BIG ROCK BREWERY

2021 ANNUAL REPORT

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FINANCIAL HIGHLIGHTS

in thousands of Canadian dollars, except volumes, per share amounts and shares	2020	2019
Sales volume (hectolitres) (1)	172,996	171,563
Net revenue	43,984	42,653
Gross profit	16,485	12,336
Operating loss	(134)	(5,100)
Net loss	(666)	(2,922)
Loss per share - basic and diluted	($ 0.10)	($ 0.42)
Common shares outstanding (2)	6,967,967	6,981,628
Total assets	51,955	49,782
Total debt (3)	3,905	6,060

(1) Excludes contract manufacturing volumes due to the nature of the agreements.
(2) Amounts in 2020 are net of 13,661 shares held in trust.
(3) Includes current and long term portions of debt and equipment lease net of cash.

Annual Meeting of Shareholders

The annual meeting of Big Rock shareholders will be held:
Thursday, May 13, 2021.

CEO'S MESSAGE

To: Big Rock Shareholders

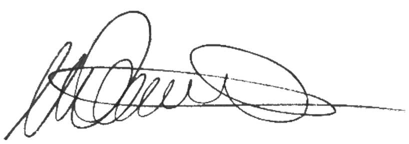
2020 has been an unprecedented time for all. Many of us have felt the severe impacts of the COVID-19 pandemic whether its through financial uncertainty linked to job loss or forced business closures and restrictions; mental health impacts as our ability to have personal connection with friends and family have been limited; or having to experience the terrible loss of losing a loved one. As we look forward to 2021, there is a new sense of optimism as the rapid development and deployment of vaccines will hopefully see this chapter in human history soon come to a close.

As owners of Big Rock, I hope you also feel optimism in the future of your company. The turnaround is alive and well! Despite Canadian industry beer sales being down 1.4%, Big Rock grew revenue by 3.1% from $42 million to $44 million and sales volumes were up from 171,563 hl to 172,996 hl. Earnings before Interest, Taxes and Depreciation (EBITDA) significantly improved from a loss of $1.1 million to a gain of $5.1 million; an improvement of $6.2 million versus 2019. Cash was used to pay down debt, allowing us to exit the year with a very strong balance sheet. These improvements occurred despite lost inventories which were $1.5 million higher than 2019. This large destruction of inventories was largely caused by bar and restaurant closures due to COVID-19, plus subsequent product damage due to a mechanical failure in brewing that has since been remedied.

After the business success of 2020, we have carried that momentum forward, now shifting our focus to growth. First, we announced earlier this year investments in our Calgary brewery to expand our capabilities. The new capabilities are necessary to compete in the high growth Ready-To-Drink (RTD) category. We see significant growth from contract manufacturing in RTD, beer and cider beverages and continued growth of our licensed and owned portfolio of brands. To fuel this growth, new capabilities are required from this capital investment as well as improvements to our go-to-market strategy that gives our teams new tools to compete in this competitive fast-growing category. Our strategy of "Gear up", "Fill up" and "Drink up" is to prepare Big Rock for growth through improving our systems, process and capabilities followed by significant growth in our contract manufacturing volumes which will drive free cash flow growth and allow us to grow our high margin volume mix over time through new brand investments and acquisitions.

I thank you for your investment in Big Rock. In 2021 we will be focused on integration of new capital investments, divesting of non-performing assets, securing new contract manufacturing customers, investing responsibly behind our brands to achieve sustainable growth and fostering our Big Rock Way culture.

Sincerely,



Wayne Arsenault
President & CEO

BiG ROCK
BREWERY

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Big Rock Brewery Inc. (the "**Corporation**" or "**Big Rock**") for the years ended December 30, 2020 and 2019.

This MD&A should be read in conjunction with the audited consolidated financial statements of the Corporation and accompanying notes as at and for the years ended December 30, 2020 and 2019. These audited consolidated financial statements have been prepared using International Financial Reporting Standards ("**IFRS**") and all tabular amounts are reported in thousands of Canadian dollars unless otherwise noted. Additional information about the Corporation, including the Annual Information Form for the year ended December 30, 2020, can be found on SEDAR at www.sedar.com and on Big Rock's corporate website at www.bigrockbeer.com. Readers should also read the section "Forward-Looking Information" contained at the end of this document. This MD&A is dated March 11, 2021.

COMPANY OVERVIEW

Big Rock is headquartered in Calgary, Alberta. The Corporation produces premium, all-natural craft beers, ciders and other alcoholic beverages. As one of Canada's largest independently owned craft brewers, Big Rock has an extensive family of permanent ales and lagers, the Rock Creek series of craft ciders, a continually changing selection of seasonal and limited-edition beers and other licensed alcoholic beverages.

Founded in 1985, Big Rock was the first craft brewery in Alberta and stands as a pioneer in the Canadian craft beer industry. Big Rock produces, markets and distributes its premium, high-quality craft beers and ciders, primarily in Canada. The Corporation owns and operates production facilities in Alberta, British Columbia ("**BC**") and Ontario. Today, Big Rock's primary brewing, packaging and warehousing facility is located in Calgary, Alberta and has been in operation since 1996. Big Rock has distribution facilities in Calgary and Edmonton, and sales staff resident in Alberta, British Columbia, Saskatchewan, Manitoba and Ontario.

In April 2015, Big Rock opened a brewery and eatery in Vancouver, BC's thriving downtown craft beer district. This combined brewery and brewpub serves on-premise consumers and provides distribution for Big Rock's products throughout BC. During the fall of 2016, Big Rock opened a third brewery and tasting room in Etobicoke, Ontario, and on February 1, 2017, a fourth location was opened in the Liberty Village area of Toronto, Ontario, and is operated as Liberty Commons at Big Rock Brewery tasting room and restaurant.

Given the Corporation's footprint in Western Canada, the Corporation also has several private label arrangements, licensing arrangements and contract manufacturing arrangements.

RECENT DEVELOPMENTS

On February 9, 2021, Big Rock announced the approval of a 2021 capital plan of $8.8 million focused on enhanced packaging capabilities at its Calgary facility, IT and digital transformation projects and maintenance capital. Upon completion scheduled for early fourth quarter 2021, these upgrades will have increased total packaging capacity by 33% while adding significant flexibility for various can formats, bottles and kegs.

The 2021 capital program will achieve the following:

- Enhanced packaging capabilities on the Corporation's high-speed can-line;
- Enhanced consistency of finished goods production and significant waste reduction;
- Increased shelf-life in select products;
- Positions the Calgary facility for greater operational cost efficiencies to be realized with growth; and
- Modernization of IT infrastructure combined with a realignment of processes across all departments to improve efficiency, quality, security and overall customer experience.

In addition, the Corporation completed the expansion of its existing credit facilities with ATB Financial to a total capacity of $16.0 million, an increase of 45% from $11.0 million.

The impact of these transactions positions the Corporation's balance sheet to support its near-term growth initiatives in support of the strategic equipment investments and concurrent modernization efforts through enhanced IT and digital transformation projects. Management expects that this will enable Big Rock to achieve sustainable and profitable growth in 2022 and beyond.

FOURTH QUARTER AND ANNUAL 2020 HIGHLIGHTS

For the three months ended December 30, 2020, compared to the three months ended December 30, 2019, the Corporation reported:

- net revenue increased by 8.1%, from $9.5 million to $10.3 million;
- sales volumes increased 5.6% from 37,361 hl to 39,446 hl;
- earnings before interest, taxes, depreciation and amortization ("**EBITDA**") increased by $1.1 million to $0.5 million;
- net loss of $1.4 million versus a net loss of $1.3 million which was primarily driven by a non-cash impairment of its Ontario assets of $1.5 million; and
- operating loss of $1.8 million, compared to an operating loss of $1.6 million.

For the year ended December 30, 2020 compared to the year ended December 30, 2019, the Corporation reported:

- net revenue increase of 3.1%, from $42.7 million to $44.0 million;
- sales volumes increase of 1,433 hl, from 171,563 hl to 172,996 hl;
- positive EBITDA of $5.1 million compared to negative EBITDA of $1.1 million;
- a reduction in current and long-term debt of $2.0 million as the Corporation continued to focus on using its cash flow to pay down debt;
- net loss decrease to $0.7 million from a net loss of $2.9 million, an improvement of $2.2 million; despite the impact of the $1.5 million impairment recorded during the fourth quarter;
- operating loss of $0.1 million compared to an operating loss of $5.1 million;
- keg sales volumes decrease of 55% primarily related to on-premise closures due to COVID-19;
- damage and obsolete inventories increased from $0.8 million to $2.1 million; and
- receipt of $0.9 million in government assistance under the Canada Emergency Wage Subsidy ("**CEWS**") Program.

The COVID-19 pandemic necessitated a shift in business models for the Corporation and other beverage alcohol manufacturers in Canada. Beginning in the second quarter of 2020, the beverage alcohol market in Canada was forced to adapt to evolving consumer preferences in light of increased social distancing measures and government restrictions. Key consumer trends that Big Rock has experienced in 2020 include:

- the proliferation of expired products, primarily kegs, due to on-premise closures;
- the rapid decline in keg and on-premise revenues with recurring bar and restaurant closures and re-opening for only brief periods with physical distancing measures in place;
- a surge in retail packaged product sales as consumption venues shifted;
- a shift in demand for larger package types;
- limited access to consumers due to the inability to do tastings, limited trade marketing and event cancellations necessitating a shift to digital marketing of existing and new products;
- the launch of direct-to-consumer sales as distribution channels became restricted; and
- stock-outs for manufacturers as a major shift in production and inventory was required to fulfil demand spikes.

COVID-19 has presented both extraordinary challenges and new opportunities to all industries, including beverage alcohol. The Corporation believes these will persist for the foreseeable future.

In 2020, the Corporation achieved a $6.2 million increase in EBITDA to $5.1 million, as compared to 2019. Several trends from the second quarter of 2020 continued during the second half of the year with the strongest contributions to the improvement in the Corporation's EBITDA in the year being attributed to the following:

- contract manufacturing volumes and sales of the Corporation's license brands more than doubled in comparison to 2019;
- continued growth in value offerings including Alberta Genuine Draft and private label brands;
- significant reductions in selling expenses as a result of cost cutting initiatives implemented by the Corporation during the second quarter of 2019, in addition to a material loss of on-premise sales which typically have a greater proportion of selling expenses attached; and
- the resurgence in the Corporation's gross profit primarily driven by the Alberta Gaming, Liquor and Cannabis Commission's ("**AGLC**") amendment of the beer mark-up policy in September 2019.

The loss of keg sales related to COVID-19 continued to put the performance of Big Rock's Signature series of beers under pressure, along with a continued declining trend in beer consumption in Canada.

The Corporation experienced several manufacturing issues during the second and third quarters of 2020, some related to COVID-19 and others not which resulted in the Corporation realizing $2.1 million in damaged and obsolete inventories of which $1.6 million was due to these internal manufacturing issues. In addition to the impact on cost, these manufacturing issues also contributed to an increase in 'stock-outs' which is consistent with other brewers' experiences during the COVID-19 pandemic. These manufacturing issues were remediated in the fourth quarter of 2020. Furthermore, the Corporation expects the recently announced capital expenditures in 2021 to significantly reduce such manufacturing issues going forward.

