

<p style="text-align: center;"><b>Form 5500</b></p> <p style="font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="font-size: small;">Department of Labor Employee Benefits Security Administration</p> <hr/> <p style="font-size: x-small;">Pension Benefit Guaranty Corporation</p>	<p><b>Annual Return/Report of Employee Benefit Plan</b></p> <p style="font-size: x-small;">This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).</p> <p>▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p>	<p style="font-size: x-small;">OMB Nos. 1210-0110 1210-0089</p> <hr/> <p style="font-size: large; font-weight: bold;">2023</p> <hr/> <p style="font-weight: bold;">This Form is Open to Public Inspection</p>
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**Part I Annual Report Identification Information**  
 For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023

**A** This return/report is for:  a multiemployer plan  a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)

a single-employer plan  a DFE (specify) \_\_\_\_\_

**B** This return/report is:  the first return/report  the final return/report

an amended return/report  a short plan year return/report (less than 12 months)

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶

**D** Check box if filing under:  Form 5558  automatic extension  the DFVC program

special extension (enter description)

**E** If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. . . . . ▶

**Part II Basic Plan Information—enter all requested information**

<p><b>1a</b> Name of plan <u>BREAKSIDE BREWERY, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u></p>	<p><b>1b</b> Three-digit plan number (PN) ▶ <u>002</u></p>
<p><b>2a</b> Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>BREAKSIDE BREWERY, INC.</u></p> <p><u>5821 SE INTERNATIONAL WAY</u> <u>MILWAUKIE, OR 97222</u></p>	<p><b>1c</b> Effective date of plan <u>07/31/2019</u></p> <p><b>2b</b> Employer Identification Number (EIN) <u>27-1283181</u></p> <p><b>2c</b> Plan Sponsor's telephone number <u>503-351-4546</u></p> <p><b>2d</b> Business code (see instructions) <u>312120</u></p>

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

<b>SIGN HERE</b>	Filed with authorized/valid electronic signature.	01/22/2025	RAY VEILLET
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
<b>SIGN HERE</b>			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
<b>SIGN HERE</b>			
	Signature of DFE	Date	Enter name of individual signing as DFE

<b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	<b>3b</b> Administrator's EIN	
	<b>3c</b> Administrator's telephone number	
<b>4</b> If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: <b>a</b> Sponsor's name <b>c</b> Plan Name	<b>4b</b> EIN	
	<b>4d</b> PN	
<b>5</b> Total number of participants at the beginning of the plan year	<b>5</b>	259
<b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ). <b>a(1)</b> Total number of active participants at the beginning of the plan year ..... <b>a(2)</b> Total number of active participants at the end of the plan year ..... <b>b</b> Retired or separated participants receiving benefits ..... <b>c</b> Other retired or separated participants entitled to future benefits ..... <b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> . ..... <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits ..... <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> . ..... <b>g(1)</b> Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) ..... <b>g(2)</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) ..... <b>h</b> Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	<b>6a(1)</b>	107
	<b>6a(2)</b>	110
	<b>6b</b>	0
	<b>6c</b>	61
	<b>6d</b>	171
	<b>6e</b>	0
	<b>6f</b>	171
	<b>6g(1)</b>	140
<b>6g(2)</b>	141	
<b>6h</b>	13	
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	<b>7</b>	

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:  
2P 2I 3I

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

<b>9a</b> Plan funding arrangement (check all that apply)	<b>9b</b> Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

<b>a Pension Schedules</b>	<b>b General Schedules</b>
(1) <input type="checkbox"/> <b>R</b> (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)
(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)
(3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input type="checkbox"/> <b>A</b> (Insurance Information) – Number Attached _____
(4) <input type="checkbox"/> <b>DCG</b> (Individual Plan Information) – Number Attached _____	(4) <input type="checkbox"/> <b>C</b> (Service Provider Information)
(5) <input type="checkbox"/> <b>MEP</b> (Multiple-Employer Retirement Plan Information)	(5) <input type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)
	(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)

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**Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)**

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**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....  Yes  No

If "Yes" is checked, complete lines 11b and 11c.

