

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

		Three months ended September 30		Nine months ended September 30	
	Note	2024	2023	2024	2023
Revenue					
Net revenue	3	12,774	11,553	33,700	34,706
Cost of sales	4	8,864	8,098	23,927	24,490
Gross profit		3,910	3,455	9,773	10,216
Expenses					
Selling expenses	4	2,693	2,331	7,934	6,712
General and administrative	4	1,478	925	4,742	3,071
Depreciation and amortization	4	86	144	410	479
Operating expenses		4,257	3,400	13,086	10,262
Operating (loss) income		(347)	55	(3,313)	(46)
Finance expenses		716	551	2,077	1,561
Loss (gain) on dispositions - net	7	2,107	(170)	633	(387)
Gain on extinguishment of liabilities	8	(2,232)	—	(2,232)	—
Other income		—	(98)	—	(85)
Loss before income taxes		(938)	(228)	(3,791)	(1,135)
Income tax recovery					
Deferred		—	(1)	—	(313)
		—	(1)	—	(313)
Net loss and comprehensive loss		(938)	(227)	(3,791)	(822)
Per share amounts					
Basic	5	\$ (0.13)	\$ (0.03)	\$ (0.54)	\$ (0.11)
Diluted	5	\$ (0.13)	\$ (0.03)	\$ (0.51)	\$ (0.11)

Segmented information

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See accompanying notes to the condensed interim consolidated financial statements.

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

As at	Note	September 30, 2024	December 30, 2023
ASSETS			
Current			
Cash		1,100	1,039
Accounts receivable		3,610	2,933
Inventories	6	6,615	8,932
Prepaid expenses and deposits		718	1,668
Assets held for sale		51	51
		12,094	14,623
Non-current			
Property, plant, and equipment	7	34,643	36,668
Intangible assets		915	1,366
Deferred income tax		134	134
		35,692	38,168
Total assets		47,786	52,791
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	10	11,049	10,407
Current portion of debt	9	9,334	4,849
Current portion of lease liabilities	8	272	659
Share-based payments	12	263	263
		20,918	16,178
Non-current			
Debt	9	7,989	11,744
Lease liabilities	8	63	2,343
		8,052	14,087
EQUITY			
Shareholders' capital	11	113,910	113,775
Contributed surplus		3,128	3,182
Accumulated deficit		(98,222)	(94,431)
		18,816	22,526
Total liabilities and shareholders' equity		47,786	52,791
Going concern	2		
Commitments and contractual obligations	16		

See accompanying notes to the condensed interim consolidated financial statements.

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

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

		Three months ended September 30		Nine months ended September 30	
	Note	2024	2023	2024	2023
OPERATING ACTIVITIES					
Net loss and comprehensive loss		(938)	(227)	(3,791)	(822)
Items not affecting cash:					
Depreciation and amortization	4	551	820	2,205	2,969
Loss (Gain) on dispositions - net	7	2,107	(170)	633	(387)
Share-based payments	12	77	104	(54)	(127)
Amortized debt issue costs	9	42	44	31	133
(Gain) Loss on debt modification	9	(42)	—	42	—
Gain on extinguishment of liabilities	8	(2,232)	—	(2,232)	—
Deferred income tax recovery		—	(1)	—	(313)
		(435)	570	(3,166)	1,453
Change in non-cash working capital related to operating activities		2,208	652	3,232	(2,161)
Cash provided by (used in) operating activities		1,773	1,222	66	(708)
FINANCING ACTIVITIES					
Advances of debt - net	9	(1,503)	—	1,190	—
(Repayment) advances of term debt	9	(186)	(720)	(533)	1,688
Shares issued from treasury	11	—	—	90	—
Purchase of shares held in trust	11	—	(85)	45	(20)
Repayment of lease liabilities	8	(153)	(175)	(435)	(579)
Cash (used in) provided by financing activities		(1,842)	(980)	357	1,089
INVESTING ACTIVITIES					
Purchase of property, plant, and equipment	7	(1,589)	(83)	(3,242)	(254)
Purchase of intangibles		—	—	—	(6)
Net proceeds from sale of property, plant, and equipment		152	370	2,880	860
		(1,437)	287	(362)	600
Change in non-cash working capital related to investing activities		1,717	—	—	—
Cash provided by (used in) investing activities		280	287	(362)	600
Net increase in cash		211	529	61	981
Cash, beginning of period		889	1,064	1,039	612
Cash, end of period		1,100	1,593	1,100	1,593