Despite manufacturing and inventory challenges experienced in 2020, Big Rock reported net loss of $0.7 million or $0.10 per common share, compared to a net loss of $2.9 million or $0.42 per common share in 2019. The net loss in 2020 is due to a one-time, non-cash impairment related to the Corporation's, Ontario assets as a result of the suspension of its brewing and packaging operations in Ontario due to market conditions. Earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") during the year of 2020 was $5.1 million representing an increase of 582% over prior year. The strong year can be attributed to the cost restructuring completed in 2019, the AGLC beer mark-up amendment in September 2019 and the significant reduction in sales and marketing expenses as a result of the government restrictions related to COVID-19 impacting trade marketing, events and sponsorships. Given the resurgence in the Corporation's gross profit margins, its improved cost structure and its strong financial position and local procurement, management believes it is well positioned to respond to shifting consumer patterns and achieve growth through these extraordinary times.

$000, except hl and per share amounts	Three months ended December 30 **2020**	2019	Year ended December 30 **2020**	2019
Sales volumes (hl) [(1)]	39,446	37,361	172,996	171,563
Gross revenue	$ 13,691	$ 12,892	$ 60,964	$ 65,116
Net revenue	10,308	9,539	43,984	42,653
Cost of sales	6,993	7,511	27,499	30,317
EBITDA [(2)]	504	(645)	5,118	(1,062)
Operating loss	(1,779)	(1,615)	(134)	(5,100)
Net loss	(1,372)	(1,297)	(666)	(2,922)
Loss per share (basic & diluted)	$ (0.20)	$ (0.19)	$ (0.10)	$ (0.42)
$ per hl				
Net revenue	$261.32	$255.32	$254.25	$248.61
Cost of sales	$177.28	$201.04	$158.96	$176.71

(1) Excludes contract manufacturing volumes due to the nature of the agreements.
(2) Non-GAAP measure. See "*Non-GAAP Measures*".

OUTLOOK & STRATEGY

Big Rock's vision is to become Canada's largest independent brewer which is supported by its long-term strategy defined by the following three phases:

1) *Gear up – Optimize Capacity/Waste Reduction*
   - Optimize existing fixed asset base to support growth;
   - Complete IT digital transformation project to modernize processes and improve efficiency;
   - Position the balance sheet to support growth; and
   - Influence regulations to support growth.

2) *Fill up – Improve Utilization to Reduce Cost*
   - Improve utilization of infrastructure to drive profitability;
   - Increase contract manufacturing volume; and
   - Increase volumes in owned, licensed and private label brands.

3) *Drink up – Grow High Margin Mix*
   - Pursue portfolio complementing acquisitions;
   - Fuel growth of owned brands; and
   - Pursue meaningful investments in "better for you" innovations.

In 2021, the Corporation's focus will be on the Gear up and Fill up phases of its long-term strategy. Details on these initiatives are set forth below.

Gear up – Optimize Capacity/Waste Reduction

Asset optimization

Big Rock's current portfolio of assets, production expertise and management experience provide a unique platform for future growth, particularly at its Calgary facility where brewing capabilities for beer and malt-based beverages is significantly in excess of current packaging capabilities. The Corporation's $8.8 million capital plan in 2021 at its Calgary facility is targeted at improving on these packaging capabilities through a can-line upgrade and new tunnel pasteurizer. The can-line upgrade will increase packaging capacity by 33% while providing high-speed capabilities on multiple can formats. Pasteurization will open further expansion opportunities for the Corporation into the rapidly growing ready-to-drink (**"RTD"**) market enabling new product innovations and new contract manufacturing opportunities. While certain brands will remain unpasteurized according to consumer preferences, the Corporation plans to utilize pasteurization on other existing brands which will significantly reduce waste and increase shelf life of these products. These projects are currently underway and the Corporation expects the new equipment to be commissioned, operating and in use by the fourth quarter of 2021.

IT digital transformation

The Corporation is also undertaking certain IT and digital transformation projects which include:

- Implementation of an online sales portal to support e-commerce growth;
- Upgrades to existing IT infrastructure and applications to improve demand planning and warehouse management at the Calgary facility;
- Enhancement of internal reporting and business intelligence to improve decision making; and
- Improved cybersecurity to mitigate IT-related risks.

These projects are currently underway. The Corporation is planning a phased rollout of its online sales portal beginning in the second quarter of 2021 with a focus on wholesale customers in the Alberta market. The IT upgrades in support of improved demand planning and warehouse management are complimentary to the capital projects underway at the Calgary facility and expect to be fully implemented by the fourth quarter of 2021.

Effectively manage working capital and maintain balance sheet strength

The Corporation plans to optimize the use of cash and maintain sustainable balance sheet and leverage ratios during the implementation of the new production and packaging equipment. The recent amendments to the Corporation's current financing arrangements with its lender enables this flexibility.

Government relations to support growth initiatives

Big Rock considers government relations as a vital component in operating its business and will continue to allocate significant resources towards government relations efforts. In 2021, the Corporation plans to continue to work with government officials and industry associations to improve existing regulations that will enable growth opportunities particularly targeted toward supporting economic growth in Alberta. The Corporation also plans to pursue eligible grant programs that will support the Corporation's growth initiatives.

Fill Up - Improve Utilization to Reduce Cost

Improve utilization of existing infrastructure

To achieve near term revenue growth in 2021, prior to the commissioning of the new equipment upgrades at the Calgary facility, the Corporation plans to leverage its existing distribution and sale networks to enhance value to its current and potential new contract manufacturing customers in order to accelerate profitability as a result of fixed cost absorption.

Increase contract manufacturing volume

The Corporation is in the process of negotiating and securing new contract manufacturing volumes to fulfill available capacity enabled by the improved packaging capabilities following the commissioning of the new equipment at the Calgary facility beginning in the fourth quarter of 2021. The Corporation expects that the capital and IT upgrades will enable it to support significant growth in this part of the business.

Expand product offerings in-line with new and on trend innovations

The Corporation plans to expand the current portfolio of beverage alcohol products through its own brands with various new product offerings that will be announced and rolled out over the course of 2021.

SELECTED QUARTERLY FINANCIAL INFORMATION

Big Rock experiences seasonal fluctuations in sales volumes, net revenue and net income with the second and third quarters typically being stronger than the first and fourth quarters. These seasonal variations are dependent on numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, mainly in Western Canada. The selected quarterly information is consistent with these industry trends.

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

	2020				2019			
($000, except hl and per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales volumes (hl)[(1)]	**39,446**	50,367	46,693	36,490	37,361	50,327	48,900	34,975
Net revenue	**10,308**	12,822	11,926	8,928	9,539	11,189	13,299	8,626
Cost of sales	**6,993**	7,555	7,095	5,856	7,511	7,214	9,246	6,346
EBITDA[(2)]	**504**	2,492	2,043	79	(645)	639	335	(1,391)
Operating profit (loss)	**(1,779)**	1,512	1,062	(921)	(1,615)	(761)	(495)	(2,229)
Net income (loss)	**(1,372)**	1,028	570	(892)	(1,297)	(201)	297	(1,721)
Per share amounts (basic) [(3)]	**$ (0.20)**	$ 0.15	$ 0.08	$ (0.13)	$ (0.19)	$ (0.03)	$ 0.05	$ (0.25)
Per share amounts (diluted) [(3)]	**$ (0.20)**	$ 0.15	$ 0.08	$ (0.13)	$ (0.19)	$ (0.03)	$ 0.05	$ (0.25)
$ Per hl Amounts[(1)]								
Net revenue	**261.32**	254.57	255.41	244.67	255.32	222.33	271.96	246.63
Cost of sales	**177.28**	150.00	151.95	160.48	201.04	143.34	189.08	181.44
Selling expenses	**52.81**	49.02	46.77	69.91	62.47	62.77	59.88	83.66
General and administrative	**38.25**	20.81	28.59	33.00	31.56	28.69	30.39	41.37
Operating profit (loss)	**(45.10)**	30.02	22.74	(25.46)	(43.23)	(15.12)	(10.12)	(63.73)
Net income (loss)	**(34.78)**	20.41	12.21	(24.45)	(34.71)	(3.99)	6.07	(49.21)

(1) Excludes contract manufacturing volumes due to the nature of the agreements.
(2) Non-GAAP Measure. See "*Non-GAAP Measures*".
(3) Amounts disclosed represent both total profits and losses and profits and losses from continuing operations.

During the fourth quarter of fiscal 2020, the Corporation had net revenues of $10.3 million, compared to $9.5 million in the fourth quarter of fiscal 2019, an increase of $0.8 million. The increase in year-over-year net revenues was primarily due to significant growth in volumes from contract manufacturing, licensed brands and value brands.

Cost of sales decreased by $0.5 million to $7.0 million in the fourth quarter of fiscal 2020, from $7.5 million in the fourth quarter of fiscal 2019, due to improved inventory management and production planning. Cost of sales as a percentage of net revenues decreased to 67.8% in the fourth quarter of 2020 compared to 78.7% in the fourth quarter of fiscal 2019.

Selling expenses decreased by $0.2 million to $2.1 million in the fourth quarter of fiscal 2020, from $2.3 million in the comparable period last year, due to a reduction in spending related to COVID-19 restrictions on trade marketing, sponsorships and events as well as a reduction in delivery and distribution costs with a reduction in deliveries to on-premise accounts. Selling expenses as a percentage of net revenues decreased to 20.2% in the fourth quarter of fiscal 2020, from 24.5% in the fourth quarter of fiscal 2019.

General and administrative expenses in the fourth quarter of fiscal 2020 increased by $0.3 million to $1.5 million compared to $1.2 million in the fourth quarter of 2019. The increase is due to certain reclassifications in the period related to IFRS 16 adjustments.

Depreciation expenses (inclusive of depreciation expense included in cost of sales) decreased by $0.1 million to $0.7 million in the fourth quarter of fiscal 2020, compared to $0.8 million in the fourth quarter of fiscal 2019, primarily due to the reclassification of certain amortization amounts related to the adoption of IFRS 16 and the associated amortization of right-of-use assets in the fourth quarter.

Impairment of property, plant and equipment in the fourth quarter of 2020 was $1.5 million due to the write-down of certain assets in the Corporation's Ontario location as a result of suspension of its brewing and packaging operations in Ontario due to market conditions.

Income tax recovery increased by $0.2 million to $0.5 million in the fourth quarter of fiscal 2020, from a recovery of $0.3 million in the fourth quarter of fiscal 2019, due primarily to a deferred income tax expense recovery.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year Ended December 30		
($000, except volumes and per share amounts)	**2020[3]**	2019	2018
Sales Volumes (hl)[1]	172,996	171,563	201,577
Statements of Comprehensive Loss Data			
Net revenue	$ 43,984	$ 42,653	$ 48,748
Operating loss	(134)	(5,100)	931
Net loss	(666)	(2,922)	360
Per share – basic and diluted	$ (0.10)	$ (0.42)	$ 0.05
EBITDA[2]	5,118	(1,062)	4,150
Statements of Financial Position Data			
Total assets	51,955	49,782	56,740
Total non-current liabilities	10,921	7,725	11,535

(1) Excludes contract manufacturing volumes due to the nature of the agreements.
(2) Non-GAAP Measure. See "*Non-GAAP Measures*".
(3) Adoption of IFRS 16.

