

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

Three months ended March 31	Note	2021	2020
Revenue			
Net revenue	3	10,599	8,928
Cost of sales	4	7,087	5,853
Gross profit		3,512	3,075
Expenses			
Selling expenses	4	2,247	2,551
General and administrative	4	1,593	1,204
Depreciation and amortization	4	173	241
Operating expenses		4,013	3,996
Operating loss		(501)	(921)
Finance expenses		79	160
Other income		25	1
Loss before income taxes		(555)	(1,080)
Income tax (recovery) expense			
Current		(1)	(336)
Deferred		(99)	154
		(100)	(182)
Net loss and comprehensive loss		(455)	(898)
Per share amounts			
Basic and diluted	5	\$ (0.07)	\$ (0.13)

See accompanying condensed notes to the condensed consolidated financial statements

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

As at	Note	March 31, 2021	December 30, 2020
ASSETS			
Current			
Cash		1,101	252
Accounts receivable		3,819	2,594
Inventories	6	6,703	5,148
Prepaid expenses and deposits		383	387
Current taxes receivable		158	158
		12,164	8,539
Non-current			
Property, plant and equipment	7	42,272	41,329
Intangible assets		2,079	2,087
		44,351	43,416
Total assets		56,515	51,955
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		6,321	3,985
Debt - current	8	784	470
License obligation		185	185
Lease liabilities		1,555	1,076
Share-based compensation payable	10	752	496
		9,597	6,212
Non-current			
Debt - long term	8	4,847	2,479
License obligation		403	420
Lease liabilities		4,291	5,037
Share-based compensation payable	10	20	21
Deferred income taxes		2,865	2,964
		12,426	10,921
EQUITY			
Shareholders' capital	9	113,792	113,792
Contributed surplus	10	2,295	2,170
Accumulated deficit		(81,595)	(81,140)
		34,492	34,822
Total liabilities and shareholders' equity		56,515	51,955
Commitments and contractual obligations	14		
Subsequent events	16		

See accompanying condensed notes to the condensed consolidated financial statements

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

Three months ended March 31	Note	2021	2020
OPERATING ACTIVITIES			
Net loss for the period		(455)	(898)
Items not affecting cash:			
Depreciation and amortization	4	885	999
Share-based payments	10	380	(59)
Amortized debt issuance costs	8	1	3
Deferred income tax expense (recovery)		(99)	154
		712	199
Net change in non-cash working capital related to operations		(734)	(22)
Cash provided by (used in) operating activities		(22)	177
FINANCING ACTIVITIES			
Increase in bank indebtedness		–	271
Advances of term debt	8	3,000	–
Repayments of term debt	8	(239)	(159)
Debt issuance costs	8	(80)	–
Repayment of license obligation		(17)	(17)
Repayment of lease		(267)	(213)
Cash provided by (used in) financing activities		2,397	(118)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(1,750)	(322)
Purchase of intangibles		(70)	(31)
Changes in non-cash working capital related to investments		294	–
Cash used in investing activities		(1,526)	(353)
Net increase (decrease) in cash		849	(294)
Cash, beginning of period		252	354
Cash, end of period		1,101	60
Supplemental cash flow information			
Interest paid		\$ 70	\$ 147

See accompanying condensed notes to the interim consolidated financial statements

BIG ROCK BREWERY INC.

Condensed Consolidated Statements of Changes in Shareholders' Equity

unaudited*(In thousands of Canadian dollars)*

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
Balance as at December 30, 2020		113,792	2,170	(81,140)	34,822
Share-based payments	10	—	125	—	125
Net loss and comprehensive loss		—	—	(455)	(455)
Balance as at March 31, 2021		113,792	2,295	(81,595)	34,492

	Note	Shareholders' capital	Contributed surplus	Accumulated deficit	Total
Balance as at December 30, 2019		113,845	1,795	(79,761)	35,879
Initial adoption of IFRS 16		—	—	(673)	(673)
Share-based payments	10	—	120	—	120
Net loss and comprehensive loss		—	—	(898)	(898)
Balance as at March 31, 2020		113,845	1,915	(81,332)	34,428

See accompanying condensed notes to the condensed consolidated financial statements

BIG ROCK BREWERY INC.
Condensed Notes to the Interim Consolidated Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION

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

Big Rock is a regional producer of premium, all-natural craft beers and cider 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.

These interim consolidated financial statements (the “**Consolidated Financial Statements**”) include the accounts of Big Rock and all 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.

2. BASIS OF PREPARATION

Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applicable to the presentation of interim financial statements and International Accounting Standards (“**IAS**”) 34, *Interim Financial Reporting*, as the accounting policies applied in these Consolidated Financial Statements are based on IFRS as issued, outstanding and effective May 4, 2021.

Certain disclosures that are normally required to be included in the notes to the annual audited financial statements have been condensed or omitted. These Consolidated Financial Statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 30, 2020.

These Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on May 4, 2021.

Basis of presentation

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

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Corporation to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Corporation’s operations and ability to finance its operations.

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

These Consolidated Financial Statements have been prepared using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Corporation for the year ended December 30, 2020. These condensed consolidated interim financial statements do not include all of the information and disclosures required in the Corporation's annual consolidated financial statements and should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 30, 2020.

3. NET REVENUE

Three months ended March 31	2021	2020
Gross product revenues	14,303	12,633
Federal excise taxes	(1,338)	(1,322)
Provincial liquor tax programs	(2,366)	(2,383)
Net revenue	10,599	8,928

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

4. EXPENSES BY NATURE

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

Three months ended March 31	2021	2020
Depreciation and amortization		
Cost of sales	712	758
Depreciation and amortization	173	241
Salaries, wages and benefits		
Cost of sales	1,567	1,427
Selling expenses	905	948
General and administrative	659	686
Share based payments		
General and administrative	380	(59)

BIG ROCK BREWERY INC.
Condensed Notes to the Interim Consolidated Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

5. PER SHARE AMOUNTS

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

Three months ended March 31	2021	2020
Net loss - basic	(455)	(898)
Effect of dilutive securities	—	—
Net loss - diluted	(455)	(898)
Weighted average shares		
Issued common shares	6,982	6,982
Effect of shares held in trust	(14)	—
Weighted average shares - basic	6,968	6,982
Effect of dilutive securities	—	—
Weighted average shares - diluted	6,968	6,982
Per share amounts:		
Basic	\$ (0.07)	\$ (0.13)
Diluted	\$ (0.07)	\$ (0.13)

In computing per share amounts for the quarter ended March 31, 2021, 190,302 potentially issuable common shares through share-based payment plans (2020 - Nil) were excluded as the Corporation had a net loss.

6. INVENTORIES

As at	March 31, 2021	December 30, 2020
Raw materials and containers	1,882	1,367
Brews in progress	921	940
Finished product	3,236	2,311
Consignment product	578	397
Retail store	86	133
Total inventories	6,703	5,148

During the three months ended March 31, 2021, charges of \$177 (2020 - \$199) were recorded to the Interim Consolidated Statements of Comprehensive Loss relating to obsolete inventories. There were no reversals of amounts previously charged to income in respect of inventory write-downs during the three months ended March 31, 2021 and 2020.

BIG ROCK BREWERY INC.
Condensed Notes to the Interim Consolidated Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Office furniture and equipment	Right of use assets	Total
Cost					
As at December 30, 2020	28,010	32,951	2,598	6,315	69,874
Additions	12	1,714	24	—	1,750
Disposals	—	(27)	—	—	(27)
As at March 31, 2021	28,022	34,638	2,622	6,315	71,597
Accumulated Depreciation					
As at December 30, 2020	5,852	18,971	2,242	1,480	28,545
Depreciation	188	448	44	127	807
Disposals	—	(27)	—	—	(27)
As at March 31, 2021	6,040	19,392	2,286	1,607	29,325
Net book value					
As at December 30, 2020	22,158	13,980	356	4,835	41,329
As at March 31, 2021	21,982	15,246	336	4,708	42,272

8. DEBT

On February 8, 2021, the Corporation amended terms under its existing credit agreement with its lender which includes an increase in the revolving operating loan facility (the “**Operating Facility**”) from \$5 million to \$6 million and an increase to the evergreen term loan facility (the “**Term Debt**”) from \$6 million to \$10 million. Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit. Both facilities bear interest rates at prime plus 75-basis points and are subject to a 25-basis point standby-fee on committed amounts undrawn. Fees for letters of credit are at 2.5 percent with a minimum fee payable. Term Debt payments of principal and interest are monthly. 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.

Details on amounts outstanding under these facilities are as follows:

As at	March 31, 2021	December 30, 2020
Operating facility - principal	—	—
Term debt - principal and accrued interest	5,710	2,949
Debt issue costs	(79)	—
	5,631	2,949
Current	784	470
Long-term	4,847	2,479

During the three months ended March 31, 2021, the Corporation has drawn an additional \$3.0 million of Term Debt to fund capital expenditures.

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

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 Corporation's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets.

As at March 31, 2021, the Corporation was in compliance with these financial covenants.

9. SHARE CAPITAL

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

<i>(thousands)</i>	As at March 31, 2021		As at December 30, 2020	
	# of shares	\$ Amount	# of shares	\$ Amount
Outstanding, beginning of period	6,968	113,792	6,982	113,845
Shares held in trust purchased	-	-	(49)	(241)
Shares held in trust issued	-	-	36	188
Outstanding, end of period	6,968	113,792	6,968	113,792

Common shares outstanding include 13,611 shares held in trust as at March 31, 2021 and December 30, 2020.