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, 2023		113,775	3,182	(94,431)	22,526
Share-based payments	12	—	81	—	81
Shares issued from treasury	11	90	(90)	—	—
Shares held in trust issued	11	45	(45)	—	—
Net loss and comprehensive loss		—	—	(3,791)	(3,791)
As at September 30, 2024		113,910	3,128	(98,222)	18,816

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2022		113,746	2,954	(91,498)	25,202
Share-based payments	12	72	168	—	240
Purchase of shares held in trust	11	(20)	—	—	(20)
Shares held in trust issued	11	13	(13)	—	—
Net loss and comprehensive loss		—	—	(822)	(822)
As at September 30, 2023		113,811	3,109	(92,320)	24,600

See accompanying notes to the condensed interim consolidated financial statements.

BIG ROCK BREWERY INC.

Notes to the Condensed Interim Consolidated Financial Statements

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

1. CORPORATE INFORMATION

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

Big Rock is a regional producer of premium, all-natural craft beers, ciders and other alcoholic 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 nine months ended September 30, 2024 have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended September 30, 2024, the Corporation incurred a net loss of \$3.8 million. The Corporation has \$2.3 million drawn on its operating facility as at September 30, 2024. The credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 9.

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 condensed interim consolidated financial statements. Such adjustments could be material.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the presentation of interim financial statements and International Accounting Standards ("**IAS**") 34, Interim Financial Reporting, as the accounting policies applied in these condensed interim consolidated financial statements are based on IFRS as issued, outstanding and effective September 30, 2024.

Certain disclosures that are normally required to be included in the notes to the annual audited financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 30, 2023.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 7, 2024.

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 or 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.

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

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

Basis of 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, 2023. 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, 2023.

3. NET REVENUE

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Gross product revenues	\$ 17,061	\$ 15,999	\$ 44,141	\$ 46,656
Federal excise taxes	(1,974)	(1,725)	(4,003)	(4,314)
Provincial liquor tax programs	(2,313)	(2,721)	(6,438)	(7,636)
Net revenue	\$ 12,774	\$ 11,553	\$ 33,700	\$ 34,706

Gross product revenues include wholesale beer, cider and other alcoholic and non-alcoholic beverage revenues, co-packing revenues as well as retail store and restaurant sales. Net revenue includes gross revenues net of excise taxes and provincial government liquor taxes.

On September 1, 2024, the Corporation entered into a new 3-year production and sales agency agreement with a strategic partner. Under the terms of the Agreement, the Corporation will produce various ready-to drink ("RTD") alcoholic beverages at its brewing, packaging and warehousing facility in Calgary. The Corporation shall also be responsible for selling the RTD products destined for the Alberta market.

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Depreciation and amortization				
Cost of sales	\$ 465	\$ 677	\$ 1,795	\$ 2,491
Depreciation and amortization	86	150	410	484
Salaries, wages, and benefits				
Cost of sales	1,657	3,075	4,957	4,564
Selling expenses	626	578	1,831	1,550
General and administrative	712	471	1,978	1,090
Share based payments				
General and administrative	77	19	(54)	(127)

5. PER SHARE AMOUNTS

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net loss - basic	\$ (938)	\$ (227)	\$ (3,791)	\$ (822)
Effect of dilutive securities	—	—	—	—
Net loss - diluted	\$ (938)	\$ (227)	\$ (3,791)	\$ (822)
Weighted average shares				
Issued common shares	6,990	6,979	6,982	6,979
Effect of shares held in trust	—	(5)	—	(3)
Weighted average shares - basic	6,990	6,974	6,982	6,976
Effect of dilutive securities	—	425	523	292
Weighted average shares - diluted	6,990	7,399	7,505	7,268
Per share amounts				
Basic	\$ (0.13)	\$ (0.03)	\$ (0.54)	\$ (0.11)
Diluted	\$ (0.13)	\$ (0.03)	\$ (0.51)	\$ (0.11)

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

As at	September 30, 2024	December 30, 2023
Raw materials and containers	1,209	1,880
Brews in progress	761	484
Finished product	3,662	5,785
Consignment product	845	759
Retail store	138	24
Total inventories	6,615	8,932

During the nine months ended September 30, 2024, charges of \$0.6 million, (year ended December 30, 2023 - \$0.6 million) were recorded to the condensed interim consolidated statements of net loss and comprehensive loss relating to damaged or obsolete inventories. There were no reversals of amounts previously recorded in respect of inventory write-downs during the nine months ended September 30, 2024 nor during the year ended December 30, 2023.