RESULTS OF OPERATIONS

Net Loss

Big Rock's reported net loss and operating loss improved year-over-year by $2.3 million and $5.0 million, respectively. This was primarily driven by the AGLC beer mark-up policy amendment in September 2019 combined with lower selling and general and administrative costs as a result of the cost restructuring completed in 2019. In addition, cost of sales decreased in the year due to improved inventory management and production planning. The year-over-year improvement was negatively impacted by a $1.5 million impairment loss on the Corporation's Ontario assets during the fourth quarter of 2020.

The Corporation experienced additional cost savings related to COVID-19 which includes the impact of CEWS received by the Corporation during the second and third quarters of 2020 and imposed spending restrictions on trade marketing, events and sponsorship activities.

EBITDA

Big Rock's EBITDA of $5.1 million reported for the year ended December 30, 2020 was a $6.2 million improvement over the prior year which was driven by the same underlying factors associated with the improvement in net income.

The calculation of EBITDA is a non-GAAP measure, whose nearest GAAP measure is net income, or net loss as applicable, with the reconciliation between the two as follows:

	Three months ended December 30			Year ended December 30		
($000)	2020	2019	Change	2020	2019	Change
Net loss	$ (1,372)	$ (1,297)	$ (75)	$ (666)	$ (2,922)	$ 2,256
Addback:						
Interest	115	90	25	506	401	105
Taxes	(514)	(272)	(242)	38	(1,866)	1,904
Depreciation and amortization	775	834	(59)	3,740	3,325	415
Impairment of property, plant and equipment	1,500	–	1,500	1,500	–	1,500
EBITDA[1]	**$ 504**	$ (645)	$ 1,149	**$ 5,118**	$ (1,062)	$ 6,180

(1) Non-GAAP measure. See "*Non-GAAP Measures*".

Net Revenue

Net revenue includes wholesale beer, cider and other alcoholic beverage sales, net of excise taxes and provincial government liquor taxes, contract manufacturing revenues, retail restaurant and store sales from Big Rock's Alberta, BC and Ontario locations. Geographically, Alberta continued to represent the largest share of the Corporation's sales in 2020, followed by BC and Saskatchewan.

	Year ended December 30		
($000, except where otherwise indicated)	2020	2019	Change
Sales volumes (hl)[1]	172,996	171,563	1,433
Gross revenue	$ 60,964	$ 65,116	$ (4,152)
Federal excise taxes	(5,633)	(5,443)	(190)
Provincial liquor tax programs	(11,347)	(17,020)	5,673
Net revenue	**$ 43,984**	$ 42,653	$ 1,331
Net revenue by segment			
Wholesale	$ 42,589	$ 40,300	$ 2,289
Retail	1,395	2,353	(958)
Net revenue	**$ 43,984**	$ 42,653	$ 1,331
$ per hl[1]			
Wholesale net revenue	246.19	234.90	11.29

(1) Excludes contract manufacturing volumes due to the nature of the agreements.

Total sales volumes for the year ended December 30, 2020 increased 1.0% compared to 2019, while net revenue increased by 3.1%. This is a combination of a drop in retail revenue which was offset by increased wholesale revenue related to shifting demands related to the impact of the COVID-19 pandemic.

A 40.7% year-over-year decrease in retail revenue was primarily driven by a reduction in restaurant sales related to the impact of closures of Big Rock's retail locations due to the COVID-19 health restrictions for the vast majority of 2020. Online retail sales were launched in Alberta, BC and Ontario following physical location closures which mitigated some of the retail sales losses due to COVID-19. As at December 30, 2020, all retail locations were closed due to COVID-19 restrictions with the exception of BC which was operating with physical distancing and limited capacity regulations being followed. The Corporation continues to monitor and adapt all retail protocols to align with government policies and restrictions as they evolve.

Wholesale net revenue increased by 5.7% for the year ended December 30, 2020, compared to 2019, which was driven by increased revenues from contract manufacturing and increased sales volumes through product innovations across multiple brands and growth in variety packs and RTD.

Federal excise taxes increased slightly for the year ended December 30, 2020, due to the overall increase in production and sales volumes. Provincial liquor taxes decreased by 33.3% as a result of AGLC beer mark-up policy amendment in September 2019.

Cost of Sales

	Year ended December 30		
($000, except where otherwise indicated)	2020	2019	Change
Operating expenses	$ 19,097	$ 21,602	$ (2,505)
Salaries and benefits	5,402	5,923	(521)
Depreciation and amortization	3,000	2,792	208
Cost of sales	**$ 27,499**	$ 30,317	$ (2,818)
Percentage of revenue	62.5%	71.1%	(8.6%)

Cost of sales for the year ended December 30, 2020, decreased 9.3% as compared to 2019. The decrease in cost of sales is reflective of improved production planning, strong raw materials procurement, reduced salaries due to the cost restructuring in 2019, receipt of the CEWS of which $0.5 million was allocated to cost of sales, as well as certain building lease expenses being capitalized upon initial adoption of IFRS 16 on December 31, 2019. These savings were partially offset by increased costs related to several manufacturing issues experienced during 2020 resulting in increased waste and damaged inventories. The Corporation has since remediated these issues and expects that equipment and process improvements being implemented as part of the 2021 capital expenditure budget will significantly reduce the Corporation's exposure to such manufacturing issues once completed.

Cost of sales as a percentage of net revenue for year ended December 30, 2020 improved 8.6%, compared to the same period in 2019, due to the AGLC beer mark-up policy amendment in September 2019, the CEWS received and improved inventory management and production planning.

Selling Expenses

	Year ended December 30		
($000, except where otherwise indicated)	2020	2019	Change
Delivery and distribution costs	$ 3,258	$ 3,627	$ (369)
Salaries and benefits	3,081	3,501	(420)
Marketing and sales expenses	2,948	4,219	(1,271)
Selling expenses	**$ 9,287**	$ 11,347	$ (2,060)
Percentage of revenue	21.1%	26.6%	(5.5%)

Selling expenses decreased year-over-year as a result of decreased delivery and distribution costs due to a reduction in on-premise deliveries. The Corporation realized reductions to salaries and wages in connection with the receipt of the CEWS of which $0.2 million was allocated to selling expenses. Further savings continue to be realized through the Corporation's cost cutting initiatives from 2019 as well as a reduction in spending imposed by COVID-19 restrictions including limited sponsorships, events and trade marketing expenditures.

General and Administrative Expenses

($000, except where otherwise indicated)	Year ended December 30		
	2020	2019	Change
Salaries and benefits	$ 2,760	$ 2,986	$ (226)
Professional fees	964	1,016	(52)
Other administrative expenses	1,372	1,554	(182)
General and administrative expenses	**$ 5,096**	$ 5,556	$ (460)
Percentage of revenue	11.6%	13.0%	(1.4%)

General and administrative expenses decreased as a result of the CEWS of which $0.2 million was allocated to general and administrative expenses, the cost restructuring completed in 2019 and certain building lease expenses being capitalized upon initial adoption of IFRS 16 on December 31, 2019.

Depreciation and Amortization

Depreciation and amortization expense, including amounts recognized within costs of sales, was $3.7 million for the year ended December 30, 2020, versus $3.3 million in 2019 due to the initial application of IFRS 16 on December 31, 2019 and the recording of depreciation expense on right-of-use assets recognized.

Impairment of Property, Plant and Equipment

During the year ended December 30, 2020, the Corporation determined that indicators of impairment existed with respect to certain of the Corporation's Ontario assets as a result of the suspension of its brewing and packaging operations in Ontario due to market conditions. A test for impairment was performed at the individual asset level by comparing the estimated recoverable amount to the carrying values of the assets. The estimated recoverable amount of the assets was determined to be their fair value less costs of disposal and an impairment of $1.5 million was recognized.

Income Taxes

Current income tax recovery of $0.3 million was recorded for the year ended December 30, 2020, versus an expense of $0.1 million in 2019. The 2020 recovery was due to deferred partnership losses being realized in 2020 and carried back to recover prior year tax payments.

Deferred tax expense of $0.4 million was recorded for the year ended December 30, 2020, versus a recovery of $2.0 million in 2019. These amounts are mainly a result of the recognition of partnership income or losses, which are deferred by one year for current tax purposes but recognized in each calendar year for deferred tax purposes.

The deferred income tax provision differs from the expected tax, using the statutory rate of 24.46% (2019 - 26.57%) due to non-deductible expenses and changes in tax rates and prior period timing differences.

SEGMENTED INFORMATION

Big Rock has two reportable business segments, wholesale and retail, which are monitored by executive management for purposes of making decisions about resource allocation and performance management. The wholesale segment manufactures and distributes beer, cider, and other alcoholic beverages to provincial liquor boards, grocery chains, on-premise customers and contract manufacturing customers which are subsequently sold to end consumers. The retail segment sells beverages, food and merchandise to end consumers through premises owned and/or operated by the Corporation and directly through Big Rock's website and third-party delivery services.

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

For the year ended December 30

($000)	Wholesale		Retail		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	**2020**	2019
Net Revenue	$ 43,484	$ 40,851	$ 1,395	$ 2,353	$ (895)	$ (551)	**$ 43,984**	$ 42,653
Cost of sales	26,498	28,156	1,896	2,712	(895)	(551)	**27,499**	30,317
Gross profit	16,986	12,695	(501)	(359)	—	—	**16,485**	12,336
Selling expenses	9,281	11,336	6	11	—	—	**9,287**	11,347
Segment profit (loss)	**$ 7,705**	$ 1,359	**$ (507)**	$ (370)	**$ —**	$ —	**$ 7,198**	989
General & administrative costs							**5,096**	5,556
Depreciation & amortization							**736**	533
Impairment of property, plant and equipment							**1,500**	—
Operating loss							**(134)**	(5,100)
Finance expense							**506**	401
Other income							**12**	713
Loss before income taxes							**$ (628)**	$ (4,788)

LIQUIDITY AND CAPITAL RESOURCES

($000)	December 30, 2020	December 30, 2019
Cash	$ (252)	$ (354)
Debt[(1)]	2,949	4,914
License obligation[(1)]	605	695
Net debt [(2)]	3,302	5,255
Shareholders' equity:		
Shareholders' capital	113,792	113,845
Contributed surplus	2,170	1,795
Accumulated deficit	(81,140)	(79,761)
Total shareholders' equity	34,822	35,879
Total capitalization [(1)]	$ 38,124	$ 41,134
Net debt to total capitalization ratio [(1)]	8.7%	12.8%

(1) Includes current and long-term portions.
(2) Non-GAAP measure. See "*Non-GAAP Measures*".

Capital Strategy

The Corporation manages its 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 Corporation's capital structure, Big Rock may issue new public securities, issue or renegotiate its debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. Capital requirements of the Corporation are managed by the preparation of an annual expenditure budget which is approved by the board of directors of Big Rock (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.

