tariffs, particularly in relation to the U.S. trade policies can materially affect costs and the value of related financial instruments such as trade payables. Big Rock has been engaging with policymakers and carefully reviewing our procurement strategies to mitigate the potential operational and economic impact these changes may have.

17. CAPITAL RISK MANAGEMENT

The Corporation defines its capital to include common shares plus current and non-current debt and lease liabilities less cash balances. The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern, to support the Corporation's normal operating requirements and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. This allows management to maximize the profitability of its existing assets and create long-term value and enhance returns for its shareholders.

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

As at	June 30, 2026	December 30, 2025
Debt	**8,999**	9,499
Lease liabilities	**3,386**	3,700
Total debt	**12,385**	13,199
Shareholders' equity		
Shareholders' capital	**131,412**	131,177
Contributed surplus	**2,615**	2,544
Accumulated deficit	**(110,949)**	(108,544)
Total shareholders' equity	**23,078**	25,177
Total debt and shareholders' equity	**35,463**	38,376
Less: Cash	**232**	537
Total capitalization (total debt plus shareholders' equity, net of cash balances)	**35,231**	37,839

The Corporation manages the capital structure through prudent levels of borrowing, cash flow forecasting, and working capital management. Adjustments are made by considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Big Rock may issue new shares, issue or renegotiate its debt, acquire or dispose of assets or adjust the amount of cash. Capital requirements of the Corporation are managed by the preparation of an annual expenditure budget which is approved by the Board of Directors and monitored on a regular basis by management. The budget is updated as necessary depending on numerous factors, including capital deployment, results from operations, general industry conditions and government policy changes.
In addition, the Corporation monitors its capital using ratios of (i) net debt (debt less cash) to earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") and (ii) EBITDA to interest, debt repayments, and dividends. Net debt to EBITDA is calculated by dividing net debt by EBITDA. EBITDA to interest, debt repayments, and dividends is calculated by dividing EBITDA by the combined interest, debt repayments, and dividend amounts. Refer also to Note 13.

18. SEGMENTED INFORMATION

For management purposes, the Corporation is organized into operating segments based on its products, services, location, and distribution methods. Ten operating segments have been identified. These segments have been aggregated into two reportable segments: the wholesale segment, which manufactures and distributes beer, cider, and other alcoholic and non-alcoholic beverages to and through provincial liquor boards which are subsequently sold on to end consumers, as well as the results from co-packing/contract arrangements. The retail segment, which sells beverages, food, and merchandise to end consumers on premises owned and/or operated by the Corporation.

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

Management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being profit or loss, which is measured consistently with the definition of profit or loss in the condensed interim consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

Operating assets and liabilities are managed on a corporate basis. General and administrative expenses, current taxes, deferred taxes, and capital expenditures are not allocated to segments as they are also managed on a corporate basis. Inter-segment revenues are eliminated on consolidation and are reflected in the “eliminations” column. All other adjustments and eliminations are part of detailed reconciliations presented below.

Profit by Segment

Six months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Net revenue	**23,842**	23,936	**230**	242	**(46)**	(62)	**24,026**	24,116
Cost of sales	**16,421**	15,104	**193**	200	**(46)**	(62)	**16,568**	15,242
Gross profit	**7,421**	8,832	**37**	42	**-**	-	**7,458**	8,874
Selling expenses	**5,063**	5,367	**17**	8	**-**	-	**5,080**	5,375
Segment profit	**2,358**	3,465	**20**	34	**-**	-	**2,378**	3,499
General and administrative cost							**3,050**	2,774
Depreciation and amortization							**235**	230
Operating (loss) income							**(907)**	495
Finance expenses							**551**	377
Share based compensation							**593**	(23)
Other expense (income)							**354**	(91)
Net (loss) income and comprehensive (loss) income							**(2,405)**	232

Three months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Net revenue	**13,784**	13,942	**157**	143	**(31)**	(31)	**13,910**	14,054
Cost of sales	**9,475**	8,803	**129**	117	**(31)**	(31)	**9,573**	8,889
Gross profit	**4,309**	5,139	**28**	26	**-**	-	**4,337**	5,165
Selling expenses	**2,606**	3,103	**10**	7	**-**	-	**2,616**	3,110
Segment profit	**1,703**	2,036	**18**	19	**-**	-	**1,721**	2,055
General and administrative cost							**1,552**	1,559
Depreciation and amortization							**102**	101
Operating income (loss)							**67**	395
Finance expenses							**271**	213
Share based compensation							**122**	(56)
Other expense (income)							**296**	(43)
Net (loss) income and comprehensive (loss) income							**(622)**	281

19. 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	312	—	—	—	—
Raw material purchase commitments	1,327	—	—	—	—
Marketing sponsorships	88	100	—	—	—
Total	1,727	100	—	—	—

20. RELATED PARTY TRANSACTIONS

The Corporation enters 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.

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

Transactions with related entities

Subsequent to quarter end, Big Rock closed a $2.0 million second lien financing (the "**Second Lien Financing**") with VN Capital Fund I, LP ("**VN Capital**"). The Second Lien Financing will bear interest at a rate of prime plus 500 basis points and will have a maturity date of September 29, 2026.

VN Capital is a principal shareholder and "insider" of the Corporation and James Vanasek, a director of Big Rock, is a co-founder, principal and managing partner of VN Capital Management, LLC, the manager of VN Capital.

21. SUPPLEMENTAL CASH FLOW DISCLOSURES

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Cash provided by (used in):				
Accounts receivable	**(835)**	(952)	**(631)**	(2,737)
Inventories	**734**	(135)	**(1,903)**	(864)
Prepaid expenses and deposits	**(204)**	(498)	**121**	(332)
Accounts payable and accrued liabilities	**1,087**	1,229	**4,267**	(2,123)
Lease liabilities	**79**	—	**160**	—
Total change in non-cash working capital	**861**	(356)	**2,014**	(6,056)
Total change in non-cash working capital allocated to:				
Operating	**668**	(406)	**1,165**	(6,013)
Financing	**79**	—	**160**	—
Investing	**115**	50	**689**	(43)
	862	(356)	**2,014**	(6,056)
Supplemental cash-flow information				
Interest paid	**254**	213	**527**	377

22. SUBSEQUENT EVENTS

On July 28th, 2026, Big Rock closed a $2.0 million Second Lien Financing with VN Capital. The Second Lien Financing will bear interest rates at prime plus 500-basis points and will have a maturity date of September 29, 2026.