7. 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	—	3,242	—	—	3,242
Dispositions	(1,591)	(334)	—	(2,992)	(4,917)
As at September 30, 2024	25,077	37,108	2,436	773	65,394
Accumulated depreciation					
As at December 30, 2023	7,036	19,734	2,356	1,275	30,401
Depreciation	509	913	30	302	1,754
Dispositions	(335)	(78)	—	(991)	(1,404)
As at September 30, 2024	7,210	20,569	2,386	586	30,751
Net book value					
As at December 30, 2023	19,632	14,466	80	2,490	36,668
As at September 30, 2024	17,867	16,539	50	187	34,643

During first half of 2024, to comply with Canada's ban on single-use plastics, the Corporation purchased and commissioned a new paper hi-cone machine at a cost of \$1.3 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. The packaging equipment was commissioned in July 2024.

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 \$1.2 million, resulting in a gain on sale of \$1.5 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 \$0.1 million, net of repair and restoration costs.

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

As at	September 30, 2024	December 30, 2023
Lease liabilities, beginning of year	3,002	3,767
Disposals	(2,232)	(18)
Interest expense	73	136
Lease payments	(508)	(883)
	335	3,002
Current	272	659
Non-current	63	2,343
	335	3,002

Big Rock has lease liabilities for contracts related to real estate within buildings and vehicle leases. The weighted average discount rate for the nine months ended September 30, 2024 was 4.3 percent (December 30, 2023 - 4.3 percent). As at September 30, 2024, the undiscounted future lease payments are \$0.3 million (December 30, 2023 - \$3.6 million).

On July 31, 2024, the Corporation concluded its building lease in Vancouver and a gain on extinguishment of the lease liability of \$2.2 million was recognized in the period.

9. DEBT

The Corporation has a credit facility with a financial institution owned by the Government of Alberta ("ATB"). The credit facility includes a revolving operating loan facility (the "**Operating facility**") of \$6.0 million and an evergreen term loan facility (the "**Term debt**") of \$10.0 million. Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit.

Both facilities bear interest rates at prime plus a basis point spread that is subject to a pricing grid based upon the Corporation's funded debt to earnings before interest, taxes, and depreciation, less an amount for maintenance capital. Both facilities are also subject to a standby fee on committed amounts undrawn. Term Debt payments of principal and interest are monthly.

On January 11, 2024, the Corporation added \$4.2 million in borrowings for a total of \$8.5 million in second lien financing from VN Capital Fund I, LP, a company related through a common director. The maturity date of the facility was also extended from June 30, 2024 to December 31, 2024. A loss on a debt term modification of \$0.1 million was recognized during the first three quarters of the year in association with the extension of, and amendment to the interest rate arrangements. Per IFRS 9 - Financial Instruments, this loss will be reversed by year end.

During the nine months ended September 30, 2024, the Corporation repaid \$3.0 million of its ATB operating facility and \$0.5 million on its ATB term facilities and drew \$4.2 million on its second lien financing facility with VN Capital Fund I, LP.

Details on amounts outstanding under these facilities are as follows:

As at	September 30, 2024	December 30, 2023
Operating facility - principal	2,281	5,290
Term debt - principal and accrued interest	15,127	11,461
Loss on debt modification	42	—
Debt issue costs	(127)	(158)
	17,323	16,593

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

Current	9,334	4,849
Non-current	7,989	11,744

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

	Expiry date	September 30, 2024	December 30, 2023
Tranche 1	December 31, 2024	8,500	4,300
Tranche 2	April 30, 2025	210	368
Tranche 3	February 28, 2026	434	584
Tranche 4	September 9, 2027	391	458
Tranche 5	February 28, 2031	2,430	2,499
Tranche 6	December 31, 2031	3,162	3,252
Total term debt outstanding		15,127	11,461

The loan 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 the maintenance of 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. Fixed charges are the sum of interest, dividends and income taxes paid, and principal repayments. In addition, the Corporation's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets. ATB has first and floating charge debentures over all assets held by the Corporation.