Subsequent to December 30, 2020, the Corporation sourced additional capital and liquidity to advance its near-term growth strategies by way of increasing its borrowing capacity from $11 million to $16 million with its current lender (*See "Debt" below*).

Net Working Capital

The Corporation's net working capital surplus increased to $2.3 million at December 30, 2020 from $0.4 million in the prior year. The increase was primarily driven by higher receivable balances associated with an increase in the Corporation's contract manufacturing business as well as cider excise tax refunds from amounts paid in prior periods related to a ruling from federal regulators stating that the Corporation qualified for an exemption. Inventory was also higher in preparation for first quarter sales demands which was partially offset by higher accounts payable and accrued liabilities associated with the increased inventory. Current taxes payable is also expected to be lower as a result of expected lower taxable income. Net working capital is a non-GAAP measure and is defined as current assets less accounts payable and accrued liabilities (*See "non-GAAP Measures")*.

Debt

During the year ended December 30, 2020, the Corporation repaid $2.0 million in debt of which $1.5 million was applied as a reduction to all amounts outstanding under the $5 million revolving operating loan facility (the "**Operating Facility**") and $0.5 million in payments applied to amounts drawn against the $6 million evergreen revolving term loan facility (the "**Term Debt**").

On February 9, 2021, The Corporation amended terms under its existing credit agreement with its lender which includes an increase to the Operating Facility from $5 million to $6 million and an increase to the Term Debt from $6 million to $10 million. Both facilities will bear interest rates at prime plus 75-basis points and are subject to a 25-basis point standby-fee on committed amounts undrawn. The amendments also include an extension of the maturity date to March 23, 2026. The proceeds will be used for, but not limited to, funding capital projects, financing working capital requirements and general corporate purposes.

The Operating Facility is available for general operating purposes and funding capital expenditure requirements. The Term Debt is available to fund capital expenditures. Details on amounts outstanding under these facilities are as follows:

($000)	December 30, 2020	December 30, 2019
Operating facility – principal	$ —	$ 1,532
Term debt - principal and accrued interest	2,949	3,385
Debt issue costs	—	(3)
	2,949	4,914
Current portion	$ 470	$ 1,979
Long term debt	$ 2,479	$ 2,935

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

	Expiry date	December 30, 2020	December 30, 2019
Tranche 1	April 30, 2025	994	1,172
Tranche 2	February 28, 2026	1,203	1,378
Tranche 3	September 9, 2027	752	835
Total term debt outstanding		**$ 2,949**	$ 3,385

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 the maintenance of a rolling 12-month fixed charge ratio which is required to be a minimum of 1.1 to 1, calculated as the rolling 12-month earnings before interest, taxes and depreciation, less unfunded capital compared to the rolling 12-months fixed charges. Fixed charges are the sum of interest, dividends and income taxes paid, and principal repayments. In addition, the Corporations borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets.

As at December 30, 2020, the Corporation was in compliance with these financial covenants.

On April 1, 2020, Big Rock signed an agreement with the Corporation's lender electing to participate in a Customer Relief Program ("**CRP**") of the Corporation's bank debt. Under the terms of the agreement, the Corporation elected to defer payments of the existing Operating Facility and Term Debt up to and including May 31, 2020. As at June 30, 2020, deferred principal and interest payments under the CRP have been fully repaid and regular scheduled debt repayments for the remaining duration of the Operating Facility and Term Debt have resumed.

License Obligation

	December 30, 2020	December 30, 2019
Current obligation	$ 185	$ 185
Long term portion	420	510
	$ 605	$ 695

On October 18, 2018, the Corporation closed an asset purchase and licensing transaction with Fireweed (the "**Fireweed Transaction**"). As part of the license agreement Big Rock entered into with Fireweed, the Corporation is required to pay Fireweed a fee calculated based on the Corporation's sales volumes of Fireweed trademarked products, on a monthly basis, with a maturity date of December 31, 2024, with an obligation to purchase the trademarks at a pre-determined price, net of all license fees paid up until the maturity date.

During the year ended December 30, 2020, the Corporation made $0.1 million in repayments against this obligation.

Lease Liabilities

Big Rock has lease liabilities for contracts related to real estate within buildings, vehicle leases and sale and leaseback arrangements for equipment.

	December 30, 2020	December 30, 2019[1]
Lease liabilities, beginning of period	$ 1,788	$ 2,107
Adjustments on transition to IFRS 16	5,028	—
Additions	176	—
Interest expense	282	127
Lease payments	(1,161)	(473)
Amortization of lease incentive liability	—	27
	$ 6,113	$ 1,788
Current	$ 1,076	$ 367
Long-term	$ 5,037	$ 1,421

[1] Amounts in 2019 represent finance lease obligations and lease incentive liabilities.

In 2020, the Corporation upgraded its vehicle fleet by entering into new leasing agreements which resulted in additions to the liability of $0.2 million. Lease payments net of interest expense of $0.9 million represent principal repayments to these lease liabilities and consist of $0.3 million related to equipment leases, $0.5 million to building leases and the remaining to vehicle leases.

On April 21, 2020, Big Rock signed an agreement amendment with an equipment lessor of the Corporation electing to amend the repayment terms of an existing equipment lease. Under the terms of the amendment, the Corporation deferred payments under the existing equipment lease agreement up to and including June 26, 2020 totalling $0.1 million, after which time the amended lease repayments resumed for the remaining duration of the agreement.

Capital Expenditures

During the year ended December 30, 2020, a total of $1.3 million was spent on capital expenditures, an increase of 31.3% to compared to 2019. The capital expenditures relate to facility maintenance and improvements, facility expansion and IT projects. The increase in capital expenditures as a result of production facility improvements include new filter room flooring, filtration equipment and equipment required for maintenance. Capital expenditures related to expansion include increasing capacity for variety pack types, RTD and contract production. In addition, the Corporation also incurred some initial planning and engineering costs during the fourth quarter of 2020 in support of the recently announced 2021 capital expenditure plan whereby the Corporation will be spending $8.8 million on strategic equipment investments to expand the packaging capabilities at its Calgary facility and the modernization of its production, sales, marketing, and finance processes through investments in information technology. These capital projects are currently underway and are expected to be completed in the fourth quarter of 2021.

Equity

At December 30, 2020, and as of the date of this MD&A, the Corporation had 6,981,628 common shares outstanding less 13,661 shares held in trust to resource employee compensation programs.

In addition, as of the date of this MD&A, the following potentially issuable common shares were outstanding:

- 285,000 time-based options;
- 69,000 market-performance options; and
- 181,210 restricted share units.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

	2021	2022	2023	2024	2025	thereafter
Utilities contracts	$ 30	$ —	$ —	$ —	$ —	$ —
Raw material purchase commitments	1,962	1,472	339	211	—	—
Marketing sponsorships	239	108	—	—	—	—
Total	**$ 2,231**	**$ 1,580**	**$ 339**	**$ 211**	**$ —**	**$ —**

On December 31, 2019, the Big Rock adopted IFRS 16 which resulted in the recognition of lease liabilities related to operating leases on the balance sheet some of which were previously reported as commitments.

OFF BALANCE SHEET ARRANGEMENTS

Big Rock does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet, other than the operating leases summarized in "*Commitments and Contractual Obligations*" herein.

RISKS FACTORS

The Corporation is exposed to business risks that are inherent the alcoholic beverage industry, as well as those governed by the individual nature of the Corporations' operations. Risks impacting the business which influence controls and management of the Corporation include, but are not limited to, the following:

- Competition from local, national and international brewers;
- Changes in market trends, consumer preferences and product innovations;
- Changes to government regulations including provincial mark-up, federal excise and tax legislation;
- Sourcing of critical supplies related to raw materials and packaging; and
- Foreign exchange, interest, counterparty, and commodity price risk.

The Corporation manages these risks by

- Attracting and retaining a team of highly qualified and motivated professionals who have vested interest of the success of the Corporation;
- Active participation with industry organizations to monitor and influence changes in government relations and policies;
- Maintaining positive relationships with critical business partners and proactively manage contracts;
- Investing in infrastructure to improve flexibility and adaptability to new product innovations and market trends; and
- Maintaining financial flexibility through its capital management strategy.

A complete discussion of risk factors is included in the Corporations 2020 Annual Information Form ("AIF") available on the Corporations website at www.bigrockbeer.com or on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates in the three months and year ended December 30, 2020. Further information on the Corporation's critical accounting policies and estimates can be found in the notes to the audited consolidated financial statements for the year ended December 30, 2020.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICOFR") as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Disclosure controls and procedures

The DC&P have been designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, and that information required to be disclosed by the Corporation in its annual filings, interim filing or other reports is filed or submitted by the Corporation under securities legislation. The Corporation's CEO and CFO have concluded, based on their evaluation at December 30, 2020, the DC&P are designed and operating effectively to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

Management’s annual report on internal controls over financial reporting

Management is responsible for establishing and maintaining adequate ICOFR, which is a process designed by, or under the supervision of, the CEO and CFO, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Under the supervision and with the participation of management, including the CEO and CFO, an evaluation of the effectiveness of the internal controls over financial reporting was conducted as of December 30, 2020 based on criteria described in “Internal Control – Integrated Framework” issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, management determined that, as of December 30, 2020, the internal controls over financial reporting were designed and operating effectively.

INTERNAL CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

There were no changes in the Corporation’s internal control over financial reporting during the period beginning on October 1, 2020 and ended December 30, 2020 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

CEO and CFO certifications

The Corporation’s CEO and CFO have filed with the Canadian securities regulators regarding the quality of the Corporation’s public disclosures relating to its fiscal 2020 report filed with the Canadian securities regulators.

NON-GAAP MEASURES

The Corporation uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by Generally Accepted Accounting Principles. These financial measures do not have any standardized meaning under the Corporation's Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other issuers. The following terms “net working capital”, “net debt”, “total capitalization”, “EBITDA”, “net debt to EBITDA”, are not recognized measures under GAAP and may not be comparable to that reported by other companies. In addition to net income and cash flow from operating activities, Management uses these non-GAAP measures to evaluate the Corporation’s operating performance and leverage.

Net working capital: is defined as current assets minus current liabilities.

Net debt: is defined as the Corporations current and long-term portions of debt and license obligation less cash.

Total capitalization: is calculated by adding shareholders’ equity and net debt. A reconciliation of total capitalization to cash, total debt and total shareholders’ equity and a reconciliation of net debt to cash and total debt are provided under “Liquidity and Capital Resources – Capitalization”

EBITDA: is calculated by adding back to net income, interest, income taxes, depreciation and amortization and impairment of property, plant and equipment. A reconciliation of EBITDA to net loss, the nearest GAAP measure, is contained under “Results of Operations – EBITDA” In addition, the Corporation’s lender uses EBITDA to Fixed Charges ratio to evaluate the Corporation’s ongoing cash generating capability and to determine the amounts and rates at which the lender is willing to finance Big Rock.

Net debt to EBITDA: is calculated by dividing EBITDA by net debt.

