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 quarters ended March 31, 2021 and 2020.

This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Corporation and accompanying notes as at and for the quarter ended March 31, 2021 (the “**Consolidated Financial Statements**”) and the December 30, 2020 audited consolidated financial statements and MD&A. The Consolidated Financial Statements have been prepared using International Financial Reporting Standards (“**IFRS**”) and all 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 May 4, 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, ciders and other alcoholic beverages, 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, BC, 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 co-packing arrangements through private label agreements, production agreements and licensing agreements.

RECENT DEVELOPMENTS

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.

In addition, Big Rock's board of directors has approved an increase to the Corporation's 2021 capital budget, upsizing the IT and digital transformation plan by $0.65 million, bringing the total 2021 capital plan to $9.5 million.

In April 2021, the Corporation appointed Sam Galick to the role of Vice President, Operations and Graham Kendall as Director of Brewing Operations and Brewmaster as successors to Big Rock's current Brewmaster and Vice President, Operations, Paul Gautreau, who will be retiring effective June 1, 2021.

FIRST QUARTER 2021 HIGHLIGHTS

The Corporation continues to find success despite entering 2021 in strict lock-down conditions in not only Alberta, but other major markets for the Corporation as well. For the three months ended March 31, 2021, compared to the three months ended March 31, 2020, the Corporation reported:

- net revenue increased by 18.7%, from $8.9 million to $10.6 million;
- sales volumes decreased 2.4% from 36,490 hectolitres (**"hl"**) to 35,600 hl as a result of decreased keg sales and on-premise volumes with continued COVID-19 restrictions in all markets;
- adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") increased by $0.8 million to $0.8 million;
- net loss of $0.5 million versus a net loss of $0.9 million;
- operating loss of $0.5 million, compared to an operating loss of $0.9 million; and
- capital investment of $1.8 million as part of the Corporation's 2021 capital program to enhance packaging capabilities and improve IT and data infrastructure.

The Corporation's sales volumes were impacted by continued restrictions in all main provinces in the first quarter due to the COVID-19 pandemic which has presented both extraordinary challenges and new opportunities to all industries, including beverage alcohol. The Corporation believes these restrictions will persist for the foreseeable future.

Several trends from 2020 continued during the first quarter of 2021 with the strongest contributions to the improvement in the Corporation's financial results being attributed to co-packing revenues more than doubling in comparison to the first quarter of 2020 as well as significant reductions in selling expenses related to restrictions imposed by COVID-19 on trade marketing and community sponsorships and events. Overall sales volumes remained relatively flat year-over-year with continued growth in the Corporation's licensed and partner brands offsetting declines in the Corporation's signature and cider brands. The reduction to keg sales in favour of packaged products due to the shift in sales from on-premise to retail contributed to a slightly higher cost of goods sold when compared to the same quarter in 2020. In addition, maintenance and utilities costs were higher as result of increased production volume compared to the prior year.

The Corporation commenced the execution of its strategic 2021 capital plan during the first quarter of 2021 as the Corporation incurred $1.8 million in capital expenditures which in large part represents initial payments on the new packaging equipment as it is being prepared for shipment along with engineering costs incurred to prepare the Calgary facility for the expected delivery of the equipment during the second quarter of 2021.

The Corporation has also made progress on the IT digital transformation portion of the capital budget during the first quarter with the completion of the planning and vendor selection phase of its online sales portal and has commenced the construction and testing phase of the portal which will be completed during the second quarter. 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.

The Corporation continues to optimize the use of cash and maintain sustainable balance sheet and leverage ratios in preparation to financially support the implementation of the new production and packaging equipment. Following the amendments to the Corporation's financing arrangements with its lender completed during the first quarter, the Corporation drew $3.0 million on its Term Debt (as defined herein) to supply funds to these projects. In addition, the total net cash proceeds of $2.1 million received upon the disposition of the Corporation's Etobicoke brewery with a corresponding reduction to lease liabilities further enhances the Corporation's financial flexibility to reinvest those proceeds into these capital initiatives in order to drive growth.

	Three months ended March 31	
$000, except hl and per share amounts	**2021**	2020
Sales volumes (hl) [(1)]	35,600	36,490
Gross revenue	$ 14,303	$ 12,633
Net revenue	10,599	8,928
Cost of sales	7,087	5,853
Adjusted EBITDA [(2)]	789	20
Operating loss	(501)	(921)
Net loss	(455)	(898)
Loss per share (basic & diluted)	$ (0.07)	$ (0.13)
$ per hl		
Net revenue	$297.72	$244.67
Cost of sales	$199.07	$160.40

(1) Excludes co-packing volumes due to the nature of the agreements.
(2) Non-GAAP Measure. See "*Non-GAAP Measures*".

OUTLOOK & STRATEGY

Big Rock's long-term growth strategy is defined by the following three phases: 'Gear up', 'Fill up' and 'Drink up'. This strategy supports the Corporation's vision to become Canada's largest independent brewer.