In 2022, Big Rock and ATB signed an Acknowledgement and Reservation of Rights letter where ATB imposed additional conditions on the Corporation. This letter imposed additional conditions including the weekly reporting of cash flow projections and presentation of a plan on or before August 29, 2022 (the "Plan") that was subsequently presented to ATB. The Plan reviewed the overall business strategy and included a multi-year financial forecast and plans for addressing near-term liquidity challenges and overall capitalization of the business.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	September 30, 2024	December 30, 2023
Trade payables	3,457	6,341
Container deposits	528	517
Interest on debt	2,155	932
Accruals and other	4,909	2,617
Total accounts payable and accrued liabilities	11,049	10,407

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

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

<i>(thousands)</i>	As at September 30, 2024		As at December 30, 2023	
	# of shares	\$ Amount	# of shares	\$ Amount
Outstanding, beginning of period	6,974	113,775	6,978	113,746
Shares issued from treasury	16	90	—	—
Shares held in trust purchased	—	—	(8)	(20)
Shares held in trust issued	8	45	4	13
RSU value	—	—	—	36
Outstanding, end of period	6,998	113,910	6,974	113,775

Effective April 29, 2024, Big Rock granted 30,000 stock options and 212,477 restricted share units to certain employees, officers, directors and advisors of the Corporation pursuant to the Corporation's long term incentive plan. An additional 16,215 common shares were issued from treasury and 7,425 from shares held in trust in satisfaction of the restricted share units that had vested.

12. SHARE-BASED PAYMENTS

Share-based compensation expense, included in general and administrative expenses, and recognized in the condensed interim consolidated statements of net loss and comprehensive loss for the three and nine months ended September 30, 2024 and 2023 include:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Equity settled plans:				
Options expense	(5)	20	(25)	301
Restricted share unit expense	82	50	106	(61)
	77	70	81	240
Cash settled plans:				
RSUs fair value adjustments	—	—	(135)	—
SARs fair value adjustments	—	(51)	—	(367)
Total share-based payments	77	19	(54)	(127)

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

<i>(in thousands)</i>	Options	RSUs	SARs
December 30, 2023	315,232	109,116	93,636
Issued	30,000	212,477	—
Exercised	—	(39,197)	—
Expired	—	(48,442)	—
September 30, 2024	345,232	233,954	93,636

BIG ROCK BREWERY INC.**Notes to the Condensed Interim Consolidated Financial Statements***(All tabular amounts are in thousands of Canadian dollars, unless otherwise stated)***13. CAPITAL RISK MANAGEMENT**

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

As at	September 30, 2024	December 30, 2023
Debt	17,323	16,593
Lease liabilities	335	3,002
Total debt	17,658	19,595
Shareholders' equity		
Shareholders' capital	113,910	113,775
Contributed surplus	3,128	3,182
Accumulated deficit	(98,222)	(94,431)
Total shareholders' equity	18,816	22,526
Total debt and shareholders' equity	36,474	42,121
Less: Cash	(1,100)	(1,039)
Total capitalization (total debt plus shareholders' equity, net of cash balances)	35,374	41,082

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 9.

14. 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 Condensed Interim Consolidated Financial Statements**

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

15. 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.

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

Nine months ended September 30	Wholesale		Retail		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
Net revenue	33,032	34,178	757	683	(89)	(155)	33,700	34,706
Cost of sales	23,701	24,208	315	437	(89)	(155)	23,927	24,490
Gross profit	9,331	9,970	442	246	—	—	9,773	10,216
Selling expenses	7,921	6,700	13	12	—	—	7,934	6,712
Segment profit	1,410	3,270	429	234	—	—	1,839	3,504
General and administrative cost							4,742	3,071
Depreciation and amortization							410	479
Operating loss							(3,313)	(46)
Finance expense							2,077	1,561
Loss (gain) on dispositions - net							633	(387)
Gain on extinguishment of liabilities							(2,232)	—
Other income							—	(85)
Loss before income taxes							(3,791)	(1,135)

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

Three months ended September 30	Wholesale		Retail		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
Net revenue	12,444	11,298	361	297	(31)	(42)	12,774	11,553
Cost of sales	8,758	7,986	137	154	(31)	(42)	8,864	8,098
Gross profit	3,686	3,312	224	143	—	—	3,910	3,455
Selling expenses	2,684	2,328	9	3	—	—	2,693	2,331
Segment profit	1,002	984	215	140	—	—	1,217	1,124
General and administrative cost							1,478	925
Depreciation and amortization							86	144
Operating (loss) income							(347)	55
Finance expense							716	551
Loss (gain) on dispositions - net							2,107	(170)
Gain on extinguishment of liabilities							(2,232)	—
Other income							—	(98)
Loss before income taxes							(938)	(228)

16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

	2024	2025	2026	2027	2028	Thereafter
Utilities contracts	156	624	—	—	—	—
Raw material purchase commitments	511	461	140	72	—	—
Marketing sponsorships	178	115	15	—	—	—
Total	845	1,200	155	72	—	—