Readers are cautioned that these measures should not be construed as an alternative to net income, cash flows from operating activities or other relevant GAAP measures as calculated under GAAP.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information that reflects management’s expectations related to expected future events, financial performance and operating results of the Corporation. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

All statements, other than statements of historical fact included in the MD&A, may be forward-looking information. Forward-looking information are not facts, but only expectations as to future events and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe”, "continue", "could", "estimate", "expect", "intend", “likely” “may", "project", "predict", “propose”, "potential", "might", "plan", "seek", "should", "targeting", "will", and similar expressions. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that may cause Big Rock’s actual results or events to differ materially from those anticipated in such forward-looking statements.

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

- the Corporation's business plans, outlook and strategy;
- projections of the Corporation's strength and competitive position;
- the timing of completion of Big Rock's 2021 capital program, including the installation and commissioning of components thereof;
- Big Rock's total packaging capacity and flexibility upon completion of its 2021 capital program;
- management’s expectations with regard to Big Rock's position as a manufacturer in Western Canada;
- Big Rock’s growth strategy for owned and co-packed volumes produced in Calgary over the coming years;
- the impact and results of the 2021 capital program and the expansion of Big Rock's existing credit facilities on Big Rock;
- Big Rock's plans in respect of: (a) asset optimization; (b) IT digital transformation; (c) management of working capital; (d) government relations; (e) unitization of existing infrastructure; (f) contract manufacturing; and (g) product offerings as each is set out under "Outlook & Strategy" and the expected results and implications of each of the foregoing;
- expectations regarding the Corporation's evaluation of growth opportunities and plans with respect to the same;
- expectations with regard to the challenges and opportunities posed by COVID-19 and the duration of the same;
- expectations regarding current taxes payable;
- anticipated supply and demand of Big Rock’s products;
- expectations regarding Big Rock's ability to meet consumer demand;
- management's expectations regarding its ability to respond to shifting consumer patterns and its ability to achieve growth; and
- expectations with regard to Big Rock's ability to maintain adequate sources of funding to finance the Corporation's operations.

Certain of the above listed forward-looking statements constitute future-oriented financial information and financial outlook information (collectively, “FOFI”) about Big Rock’s prospective financial position, including, but not limited to, that operational cost efficiencies to be realized within growth assuming completion of 2021 capital program and that the 2021 capital program will result in sustainable and profitable growth in 2022 and beyond. FOFI contained in this MD&A were made as of the date hereof and is provided for the purpose of describing Big Rock's anticipated future business operations.

With respect to forward-looking statements and FOFI listed above and contained in this MD&A, Big Rock has made assumptions regarding, among other things, the following:

- volumes in the current fiscal year will remain constant or will increase;
- input costs for brewing and packaging materials will remain constant or will not significantly increase or decrease;
- the demand for the Corporation's products will not significantly increase or decrease;
- there will be no material change to the regulatory environment, including the net beer taxes and grant rates, in which Big Rock operates;
- there will be no supply issues with Big Rock’s vendors; and
- that the duration of and extent of the COVID-19 pandemic will not be long-term.

Big Rock's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and as set out under the heading “Risk Factors” in the Corporation’s 2020 Annual Information Form dated March 11, 2021 that is available on SEDAR at www.sedar.com. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements and FOFI contained in this MD&A are expressly qualified by this cautionary statement. Big Rock does not undertake any obligation to update or revise any forward-looking statements or FOFI, whether as a result of new information, future events or otherwise, unless required by law.

BIG ROCK BREWERY

CONSOLIDATED FINANCIAL STATEMENTS

March 11, 2021

Management's Responsibility for Financial Reporting

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

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

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

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

Wayne Arsenault
President & Chief Executive Officer

Don Sewell
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Big Rock Brewery Inc.

Opinion

We have audited the consolidated financial statements of Big Rock Brewery Inc. ("the Corporation"), which comprise the consolidated statements of financial position as at December 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Inventory valuation As at December 30, 2020, the inventory balance was \$5.2 million, which is comprised of raw materials, brews in progress, and finished product. Inventory is recorded at the lower of cost and net realizable value. During the year ended December 30, 2020, charges of \$2.1 million were recorded for obsolete inventories. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and sell the products. Cost includes expenditures incurred in acquiring raw materials and costs incurred to convert to finished goods. Note 9 of the consolidated financial statements describes the accounting policy for inventory. Auditing management's inventory valuation was complex, given the degree of judgement and	We performed the following procedures, among others, to evaluate the cost and net realizable value of inventory: • Recalculated the standard cost on a sample of raw material, brews in progress, and finished product • Tested the actual costs of raw material, labour and overhead by comparing the amounts to external and internal data sources such as invoices and payroll records Compared the allocation of labour and overhead cost to products in the standard cost calculation used by management to historical and current trends in customer product preference

subjectivity in evaluating management's estimates and assumptions in determining the cost related to brews in progress and finished products and the net realizable value. Significant assumptions included the allocation of labour and overhead to brews in progress and finished products and the final selling price which is affected by changes in customer product preference, consumer spending and expectations about future market and economic conditions as a result of the COVID-19 pandemic. The assessment of net realizable value involves significant judgement as it requires an estimate of the final selling price of its products.

- Inspected the invoices for the most recent sales after year end and compared to the inventory cost, in order to assess the net realizable value
- Evaluated the Corporation's critical accounting policies and related disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRS.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ann-Marie Brockett.

Ernst & Young LLP

Calgary, Canada

March 11, 2021

Chartered Professional Accountants

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

	Note	2020	2019
		Year ended December 30	
Revenue			
Net revenue	5	43,984	42,653
Cost of sales	6	27,499	30,317
Gross profit		16,485	12,336
Expenses			
Selling expenses	6	9,287	11,347
General and administrative	6	5,096	5,556
Depreciation and amortization	6	736	533
Impairment of property, plant & equipment	12	1,500	—
Operating expenses		16,619	17,436
Operating loss		(134)	(5,100)
Finance expenses	7	506	401
Other income		12	713
Loss before income taxes		(628)	(4,788)
Income tax expense (recovery)	8		
Current		(339)	90
Deferred		377	(1,956)
		38	(1,866)
Net loss and comprehensive loss		**(666)**	(2,922)
Per share amounts	**9**		
Basic		**$ (0.10)**	$ (0.42)
Diluted		**$ (0.10)**	$ (0.42)
Segmented information	25		

See accompanying notes to the consolidated financial statements

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

As at	Note	December 30, 2020	December 30, 2019
ASSETS			
Current			
Cash		252	354
Accounts receivable	10	2,594	1,645
Inventories	11	5,148	4,163
Prepaid expenses and deposits		387	435
Current taxes receivable		158	—
		8,539	6,597
Non-current			
Property, plant and equipment	12	35,599	40,876
Right-of-use assets	14	5,730	—
Intangible assets	13	2,087	2,309
		43,416	43,185
Total assets		51,955	49,782
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	15	3,985	3,322
Debt - current	16	470	1,979
License obligation	17	185	185
Lease liabilities - current	18	1,076	367
Share-based compensation payable - current	20	496	325
		6,212	6,178
Non-current			
Long term debt	16	2,479	2,935
License obligation	17	420	510
Lease liabilities	18	5,037	1,421
Share-based compensation payable	20	21	23
Deferred income taxes	8	2,964	2,836
		10,921	7,725
EQUITY			
Shareholders' capital	19	113,792	113,845
Contributed surplus	20	2,170	1,795
Accumulated deficit		(81,140)	(79,761)
		34,822	35,879
Total liabilities and shareholders' equity		51,955	49,782

Commitments and contractual obligations	26
Subsequent events	16

See accompanying notes to the consolidated financial statements

	"Stephen Giblin"	"Michael Kohut"
On behalf of the Board of Directors:	Stephen Giblin	Michael Kohut
	Director	Director

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

		Year ended December 30	
	Note	**2020**	2019
OPERATING ACTIVITIES			
Net loss and comprehensive loss		(666)	(2,922)
Items not affecting cash:			
Depreciation and amortization		3,740	3,325
Impairment of property, plant and equipment	12	1,500	—
Loss-on-disposal of assets		19	5
Share-based payments	20	732	105
Amortized debt issue costs	16	3	3
Deferred income tax (recovery) expense		377	(1,956)
Gain on liability modification		—	(1,010)
Lease incentive		—	27
		5,705	(2,423)
Net change in non-cash working capital related to operations	24	(1,379)	1,205
Cash provided by (used in) operating activities		4,326	(1,218)
FINANCING ACTIVITIES			
Repayment of debt	16	(1,968)	983
Repayment of license obligation	17	(90)	(15)
Lease repayments	18	(879)	(346)
Purchase of shares	19	(241)	—
Cash provided by (used in) financing activities		(3,178)	622
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(1,158)	(776)
Purchase of intangibles	13	(92)	(176)
Cash used in investing activities		(1,250)	(952)
Net (decrease) increase in cash		(102)	(1,548)
Cash, beginning of year		354	1,902
Cash, end of year		**252**	354

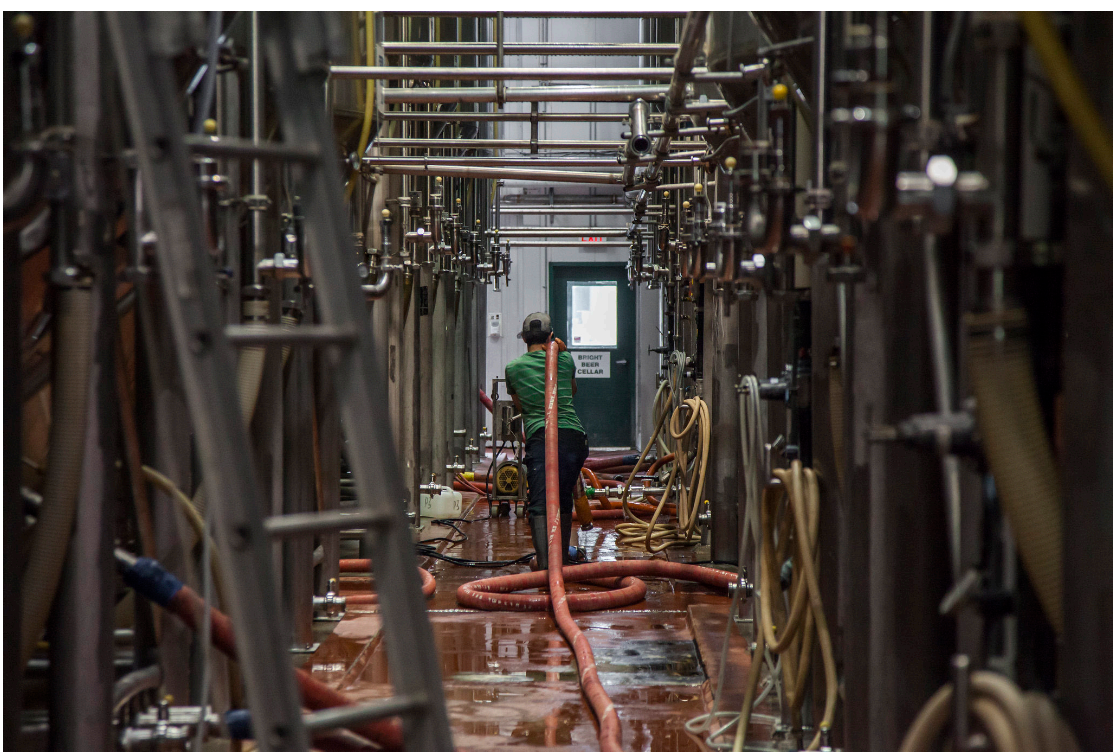
See accompanying notes to the consolidated financial statements

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

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2019		113,845	1,795	(79,761)	35,879
Initial adoption of IFRS 16	3	—	—	(713)	(713)
Share-based payments	20	—	563	—	563
Purchase of shares	19	(241)	—	—	(241)
Shares held in trust issued	19	188	(188)	—	—
Net loss and comprehensive loss		—	—	(666)	(666)
As at December 30, 2020		**113,792**	**2,170**	**(81,140)**	**34,822**

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
As at December 30, 2018		113,845	1,578	(76,839)	38,584
Share-based payments	20	—	217	—	217
Net loss and comprehensive loss		—	—	(2,922)	(2,922)
As at December 30, 2019		113,845	1,795	(79,761)	35,879

See accompanying notes to the 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 and other alcoholic beverages which are sold in six provinces and two territories in Canada. The head office, principal address and records office of the Corporation are located at 5555 – 76th Avenue SE, Calgary, Alberta, T2C 4L8.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") in effect as of December 30, 2020, except as described in *Note 3*.