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**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) .....  Yes  No

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**11c** Enter the Receipt Confirmation Code for the 2023 Form M-1 annual report. If the plan was not required to file the 2023 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code \_\_\_\_\_

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<b>SCHEDULE H</b> <b>(Form 5500)</b>  <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>  <small>Pension Benefit Guaranty Corporation</small>	<b>Financial Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).  ▶ <b>File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <b>2023</b>  <b>This Form is Open to Public Inspection</b>
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For calendar plan year 2023 or fiscal plan year beginning <b>01/01/2023</b> and ending <b>12/31/2023</b>	
<b>A</b> Name of plan <b>BREAKSIDE BREWERY, INC. EMPLOYEE STOCK OWNERSHIP PLAN</b>	<b>B</b> Three-digit plan number (PN) ▶ <b>002</b>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <b>BREAKSIDE BREWERY, INC.</b>	<b>D</b> Employer Identification Number (EIN) <b>27-1283181</b>

<b>Part I</b>	<b>Asset and Liability Statement</b>
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**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

		(a) Beginning of Year	(b) End of Year
<b>Assets</b>			
<b>a</b> Total noninterest-bearing cash .....	<b>1a</b>	205	145
<b>b</b> Receivables (less allowance for doubtful accounts):			
<b>(1)</b> Employer contributions .....	<b>1b(1)</b>		
<b>(2)</b> Participant contributions .....	<b>1b(2)</b>		
<b>(3)</b> Other .....	<b>1b(3)</b>		
<b>c</b> General investments:			
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>		
<b>(2)</b> U.S. Government securities .....	<b>1c(2)</b>		
<b>(3)</b> Corporate debt instruments (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(3)(A)</b>		
<b>(B)</b> All other .....	<b>1c(3)(B)</b>		
<b>(4)</b> Corporate stocks (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(4)(A)</b>		
<b>(B)</b> Common .....	<b>1c(4)(B)</b>		
<b>(5)</b> Partnership/joint venture interests .....	<b>1c(5)</b>		
<b>(6)</b> Real estate (other than employer real property) .....	<b>1c(6)</b>		
<b>(7)</b> Loans (other than to participants) .....	<b>1c(7)</b>		
<b>(8)</b> Participant loans .....	<b>1c(8)</b>		
<b>(9)</b> Value of interest in common/collective trusts .....	<b>1c(9)</b>		
<b>(10)</b> Value of interest in pooled separate accounts .....	<b>1c(10)</b>		
<b>(11)</b> Value of interest in master trust investment accounts .....	<b>1c(11)</b>		
<b>(12)</b> Value of interest in 103-12 investment entities .....	<b>1c(12)</b>		
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds) .....	<b>1c(13)</b>		
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts) .....	<b>1c(14)</b>		
<b>(15)</b> Other .....	<b>1c(15)</b>		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities .....	1d(1)	1680000	1200000
(2) Employer real property .....	1d(2)		
e Buildings and other property used in plan operation .....	1e		
f Total assets (add all amounts in lines 1a through 1e) .....	1f	1680205	1200145
<b>Liabilities</b>			
g Benefit claims payable .....	1g		
h Operating payables .....	1h		
i Acquisition indebtedness .....	1i	4493305	4258568
j Other liabilities .....	1j		
k Total liabilities (add all amounts in lines 1g through 1j) .....	1k	4493305	4258568
<b>Net Assets</b>			
l Net assets (subtract line 1k from line 1f) .....	1l	-2813100	-3058423