10. SHARE-BASED PAYMENTS

Share based compensation expense, included in general and administrative expenses and recognized in the consolidated statements of comprehensive loss for the quarters ended March 31, 2021 and 2020 include:

Three months ended March 31	2021	2020
Equity settled plans:		
Options expense	17	31
Restricted share unit expense	109	89
	126	120
Cash settled plans:		
SARs fair value adjustments	254	(179)
Total share-based payments	380	(59)

BIG ROCK BREWERY INC.
Condensed Notes to the Interim Consolidated Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

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

<i>(in thousands)</i>	Options	Performance options	RSU's	SAR's	Performance SAR's
December 30, 2019	285,000	69,000	111,310	439,547	81,000
Granted	—	—	107,508	96,724	—
Exercised	—	—	(37,102)	(7,495)	—
Cancelled	—	—	(506)	(12,980)	—
Expired	—	—	—	(54,000)	—
December 30, 2020	285,000	69,000	181,210	461,796	81,000
Granted	—	—	65,114	15,428	—
Exercised	—	—	—	(16,167)	—
Cancelled	—	—	(4,613)	—	—
Expired	—	—	—	(9,000)	—
March 31, 2021	285,000	69,000	241,711	452,057	81,000

During the three months ended March 31, 2021, the Corporation granted 65,114 Restricted Share Units (“RSUs”) with an exercise price of \$nil. RSU's vest evenly over three years commencing one year following the grant date. RSU's may be settled in cash, in common shares of the Corporation, or a combination thereof at the discretion of the board of directors. RSU's are accounted for as equity-settled as the Corporation anticipates RSU's to be settled in common shares of the Corporation.

During the three months ended March 31, 2021, the Corporation granted 15,428 Share Appreciation Rights (“SARs”) with a weighted average exercise price of \$5.92. These SAR's vest evenly over three years with the first third vesting immediately upon the grant date. Expiry occurs five years following the grant date. SAR's are settled in cash and are accounted for as cash-settled in which the fair value of the amounts payable under the plan are recognized as adjustments to share based payments with a corresponding change in share-based payment liabilities.

11. 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	March 31, 2021	December 30, 2020
Cash	(1,101)	(252)
Debt	5,631	2,949
License obligation	588	605
Shareholders' equity:		
Shareholders' capital	113,792	113,792
Contributed surplus	2,295	2,170
Accumulated deficit	(81,595)	(81,140)
Total shareholders' equity	34,492	34,822
Total capitalization (total debt plus shareholders' equity, net of cash balances)	39,610	38,124

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

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.

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.

12. 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:

Classification of Financial Instrument	Designated as	March 31, 2021		December 30, 2020	
		Carrying Amount	Fair Value Amount	Carrying Amount	Fair Value Amount
Financial assets					
Cash	—	1,101	1,101	252	252
Accounts receivable	Loans and receivables	3,819	3,819	2,594	2,594
Financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	6,321	6,321	3,985	3,985
Debt	Amortized cost	5,631	5,710	2,949	2,949
License obligation	Amortized cost	588	588	605	605
Lease liabilities	Amortized cost	5,846	5,846	6,113	6,113

BIG ROCK BREWERY INC.
Condensed Notes to the Interim Consolidated Financial Statements
(In thousands of Canadian dollars, unless otherwise stated)

13. 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

Three months ended March 31	Wholesale		Retail		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Net Revenue	10,452	8,649	559	400	(412)	(121)	10,599	8,928
Cost of sales	6,742	5,336	757	638	(412)	(121)	7,087	5,853
Gross profit	3,710	3,313	(198)	(238)	–	–	3,512	3,075
Selling expenses	2,241	2,551	6	–	–	–	2,247	2,551
Segment profit (loss)	1,469	762	(204)	(238)	–	–	1,265	524
General and administrative cost							1,593	1,204
Depreciation and amortization							173	241
Operating loss							(501)	(921)
Finance expense							79	160
Other income							25	1
Loss before income taxes							(555)	(1,080)

14. 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	14	–	–	–	–	–
Raw material purchase commitments	1,245	1,472	339	211	–	–
Marketing sponsorships	239	108	–	–	–	–
Total	1,498	1,580	339	211	–	–

15. COMPARATIVE AMOUNTS

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

16. SUBSEQUENT EVENTS

On May 3, 2021, Big Rock announced the signing of a definitive agreement for the sale of its Etobicoke brewery for total cash consideration of approximately \$2.1 million, net of transaction costs (the "Transaction"). The Transaction includes all brewing and packaging equipment, excluding the bottling line which has been transferred for use at the Corporation's Calgary facility. The purchaser has also agreed to assume the Corporation's Etobicoke brewery building lease. The Transaction is expected to close on or before June 14, 2021.

The Transaction is expected to result in a reduction of lease liabilities totalling \$1.4 million, consisting of \$1.1 million of the cash proceeds being applied as a full repayment of equipment lease liabilities associated with the divested assets and a reduction of \$0.3 million upon assignment of the building lease to the purchaser.