These consolidated financial statements have been prepared on a going concern basis, based on management's assessment that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Corporation be unable to continue as a going concern.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of Big Rock (the "**Board**") on March 11, 2021.

Basis of measurement

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

Basis of consolidation

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

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

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

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances, discounts, applicable federal and provincial production, environmental and excise taxes levied by provincial liquor boards and the federal government.

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

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

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all related conditions are complied with. Government grants received in respect of expenditures are credited to the consolidated statement of comprehensive loss, netted against the expense to which they relate. Government grants in respect of capital expenditures are credited to the carrying amount of the related asset and are realized to the consolidated statement of comprehensive loss over the expended useful life of the related asset.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using a weighted average cost method and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition to sell. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and sell the products. If the net realizable value is less than cost, inventories are written down. If the net realizable value subsequently increases, a reversal of the loss initially recognized is applied to cost of sales.

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

Property, plant and equipment

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

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

Buildings	35-40 years
Machinery and equipment	5-40 years
Office furniture and equipment	5-15 years
Leasehold improvements	10-40 years

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

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

Intangible assets

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

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

Computer software	3 years
Intellectual property	10 years
License	10 years
Website	6 years

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

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

Leases Accounting

Policy applicable from December 31, 2019

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

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

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

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

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

Lessor arrangements

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Corporation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Corporation applies IFRS 15 to allocate the consideration in the contract.

Policy applicable before December 31, 2019

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all of the risks and rewards incidental to ownership to the Corporation is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statements of comprehensive loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the consolidated statements of comprehensive loss on a straight-line basis over the lease term. Lease incentives are initially recorded as a liability on the consolidated statements of financial position and amortized on a straight-line basis to expenses over the lease term in accordance with *SIC 15 Operating Leases – Incentives.*

Impairment of assets

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

(i) Financial assets

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

(ii) Non-financial assets

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

Share-based payments

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

(i) Cash-settled transactions

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

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

(ii) Equity-settled transactions

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

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

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

Shares held in trust

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

Taxation

(i) Current income tax

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

(ii) Deferred income tax

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

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

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

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

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

Per share amounts

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

Financial instruments

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

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

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

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

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

(i) Financial assets

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

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

(ii) Financial liabilities

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

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

The Corporation's accounts payable and accrued liabilities and debt are measured at amortized cost. The Corporation's share based payment liability is designated as FVTPL.

Provisions

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

New accounting standards - IFRS 16, leases

The Corporation applied IFRS 16 with an initial application date of December 31, 2019. As a result, the Corporation has changed its accounting policy for lease contracts as detailed below.

The Corporation applied IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognized in retained earnings at December 31, 2019. For leases entered into prior to December 31, 2019, the Corporation has chosen to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statements of financial position immediately before the date of initial application.

Definition of a lease

Under IFRS 16, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease.

Lessee arrangements

Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for most leases outstanding.

The Corporation decided to apply recognition exemptions to short-term leases and leases of low-value.

Leases classified as operating under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at December 31, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Corporation used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining at December 31, 2019;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amounts of the right-of-use asset and the lease liability as at December 31, 2019 are determined as at the carrying amounts of the lease asset and lease liability under IAS 17 immediately before that date.

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

Impact on consolidated financial statements

The following table provides a summary of the initial adoption of IFRS 16 as at December 31, 2019:

	Property, plant and equipment	Right-of-use assets	Obligation under finance lease	Deferred taxes	Accumulated deficit
As at December 30, 2019	40,876	—	1,788	2,836	(79,761)
Adjustment for change in account policy	(2,075)	6,139	5,028	(249)	(713)
As at December 31, 2019	38,801	6,139	6,816	2,587	80,474

When measuring lease liabilities, the Corporation discounted lease payments using its incremental borrowing rate calculated as at December 31, 2019.

The following table provides a reconciliation of the commitments as at December 30, 2019 to the Corporation's lease liabilities as at December 31, 2019:

Operating lease commitment at December 30, 2019 as disclosed in the Corporation's consolidated financial statements	3,763
Discounted using the incremental borrowing rate at December 31, 2019	3,418
Extension and termination options reasonably certain to be exercised	1,897
Finance lease commitment under IAS 17 at December 30, 2019	1,501
Short-term leases	—
Leases of low dollar value	—
Lease liability at December 31, 2019	6,816

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

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

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

Significant judgments

Income taxes payable

Tax legislation, regulation and interpretation require judgment and may have a bearing on the amounts recorded in the tax provision and income taxes payable. Big Rock's tax filings are continually subject to review by the Canada Revenue Agency who makes the final determination of the actual amounts of taxes payable or receivable. This could have an impact on the current and future income tax expenses.

Deferred income taxes

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

Impairment assessment

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

Assumptions and critical estimates

Property, plant and equipment

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

5. NET REVENUE

	Year ended December 30	
	2020	2019
Gross product revenues	60,964	65,116
Federal excise taxes	(5,633)	(5,443)
Provincial liquor tax programs	(11,347)	(17,020)
Net revenue	**43,984**	42,653

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.

Federal excise taxes are assessed on world-wide production of beer at tiered rates up to $33.03 per hectolitre. Up until July 2020, the Corporation was paying excise taxes on flavoured cider production at a rate of $31.90 per hectolitre. In August 2020, the Corporation received a ruling from the federal regulators stating that flavoured cider products produced by the Corporation qualify for excise tax exemption. As a result, the Corporation ceased excise tax payments on flavoured cider in August 2020.

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

Provincial liquor tax programs include charges paid to provincial liquor control boards to cover distributions and other service charges. Effective September 13, 2019, the Alberta Gaming, Liquor and Cannabis Commission ("**AGLC**") amended the Alberta beer mark-up framework to a gradual beer mark-up structure for beer producers with production less than 400,000 hectolitres such as Big Rock.

6. EXPENSES BY NATURE

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

	Year ended December 30	
	2020	**2019**
Depreciation and amortization		
Cost of sales	3,004	2,792
Depreciation and amortization	736	533
Salaries, wages and benefits		
Cost of sales	5,402	5,923
Selling expenses	3,081	3,501
General and administrative	2,760	2,986

7. FINANCE EXPENSE

	Year ended December 30	
	2020	2019
Interest on debt	193	229
Interest on lease liabilities	281	91
Other	32	81
Finance expenses	**506**	401

8. INCOME TAXES

Income tax expense (recovery) is comprised of the following:

	Year ended December 30	
	2020	2019
Current tax (recovery) expense	(339)	90
Deferred tax expense (recovery)	377	(1,956)
Income tax expense (recovery)	**38**	(1,866)

The following table reconciles the estimated income tax expense using a weighted average Canadian federal and provincial tax rate of 24.46% (2019 – 26.57%) to the reported tax expense. The reconciling items represent, aside from the impact of tax rate differentials and changes, non-taxable benefits or non-deductible expenses arising from permanent differences between the local tax base and the reported consolidated financial statements, in accordance with IFRS.

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

	Year ended December 30	
	2020	2019
Loss before income taxes	(628)	(4,788)
Income tax recovery at statutory rate of 24.46% (2019 – 26.57%)	(154)	(1,272)
Effect on taxes of:		
Share-based payments	138	58
Non-deductible expenses	12	37
Other opening timing differences	(9)	(191)
Change in tax rate	50	(577)
Other	1	79
Income tax (recovery) expense	**38**	(1,866)

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

	2019	Comprehensive loss	Accumulated Deficit[1]	**2020**
Property, plant and equipment	4,540	(1,006)	-	3,534
Intangible assets	460	(58)	-	402
Deferral of partnership income (loss)	(1,477)	2,106	-	629
Non-capital losses	-	(1,248)	-	(1,248)
Other	(687)	583	(249)	(353)
Total deferred tax liability	2,836	377	(249)	2,964

[1]Adjustment for change in accounting policy on initial adoption of IFRS 16

9. PER SHARE AMOUNTS

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

	Year ended December 30	
($ thousands, except per share amounts)	**2020**	2019
Net loss – basic	(666)	(2,922)
Effect of dilutive securities	—	—
Net loss - diluted	(666)	(2,922)
Weighted average shares		
Issued common shares	6,982	6,982
Effect of shares held in trust	(4)	—
Weighted average shares - basic	6,978	6,982
Effect of dilutive securities	—	—
Weighted average shares - diluted	6,978	6,982
Per share amounts:		
Basic	**$ (0.10)**	$ (0.42)
Diluted	**$ (0.10)**	$ (0.42)

In computing per share amounts for the year ended December 30, 2020, 117,067 potentially issuable common shares through share-based payment plans (2019 – 165,899) were excluded as the Corporation had a net loss.

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

10. ACCOUNTS RECEIVABLE

As at	December 30, 2020	December 30, 2019
Provincial liquor boards	1,579	916
Co-packing customer receivables	647	516
Federal and provincial tax program receivables	281	102
Other receivables	140	164
Expected credit loss provision	(53)	(53)
Total accounts receivable	**2,594**	1,645

11. INVENTORIES

As at	December 30, 2020	December 30, 2019
Raw materials and containers	1,367	1,670
Brews in progress	940	912
Finished product	2,311	1,109
Consignment product	397	395
Retail store	133	77
Total inventories	**5,148**	4,163

During the year ended December 30, 2020, charges of $2.1 million (2019 - $0.8 million) were recorded to the consolidated statements of comprehensive loss relating to damaged or obsolete inventories. There were no reversals of amounts previously recorded in respect of inventory write-downs during the year ended December 30, 2020 and 2019.