**Part II Income and Expense Statement**

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

<b>Income</b>		(a) Amount	(b) Total
<b>a Contributions:</b>			
(1) Received or receivable in cash from: (A) Employers .....	2a(1)(A)	99431	
(B) Participants .....	2a(1)(B)		
(C) Others (including rollovers) .....	2a(1)(C)		
(2) Noncash contributions .....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2) .....	2a(3)		99431
<b>b Earnings on investments:</b>			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit) .....	2b(1)(A)		
(B) U.S. Government securities .....	2b(1)(B)		
(C) Corporate debt instruments .....	2b(1)(C)		
(D) Loans (other than to participants) .....	2b(1)(D)		
(E) Participant loans .....	2b(1)(E)		
(F) Other .....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F) .....	2b(1)(G)		
(2) Dividends: (A) Preferred stock .....	2b(2)(A)	240000	
(B) Common stock .....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds) .....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C) .....	2b(2)(D)		
(3) Rents .....	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds .....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions) .....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result .....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate .....	2b(5)(A)		
(B) Other .....	2b(5)(B)	-480000	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) .....	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	<b>2b(6)</b>		
(7) Net investment gain (loss) from pooled separate accounts.....	<b>2b(7)</b>		
(8) Net investment gain (loss) from master trust investment accounts.....	<b>2b(8)</b>		
(9) Net investment gain (loss) from 103-12 investment entities.....	<b>2b(9)</b>		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) .....	<b>2b(10)</b>		
<b>c</b> Other income .....	<b>2c</b>		
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total .....	<b>2d</b>		-140569

**Expenses**

<b>e</b> Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	<b>2e(1)</b>		
(2) To insurance carriers for the provision of benefits.....	<b>2e(2)</b>		
(3) Other.....	<b>2e(3)</b>		
(4) Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....	<b>2e(4)</b>		
<b>f</b> Corrective distributions (see instructions).....	<b>2f</b>		
<b>g</b> Certain deemed distributions of participant loans (see instructions) .....	<b>2g</b>		
<b>h</b> Interest expense .....	<b>2h</b>		104694
<b>i</b> Administrative expenses:			
(1) Salaries and allowances.....	<b>2i(1)</b>		
(2) Contract administrator fees.....	<b>2i(2)</b>		
(3) Recordkeeping fees.....	<b>2i(3)</b>		
(4) IQPA audit fees.....	<b>2i(4)</b>		
(5) Investment advisory and investment management fees .....	<b>2i(5)</b>		
(6) Bank or trust company trustee/custodial fees .....	<b>2i(6)</b>		
(7) Actuarial fees .....	<b>2i(7)</b>		
(8) Legal fees .....	<b>2i(8)</b>		
(9) Valuation/appraisal fees .....	<b>2i(9)</b>		
(10) Other trustee fees and expenses .....	<b>2i(10)</b>		
(11) Other expenses .....	<b>2i(11)</b>	60	
(12) Total administrative expenses. Add lines <b>2i(1)</b> through <b>(11)</b> .....	<b>2i(12)</b>		60
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total .....	<b>2j</b>		104754

**Net Income and Reconciliation**

<b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> .....	<b>2k</b>		-245323
<b>l</b> Transfers of assets:			
(1) To this plan .....	<b>2l(1)</b>		
(2) From this plan .....	<b>2l(2)</b>		

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1)  Unmodified (2)  Qualified (3)  Disclaimer (4)  Adverse

**b** Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1)  DOL Regulation 2520.103-8 (2)  DOL Regulation 2520.103-12(d) (3)  neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **ROORDA, PIQUET & BESSEE, INC.**

(2) EIN: **33-0252865**

**d** The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1)  This form is filed for a CCT, PSA, DCG or MTIA. (2)  It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
<b>a</b> Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) .....		X	
<b>b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) .....		X	
<b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....		X	
<b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) .....		X	
<b>e</b> Was this plan covered by a fidelity bond? .....	X		550000
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....	X		
<b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.) .....		X	
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....		X	
<b>l</b> Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....		X	
<b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....			

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?.....  Yes  No  
If "Yes," enter the amount of any plan assets that reverted to the employer this year \_\_\_\_\_.

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

<b>5b(1)</b> Name of plan(s)	<b>5b(2)</b> EIN(s)	<b>5b(3)</b> PN(s)

**5c** Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) .....  Yes  No  Not determined  
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year \_\_\_\_\_.