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

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Office furniture and equipment	Leasehold improvem-ents	Total
Cost						
As at December 30, 2018	6,475	21,124	33,703	2,579	270	64,151
Additions	—	3	718	56	—	777
Disposals	—	—	(5)	—	—	(5)
As at December 30, 2019	6,475	21,127	34,416	2,635	270	64,923
Initial adoption of IFRS 16	—	—	(2,499)	—	—	(2,499)
Additions	—	129	998	24	7	1,158
Disposals	—	—	(19)	—	—	(19)
As at December 30, 2020	**6,475**	**21,256**	**32,896**	**2,659**	**277**	**63,563**
Accumulated Depreciation						
As at December 30, 2018	—	3,561	15,698	1,581	145	20,985
Depreciation	—	770	1,886	396	10	3,062
Disposals	—	—	—	—	—	—
As at December 30, 2019	—	4,331	17,584	1,977	155	24,047
Initial adoption of IFRS 16	—	—	(424)	—	—	(424)
Depreciation	—	774	1,816	240	11	2,841
Impairment	—	581	895	24	—	1,500
Disposals	—	—	—	—	—	—
As at December 30, 2020	**—**	**5,686**	**19,871**	**2,241**	**166**	**27,964**
Net book value						
As at December 30, 2019	6,475	16,796	16,832	658	115	40,876
As at December 30, 2020	**6,475**	**15,570**	**13,025**	**418**	**111**	**35,599**

During the year ended December 30, 2020, the Corporation determined that indicators of impairment existed with respect to certain of the Corporation's Ontario assets as a result of the suspension of its brewing and packaging operations in Ontario due to market conditions. A test for impairment was performed at the individual asset level by comparing the estimated recoverable amount to the carrying values of the assets. The estimated recoverable amount of the assets was determined to be their fair value less costs of disposal and an impairment of $1.5 million was recorded.

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

13. INTANGIBLE ASSETS

Intangible assets are broken down as follows:

	Computer software	Brewing license	Intellectual property	Website costs	Total
Cost					
As at December 30, 2018	$ 895	$ 1,885	$ 257	$ 236	$ 3,273
Additions	181	—	(3)	—	178
As at December 30, 2019	$ 1,076	$ 1,885	$ 254	$ 236	$ 3,451
Additions	92	—	—	—	92
As at December 30, 2020	**$ 1,168**	**$ 1,885**	**$ 254**	**$ 236**	**$ 3,543**
Accumulated amortization					
As at December 30, 2018	$ 615	$ 42	$ 170	$ 51	$ 878
Depreciation	32	188	9	35	264
As at December 30, 2019	647	230	179	86	1,142
Depreciation	82	188	9	35	314
As at December 30, 2020	**$ 729**	**$ 418**	**$ 188**	**$ 121**	**$ 1,456**
Net book value					
As at December 30, 2019	$ 429	$ 1,655	$ 75	$ 150	$ 2,309
As at December 30, 2020	**$ 439**	**$ 1,467**	**$ 66**	**$ 115**	**$ 2,087**

As at December 30, 2020 and 2019, there were no indicators of impairment noted in the carrying value of the Corporation's intangible assets and no provision is recorded. As at December 30, 2020, $314 (2019 - $222) is not subject to amortization.

14. RIGHT-OF-USE ASSETS

	Buildings	Machinery and equipment	Vehicles	Total
Cost				
As at December 30, 2019	—	—	—	—
Initial adoption of IFRS 16	4,053	2,075	11	6,139
Additions	—	—	176	176
As at December 30, 2020	**4,053**	**2,075**	**187**	**6,315**
Accumulated Depreciation				
As at December 30, 2019	—	—	—	—
Depreciation	413	131	41	585
As at December 30, 2020	**413**	**131**	**41**	**585**
Net book value				
As at December 30, 2019	—	—	—	—
As at December 30, 2020	**3,640**	**1,944**	**146**	**5,730**

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

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**December 30, 2020**	December 30, 2019
Trade payables	1,897	1,187
Taxes payable	—	273
Container deposits	518	398
Accruals and other	1,570	1,464
Total accounts payable and accrued liabilities	**3,985**	3,322

16. DEBT

As at December 30, 2020, the Corporation had a $5 million revolving operating loan facility (the "**Operating Facility**") and a $6 million evergreen term loan facility (the "**Term Debt**"). The Operating Facility is available for general operating purposes and funding capital expenditure requirements. The Term Debt is available to fund capital expenditures. Details on amounts outstanding under these facilities are as follows:

As at	**December 30, 2020**	December 30, 2019
Operating facility - principal	—	1,532
Term debt - principal and accrued interest	2,949	3,385
Debt issue costs	—	(3)
	2,949	4,914
Current	**470**	1,979
Long-term	**2,479**	2,935

Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit. Interest is payable for prime-based loans under the Operating Facility at the financial institution's prime rate plus 0.75 percent and on the Term Debt at the financial institution's prime rate plus 1.5 percent. Fees for letters of credit are at 2.5 percent with a minimum fee payable. Term Debt payments of principal and interest are monthly.

Details on amounts drawn under the Term Debt are as follows:

	Expiry date	**December 30, 2020**	December 30, 2019
Tranche 1	April 30, 2025	994	1,172
Tranche 2	February 28, 2026	1,203	1,378
Tranche 3	September 9, 2027	752	835
Total term debt outstanding		**2,949**	3,385

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 the maintenance of a rolling 12-month fixed charge ratio which is required to be a minimum of 1.1 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-months fixed charges. Fixed charges are the sum of interest, dividends and income taxes paid, and principal repayments. In addition, the Corporations borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets.

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

As at December 30, 2020, the Corporation was in compliance with these financial covenants.

On April 1, 2020, Big Rock signed an agreement with the Corporation's lender electing to participate in a Customer Relief Program ("**CRP**") of the Corporation's bank debt. Under the terms of the agreement, the Corporation elected to defer payments of the existing Operating Facility and Term Debt up to and including May 31, 2020. As at June 30, 2020, deferred principal and interest payments under the CRP have been fully repaid and regular scheduled debt repayments for the remaining duration of the Operating Facility and Term Debt have resumed.

On February 8, 2021, the Corporation amended terms under its existing credit agreement with its lender which includes an increase to the Operating Facility from $5 million to $6 million and an increase to the Term Debt from $6 million to $10 million. Both facilities will bear interest rates at prime plus 75-basis points and are subject to a 25-basis point standby-fee on committed amounts undrawn. The amendments also include an extension of the maturity date to March 23, 2026. The proceeds will be used for, but not limited to, funding capital projects, financing working capital requirements and general corporate purposes.

17. LICENSE OBLIGATION

As at	**December 30, 2020**	December 30, 2019
License obligation	605	1,705
Gain on liability modification	—	(1,010)
	605	695
Current	**185**	185
Long-term	**420**	510

In the prior year, the Corporation and Fireweed Brewing Corp. ("**Fireweed**") reached a letter agreement (the "**Letter Agreement**") with respect to payments that were incorrectly deposited into Fireweed's bank account, relating to the sale of Rock Creek and Duke cider products, by the British Columbia Liquor Distribution Branch. The Letter Agreement calls for the settlement of the outstanding receivable of $457, recovery of legal fees of $30 and penalty interest of $609 (term conterminous with the expiry of the license obligation) to be applied against the license obligation as at September 30, 2019. As a result, the Corporation recorded a net gain of $550 in 2019.

18. LEASE LIABILITY

As at	**December 30, 2020**	December 30, 2019[1]
Lease liabilities, beginning of period	1,788	2,107
Adjustments on transition to IFRS 16	5,028	—
Additions	176	—
Interest expense	282	127
Lease payments	(1,161)	(473)
Amortization of lease incentive liability	—	27
	6,113	1,788
Current	**1,076**	367
Long-term	**5,037**	1,421

[1]Amounts in 2019 represent finance lease obligations and lease incentive liabilities.

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

Big Rock has lease liabilities for contracts related to real estate within buildings, vehicle leases and sale and leaseback arrangements for equipment. The weighted average discount rate for the year ended December 30, 2020 was 4.3 percent.

On April 21, 2020, Big Rock signed an agreement amendment with an equipment lessor of the Corporation electing to amend the repayment terms of an existing equipment lease. Under the terms of the amendment, the Corporation deferred payments under the existing equipment lease agreement up to and including June 26, 2020 totaling $0.1 million, after which time the amended lease repayments resumed for the remaining duration of the agreement.

19. SHARE CAPITAL

Big Rock is authorized to issue an unlimited number of common shares with no par value.

	As at December 30,			
	2020		2019	
(thousands)	# of shares	$ Amount	# of shares	$ Amount
Outstanding, beginning of year	6,982	113,845	6,982	113,845
Shares purchased	(49)	(241)	—	—
Shares issued	36	188	—	—
Outstanding, end of year	**6,968**	**113,792**	6,982	113,845

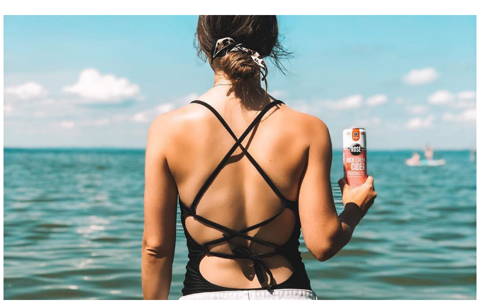
20. SHARE-BASED PAYMENTS

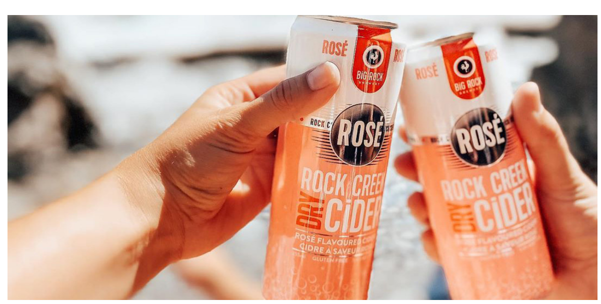
Share based compensation expense, included in general and administrative expenses and recognized in the consolidated statements of comprehensive loss for the years ended December 30, 2020 and 2019 include:

	December 30, 2020	December 30, 2019
Equity settled plans:		
Options expense	98	176
Restricted share unit expense	465	41
	563	217
Cash settled plans:		
SARs fair value adjustments	169	(112)
Total share-based payments	**732**	105

Share Option Plan

The Corporation's share option plan consists of share options and performance share options. There were no options or performance share options granted during the year ended December 30, 2020. Share options granted in 2019 vest over four years, with one fifth vesting immediately, followed by one fifth vesting on each subsequent anniversary date. Options granted prior to 2017 vested immediately. All options are exercisable for five years after the grant date.





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

The following is a summary of option transactions under the Share Option Plan:

	December 30, 2020			December 30, 2019		
As at	# of options	Weighted average exercise price ($)	Remaining life (years)	# of options	Weighted average exercise price ($)	Remaining life (years)
Balance, beginning of period	285,000	6.11		260,000	6.05	
Granted	—	—		25,000	6.75	
Balance, end of period	285,000	6.11	2.31	285,000	6.11	3.31
Exercisable, end of period	181,000	6.23	2.23	124,000	6.29	3.19

The weighted average fair value of options granted in 2019 was estimated using the Black-Scholes pricing model using the following assumptions:

Weighted average exercise price ($/share)	6.75
Weighted average fair value ($)	2.78
Risk-free interest rate (%)	1.47
Expected life (years)	4.23
Dividend yield (%)	—
Forfeiture rate (%)	—
Volatility (%)	44.99

At December 30, 2020, 69,000 (December 30, 2019 – 69,000) performance share options were outstanding. The performance share options have an exercise price of $6.50 per option and expire five years from the grant date. The options vest in tranches of one-third upon the closing price of the Corporation's common shares equalling or exceeding $8.50, $10.50 and $11.50 per share, respectively. No performance options were exercisable at December 30, 2020.