**BREAKSIDE BREWERY, INC.  
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2023 AND 2022**

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

**TABLE OF CONTENTS**  
**DECEMBER 31, 2023 AND 2022**

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	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Net Assets (Deficit) Available for Benefits as of December 31, 2023 and 2022	4
Statement of Changes in Net Assets (Deficit) Available for Benefits for the year ended December 31, 2023	5
Notes to Financial Statements	6
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2023	15



## INDEPENDENT AUDITORS' REPORT

To the Plan Administrator of the  
Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust

### **Opinion**

We have audited the accompanying financial statements of Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets (deficit) available for benefits as of December 31, 2023 and 2022, and the related statements of changes in net assets available for benefits for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) available for benefits of Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust as of December 31, 2023 and 2022, and the changes in its net assets available for benefits for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Breakside Brewery, Inc. Employee Stock Ownership Plan Trust's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions,

including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Breakside Brewery, Inc. Employee Stock Ownership Plan Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplemental Schedules Required by ERISA**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2023 is presented for purposes of additional analysis and is not a required part of the financial statements but is a supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been

subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

*Roorda, Piquet & Bessee, Inc.*

Roorda, Piquet and Bessee, Inc.  
Riverside, California  
January 21, 2025

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS**

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Assets:						
Investment in Breakside Brewery, Inc. preferred stock at fair value (Note 3 and 4)	\$ 299,438	\$ 900,562	\$ 1,200,000	\$ 335,230	\$ 1,344,770	\$ 1,680,000
Cash and cash equivalents	145	-	145	205	-	205
Total assets	<u>299,583</u>	<u>900,562</u>	<u>1,200,145</u>	<u>335,435</u>	<u>1,344,770</u>	<u>1,680,205</u>
Liabilities:						
Note payable (Note 5)	-	4,258,568	4,258,568	-	4,493,305	4,493,305
Total liabilities	<u>-</u>	<u>4,258,568</u>	<u>4,258,568</u>	<u>-</u>	<u>4,493,305</u>	<u>4,493,305</u>
Net assets (deficit) available for benefits	<u>\$ 299,583</u>	<u>\$ (3,358,006)</u>	<u>\$ (3,058,423)</u>	<u>\$ 335,435</u>	<u>\$ (3,148,535)</u>	<u>\$ (2,813,100)</u>

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN**  
**STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS**

	<u>For the year ended December 31, 2023</u>		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions:			
Dividend income	\$ 47,890	\$ 192,110	\$ 240,000
Employer contribution	-	99,431	99,431
Allocation of 14,997 shares of Breakside Brewery, Inc. preferred stock at fair value	83,983	-	83,983
Total additions	<u>131,873</u>	<u>291,541</u>	<u>423,414</u>
Deductions:			
Net depreciation in the fair value of investments	119,775	360,225	480,000
Interest expense	-	104,694	104,694
Allocation of 14,997 shares of Breakside Brewery, Inc. preferred stock at fair value	-	83,983	83,983
Plan expenses	60	-	60
Total deductions	<u>119,835</u>	<u>548,902</u>	<u>668,737</u>
Net increase (decrease)	12,038	(257,361)	(245,323)
Transfer for debt service	(47,890)	47,890	-
Net assets (deficit) available for benefits:			
Beginning of period	<u>335,435</u>	<u>(3,148,535)</u>	<u>(2,813,100)</u>
End of period	<u>\$ 299,583</u>	<u>\$ (3,358,006)</u>	<u>\$ (3,058,423)</u>

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 1 - PLAN DESCRIPTION AND BASIS OF PRESENTATION**

The following description of the Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

Breakside Brewery, Inc. (Company) established the Breakside Brewery, Inc. Employee Stock Ownership Plan and Trust (Plan) effective as of July 31, 2019. The Plan operates as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Section 4975(e)(7) and the regulations there under of the Internal Revenue Code of 1986, as amended (IRC), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by the Company's board of directors. The Company's board of directors has appointed an independent third-party as the Plan's trustee.

On August 16, 2019, the Plan purchased 300,000 shares of the Company's Class B convertible preferred stock with a loan from the Company and holds the preferred stock in a trust established under the Plan. The stock was purchased at a price of \$18.18 per share, for an aggregate purchase price of \$5,455,000.

The loan is collateralized by the unallocated shares of preferred stock. The Company has no rights against shares of preferred stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2023 and 2022, and for the year ended December 31, 2023, present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated preferred stock (allocated), and (b) preferred stock not yet allocated to employees (unallocated).

Eligibility

Each employee shall become a participant in the plan on the first day coinciding with the date he or she completes 1 hour and is at least 21 years old.

Participants who do not have at least 1,000 hours of service during the Plan year or are not employed on the last working day of the Plan year are generally not eligible for an allocation of the Company contributions for such year. A participant who separates from service prior to the last day of the Plan year, or fails to complete 1,000 hours due to death, disability, or normal retirement will share in the allocation of contribution and forfeitures.

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

---

Effective for the Plan years ending December 31, 2023 and 2022, all participants employed on the last day of the Plan year will receive an allocation of Company contributions, even if not credited with 1,000 hours during the Plan year.

Contributions

The Company is obligated to make contributions in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its loan. Employee contributions are not permitted.

Payment of Benefits

The Plan provides for the distribution of the participant's account upon normal retirement, disability, death, or termination of employment. For any reason other than termination of employment, distribution of a participant's account balance will commence during the year following the year in which their retirement, disability or death occurred. For termination of employment, distribution of a participant's account balance will commence during the year following the year that includes the participant's fifth consecutive break in service years. Distributions shall be paid as a lump sum for accounts less than \$5,000 or in equal installments over a period of five years for those greater than \$5,000. The period over which distributions of a participant's account is to occur may be increased by one year, up to four additional years, for each \$225,000 (or fraction thereof) by which the total balance of the participant's account exceeds \$1,130,000.

Administrative Expenses

As provided in the Plan Agreement, administrative expenses may be paid either by the Plan or by the Company. The Company has paid substantially all operating expenses for the Plan for the year ended December 31, 2023.

Voting Rights

All Company stock held by the Trust is voted by the Trustee. In the event of any corporate matter which would constitute a merger, consolidation, recapitalization, reclassification, liquidation, dissolution, or sale of substantially all assets, each participant who has been allocated shares of stock may instruct the Trustee as to the voting of those shares. The Trustee shall vote any unallocated shares held by the Trust as well as any allocated shares for which a participant has failed to give timely voting direction.

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participants' account is credited as of the last day of each Plan year with an allocation of shares of the Company's preferred stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participants' account based on the ratio of the participants' account balance.

Vesting

If a participant's employment with the Company ends for any reason other than retirement, permanent disability, or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants vest according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years	100%

Put Option

Under federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current appraised value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company preferred stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a 6-year period. In each of the first 5 years, a participant may diversify up to 25 percent of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify receive a cash distribution. The election to diversify is made subsequent to year-end based upon the shares of employer stock in the participant's account at year-end.

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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Forfeited Accounts

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation for the Plan year. Forfeitures allocated to participants during the year ended December 31, 2023, totaled \$5,589. There were no forfeited non-vested accounts to be allocated to participant accounts in future years as of December 31, 2023 and 2022.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock (allocated) and (b) stock not yet allocated to employees (unallocated), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Investment Valuation and Income Recognition

The shares of Company preferred stock are reported at fair value. See Note 4 for a discussion of the fair value measurements. Dividend income is accrued on the ex-dividend date. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

Management has evaluated subsequent events through January 21, 2025, the date the financial statements were available to be issued and concluded that there were no events that require recording or disclosure in the financial statements as of December 31, 2023.

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 - INVESTMENTS**

The Plan's investments, at December 31, are presented in the following table:

	<b>2023</b>	
	<b>Allocated</b>	<b>Unallocated</b>
Breakside Brewery, Inc. preferred stock:		
Number of shares	74,860	225,140
Cost	\$ 1,361,195	\$ 4,093,805
Estimated fair value	\$ 299,438	\$ 900,562
	<b>2022</b>	
	<b>Allocated</b>	<b>Unallocated</b>
Breakside Brewery, Inc. common stock:		
Number of shares	59,863	240,137
Cost	\$ 1,088,501	\$ 4,366,499
Estimated fair value	\$ 335,230	\$ 1,344,770

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 are described as follows:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2:* Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	<b>2023</b>	
	<b>Level 3</b>	<b>Total</b>
Investment in Breakside Brewery, Inc. preferred stock	\$ 1,200,000	\$ 1,200,000
Total assets at fair value	\$ 1,200,000	\$ 1,200,000
	<b>2022</b>	
	Level 3	Total
Investment in Breakside Brewery Inc. common stock	\$ 1,680,000	\$ 1,680,000
Total assets at fair value	\$ 1,680,000	\$ 1,680,000

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

The Breakside Brewery, Inc. preferred stock held by the Plan is reported at fair value based upon an appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior year as illustrated in the following table.