Restricted Share Unit Plan

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

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

	December 30, 2020		December 30, 2019	
As at	# of RSUs	Weighted average remaining life (years)	# of RSUs	Weighted average remaining life (years)
Balance, beginning of period	111,310	1.89	—	—
Granted	107,508	2.00	111,310	2.00
Exercised	(37,102)	—	—	—
Cancelled/forfeited	(506)	1.87	—	—
Balance, end of period	181,210	1.47	111,310	1.89
Exercisable, end of period	—	—	—	—

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

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

	Year ended December 30	
	2020	2019
Market price at grant ($)	4.36	5.07
Risk-free interest rate (%)	0.55	1.43
Dividend yield (%)	—	—
Forfeiture rate (%)	—	—
Volatility (%)	43.45	42.62

Share Appreciation Rights Plan

Under the Share Appreciation Rights Plan (“**SARs Plan**”), the Board of Directors may issue an unlimited number of share appreciation rights (“**SARs**”). The SARs are exercisable for five years after the grant date. The exercise of SARs is settled in cash. SARs granted in 2019 vest over a three-year period, with one-third vesting immediately, one-third vesting on the first anniversary date and one-third vesting on the second anniversary date. SARs granted prior to 2017 vested immediately.

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

	December 30, 2020			December 30, 2019		
As at	# of SARs	Weighted average exercise price ($)	Remaining life (years)	# of SARs	Weighted average exercise price ($)	Remaining life (years)
Balance, beginning of period	439,547	5.78		406,802	7.50	
Granted	96,724	4.47		118,260	5.11	
Exercised	(7,495)	5.00		(18,381)	5.19	
Forfeited	(12,980)	4.97		(8,834)	6.62	
Expired	(54,000)	6.82		(58,300)	16.49	
Balance, end of period	461,796	5.42	2.83	439,547	5.78	3.09
Exercisable, end of period	362,884	5.62	2.43	316,601	6.04	2.58

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

	Year ended December 30	
	2020	2019
Weighted average exercise price ($/share)	4.47	5.11
Weighted average fair value ($)	1.99	2.09
Risk-free interest rate (%)	0.35	1.65
Expected life (years)	4.92	4.89
Dividend yield (%)	—	—
Forfeiture rate (%)	16.70	22.61
Volatility (%)	48.01	45.57

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

At December 30, 2020, 81,000 (December 30, 2019 – 81,000) performance SARs were outstanding. Performance SARs were granted in 2017 at an exercise price of $6.50 and expire five years from the grant date. The performance SARs vest in tranches of one-third upon the closing price of the Corporation’s common shares equalling or exceeding $8.50, $10.50 and $11.50 per share, respectively. No performance SARs were exercisable at December 30, 2020.

21. CAPITAL RISK MANAGEMENT

The Corporation defines its capital to include: common shares plus short-term and long-term debt less cash balances. There are no externally imposed capital requirements on the Corporation. The Corporation’s objectives are to safeguard the Corporation’s ability to continue as a going concern, to support the Corporation’s normal operating requirements and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. This allows management to maximize the profitability of its existing assets and create long-term value and enhance returns for its shareholders.

As at	**December 30, 2020**	December 30, 2019
Cash	(252)	(354)
Debt	2,949	4,914
License obligation	605	695
Shareholders’ equity:		
Shareholders’ capital	113,792	113,845
Contributed surplus	2,170	1,795
Accumulated deficit	(81,140)	(79,761)
Total shareholders’ equity	34,822	35,879
Total capitalization (total debt plus shareholders’ equity, net of cash balances)	38,124	41,134

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 and cash equivalents. 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.

Subsequent to December 30, 2020, the Corporation sourced additional capital and liquidity to advance its near-term growth strategies by way of increasing borrowing capacity from $11 million to $16 million with its current lender (*Note 16*).

In addition, the Corporation monitors its capital using ratios of (i) net debt (debt plus license obligation less cash) to earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) and (ii) EBITDA to interest, debt repayments and dividends. Net debt to EBITDA is calculated by dividing net debt by EBITDA. EBITDA to interest, debt repayments and dividends is calculated by dividing EBITDA by the combined interest, debt repayments and dividend amounts. These capital management policies, which remain unchanged from prior periods, provide Big Rock with access to capital at a reasonable cost.

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

22. 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, finance lease, and share-based payments liabilities.

Big Rock's financial instruments and their designations are:

		As at December 30			
Classification of Financial Instrument	**Designated as**	**2020**		2019	
		Carrying Amount	**Fair Value Amount**	**Carrying Amount**	**Fair Value Amount**
Financial assets					
Cash	—	252	252	354	354
Accounts receivable	Loans and receivables	2,594	2,594	1,645	1,645
Financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	3,985	3,985	3,322	3,322
Debt	Amortized cost	2,949	2,949	4,914	4,914
License obligation	Amortized cost	605	605	695	695
Lease liabilities	Amortized cost	6,113	6,113	1,501	1,501

Financial risk management objectives and policies

The Corporation's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and amounts due on its line of credit facilities, license obligations and lease obligations. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign exchange risk

The Corporation currently relies on only a few foreign suppliers providing small amounts of goods and thus has limited exposure to risk due to variations in foreign exchange rates. The Corporation has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure. The Corporation does not have any significant foreign currency denominated monetary liabilities.

Interest rate risk

Big Rock is exposed to interest rate risk on the variable rate of interest incurred on the amounts due under operating and term credit facilities and on interest earned on bank deposits. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rates. For the year ended December 30, 2020, a 1% increase in the prime interest rate would result in additional interest expense of $0.1 million (2019 – $0.1 million).

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

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Corporation incurring a financial loss. Big Rock has a concentration of credit risk because a majority of its accounts receivable are from provincial liquor boards, under provincially regulated industry sale and payment terms. The Corporation is not exposed to significant credit risk as payment in full is typically collected by provincial liquor boards at the time of sale and receivables are with government agencies. While the majority of Big Rock's accounts receivables are from provincial government liquor authorities, the timing of receipts of large balances may vary significantly from period to period. The majority of product sold outside of Canada, which is included in GST and other receivables, is done so on a 'Cash on Delivery' basis with no credit risk.

The credit quality of the Corporation's significant customers is monitored regularly, and allowances are provided for potential losses that have been incurred at the period end date. Receivables that are neither past due, nor impaired are considered collectible. Where concentrations of credit risk exists, management monitors the receivable balances closely to ensure appropriate controls are in place to ensure recovery. At December 30, 2020, 87% of accounts receivables were from ten customers (75% in 2019), including provincial liquor boards and contract customer receivables with 7% of receivables aged over 90 days compared to 15% in the prior year.

Liquidity risk

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

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

	Carrying Amount	Due within one year	Due in one to five years	Due greater than five years
Accounts payable and accrued liabilities	3,985	3,985	—	—
Debt	2,949	470	2,062	417
License obligation	605	185	420	—
Lease liabilities	6,113	1,076	3,282	1,755
Total contractual repayments	**13,652**	**5,716**	**5,764**	**2,172**

Commodity price risk

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

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

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

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.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Year ended December 30	
	2020	2019
Salaries and other short-term benefits	1,149	1,201
Share-based compensation	347	123
Total compensation	**1,496**	1,324

24. SUPPLEMENTAL CASH FLOW DISCLOSURES

	Year ended December 30	
	2020	2019
Cash provided by (used in):		
Accounts receivable	(949)	1,739
Inventory	(985)	1,241
Current income taxes	(429)	(176)
Prepaid expenses	48	53
Accounts payable and accrued liabilities	936	(1,633)
Share-based payment liabilities	—	(19)
Total change in non-cash working capital	**(1,379)**	1,205

Supplemental cash-flow information		
Interest paid	473	304
Taxes paid	92	302

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

25. SEGMENTED INFORMATION

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

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

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

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

Profit by Segment

Twelve months ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	**2020**	2019
Net Revenue	43,484	40,851	1,395	2,353	(895)	(551)	43,984	42,653
Cost of sales	26,498	28,156	1,896	2,712	(895)	(551)	27,499	30,317
Gross profit	16,986	12,695	(501)	(359)	—	—	16,485	12,336
Selling expenses	9,281	11,336	6	11	—	—	9,287	11,347
Segment profit (loss)	7,705	1,359	(507)	(370)	—	—	7,198	989
General and administrative cost							5,096	5,556
Depreciation and amortization							736	533
Impairment of property, plant and equipment							1,500	—
Operating loss							(134)	(5,100)
Finance expense							506	401
Other income							12	713
Loss before income taxes							**(628)**	(4,788)

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

26. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

	2021	2022	2023	2024	2025	thereafter
Utilities contracts	30	—	—	—	—	—
Raw material purchase commitments	1,962	1,472	339	211	—	—
Marketing sponsorships	239	108	—	—	—	—
Total	**2,231**	**1,580**	**339**	**211**	—	**—**

On December 31, 2019, Big Rock adopted IFRS 16 which resulted in the recognition of lease liabilities related to operating leases on the balance sheet some of which were previously reported as commitments. See *Note 3* for a reconciliation from the commitments as at December 30, 2019 to Big Rock's lease liabilities as at December 31, 2019.

27. GOVERNMENT ASSISTANCE

Big rock applied for government assistance and has been successful in receiving the Canada Emergency Wage Subsidy ("**CEWS**"). During the year ended December 30, 2020, Big Rock received CEWS of $0.9 million. Government assistance has been recorded as a deduction to cost of sales, selling expenses and general and administrative expense on the consolidated statement of comprehensive loss.

28. COMPARATIVE AMOUNTS

Certain prior year amounts have been reclassified to conform to the current period's presentation.

CORPORATE INFORMATION

Leadership Team

Wayne Arsenault
President & Chief Executive Officer

Don Sewell
Chief Financial Officer

Paul Gautreau
Vice President, Operations & Brewmaster

Paul Howden
Vice President, Sales

Brad Goddard
Director, Business Development and Government Relations

Board of Directors

Michael G Kohut (1)
Chair of the Board
Calgary, Alberta

Kathleen McNally-Leitch (3)
Chair, Corporate Governance Committee
Calgary, Alberta

P. Donnell Noone (1) (2) (3)
Greensboro, North Carolina, USA

Stephen J. Giblin (1)
Chair of Audit Committee
Vancouver, British Columbia

Alanna McDonald (2) (3)
Harrison, New York, USA

James Riddell (2)
Chair, Compensation & Human Resources Committee
Calgary, Alberta

(1) Audit Committee member

(2) Compensation & Human Resources Committee member

(3) Corporate Governance Committee member

Auditors

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