Instrument	Principal Valuation Technique	Unobservable Inputs
Breakside Brewery, Inc. preferred stock	Income	EBITDA Net income Weighted average cost of capital Discount rate Discount for lack of marketability
	Market	Public comparable Revenue multiples EBITDA multiples Discount for lack of marketability

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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The valuation process involves the selection of an appraiser. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a report of estimated per share value that a participant will receive upon distribution. Plan managements reviews and approves the report. The trustee is responsible for determining the share price.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NOTE 5 - LOAN PAYABLE**

In 2019, the Plan entered into a \$5,455,000 loan agreement with the Company. The proceeds of the loan were used to purchase Company preferred stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 14,997 shares being released and allocated for the plan year ended December 31, 2023.

The agreement provides for the loan to be repaid over 20 years. The loan bears interest at a rate of 2.33 percent. The scheduled amortization of the loan for the next 5 years is as follows:

2024	\$	240,206
2025		245,803
2026		251,530
2027		257,391
2028		263,388
Thereafter		<u>3,000,250</u>
	\$	<u>4,258,568</u>

**NOTE 6 - COMPANY DIVIDENDS**

The Company paid a dividend to the ESOP of \$0.80 per share or \$240,000 during the year ended December 31, 2023. Dividends on unallocated shares in the amount of \$192,110 was applied to debt service. Dividends on allocated shares in the amount of \$47,890 was applied to debt service and is reported as a transfer from the allocated accounts to the unallocated accounts on the Statement of Changes in Net Assets (Deficit) Available for Benefits. As required by the plan document, the current appraised value of the shares returned to participant accounts in exchange for the use of such dividends was at least equal to the current value of such dividends.

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**NOTE 7 - RELATED PARTIES AND PARTIES IN INTEREST TRANSACTIONS**

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. The Plan holds an investment in Breakside Brewery, Inc. preferred stock. The Company pays all administrative expenses of the Plan. These transactions qualify as party in interest transactions for which a statutory exception exemption exists.

**NOTE 8 - RISKS AND UNCERTAINTIES**

The Plan investments consist primarily of the Company's preferred stock, which is exposed to various risks, such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in the preferred stock and to uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of the preferred stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

**NOTE 9 - PLAN TERMINATION**

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon termination of the Plan, the Plan Committee directs the Trustee to pay all liabilities and expenses of the ESOP and to sell shares of financed preferred stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC.

**NOTE 10 - TAX STATUS**

The Plan has received a determination letter from the IRS dated November 6, 2020, stating that the Plan is qualified under the IRC and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the organization has taken a significant uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## **SUPPLEMENTAL INFORMATION**

**BREAKSIDE BREWERY, INC.**  
**EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**  
**DECEMBER 31, 2023**

**EIN # 27-1283181**  
**PLAN # 002**

**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
*	Breakside Brewery, Inc.	300,000 Shares Preferred Stock	\$ 5,455,000	\$ 1,200,000
	Pacific Premier Bank	Cash and cash equivalents	145	145
	TOTAL		\$ 5,455,145	\$ 1,200,145

\*Denotes Party-In-Interest

### Federal Statements

FYE: 12/31/2023 **Breakside Brewery, Inc. Employee Stock Ownership  
Plan: 002**

#### Assets Held for Investment

<u>Party in Interest</u>	<u>Identity</u>	<u>Description</u>	<u>Cost</u>	<u>Current Value</u>
X	Breakside Brewery	300K preferred shs	\$ 5,455,000	\$ 1,200,000
	Pacific Premier Bank	Cash and cash equiv	145	145