As the Corporation looks ahead to the second quarter and beyond, the focus remains on the execution of its strategic 2021 capital plan, announced on February 9, 2021, as the new packaging equipment is expected to be delivered to the Calgary facility early in the third quarter. Meanwhile, the Corporation has commenced initiatives to broaden its revenue streams by entering into certain distribution and sales agency agreements which are expecting to see growth beginning in the second quarter. The Corporation continues to pursue new co-packing volumes to fulfill anticipated 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 upgrades and recently expanded IT budget will enable the business to maximize returns with growth. As a result, the Corporation remains focused on the execution of its capital plan in order to deliver on its revenue growth strategy in 2022~~As the Corporation looks ahead to the second quarter and beyond, the focus remains on the execution of its strategic 2021 capital plan, announced on February 9, 2021, as the new packaging~~

~~equipment is expected to be delivered to the Calgary facility in the second quarter. Meanwhile, the Corporation has commenced initiatives to broaden its revenue streams by entering into certain distribution and sales agency agreements which are expecting to see growth beginning in the second quarter. The Corporation continues to negotiate new co-packing volumes to fulfill anticipated 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 upgrades and recently expanded IT budget will enable significant growth in this part of the business. As a result, the Corporation remains focused on the execution of its capital plan in order to deliver on these the revenue streams in the fourth quarter~~.

Near the end of the first quarter of 2021, the Corporation launched White Peaks which is a hand-crafted hard tea made with real steeped tea and is produced and developed at the Calgary facility. The Corporation is expecting the launch of White Peaks to enhance and compliment the current portfolio of beverage alcohol products and is encouraged by its additional new product launches coming throughout the remainder of 2021.

A complete discussion of the Corporation's vision and strategy is included in the 2020 Management's Discussion and Analysis and investor presentation available on the Corporations website at www.bigrockbeer.com or on SEDAR at www.sedar.com.

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:

	2021	**2020**				2019		
($000, except hl and per share amounts)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volumes (hl) [1]	**35,600**	39,446	50,367	46,693	36,490	37,361	50,327	48,900
Net revenue	**10,599**	10,308	12,822	11,926	8,928	9,539	11,189	13,299
Cost of sales	**7,087**	6,993	7,555	7,095	5,856	7,511	7,214	9,246
Adjusted EBITDA[2]	**789**	634	2,695	2,501	20	(637)	762	217
Operating (loss) profit	**(501)**	(1,779)	1,512	1,062	(921)	(1,615)	(761)	(495)
Net (loss) income	**(455)**	(1,372)	1,028	570	(898)	(1,297)	(201)	297
Per share amounts (basic & diluted)	**(0.07)**	$ (0.20)	$ 0.15	$ 0.08	$ (0.13)	$ (0.19)	$ (0.03)	$ 0.05
$ Per hl Amounts[1]								
Net revenue	**297.72**	261.32	254.57	255.41	244.67	255.32	222.33	271.96
Cost of sales	**199.07**	177.28	150.00	151.95	160.40	201.04	143.34	189.08
Selling expenses	**63.12**	52.81	49.02	46.77	69.91	62.47	62.77	59.88
General & administrative	**44.75**	38.25	20.81	28.59	33.00	31.56	28.69	30.39
Operating (loss) profit	**(14.07)**	(45.10)	30.02	22.74	(25.24)	(43.23)	(15.12)	(10.12)
Net (loss) income	**(15.45)**	(34.78)	20.41	12.21	(24.61)	(34.71)	(3.99)	6.07

(1) Excludes co-packing volumes due to the nature of the agreements.
(2) Non-GAAP Measure. See "*Non-GAAP Measures*".

RESULTS OF OPERATIONS

Net Loss

Big Rock's reported net loss and operating loss both improved year-over-year by $0.4 million. This was primarily driven by growth in co-packing revenue.

Adjusted EBITDA

Big Rock's adjusted EBITDA of $0.8 million reported for the three months ended March 31, 2021 was a $0.8 million improvement over the same period in 2020 which was driven by the same underlying factors associated with the improvement in net loss.

The calculation of adjusted 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:

($000)	Three months ended March 31		
	2021	2020	Change
Net loss	$ (455)	$ (898)	$ 443
Addback:			
Interest	79	160	(81)
Taxes	(100)	(182)	82
Depreciation and amortization	885	999	(114)
Share based payments	380	(59)	439
Adjusted EBITDA[1]	**$ 789**	$ 20	$ 769

[1] Non-GAAP measure. See "*Non-GAAP Measures*".

Net Revenue

Net revenue includes wholesale beer, cider and alcoholic beverage sales (net of excise taxes and provincial government liquor taxes) co-packing 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 the first quarter of 2021, followed by BC and Ontario.

($000, except sales volumes)	Three months ended March 31		
	2021	2020	Change
Sales volumes (hl)	35,600	36,490	(890)
Gross revenue	$ 14,303	$ 12,633	$ 1,670
Federal excise taxes	(1,338)	(1,322)	(16)
Provincial liquor tax programs	(2,366)	(2,383)	17
Net revenue	**$10,599**	$ 8,928	$ 1,671
Net revenue by segment			
Wholesale	$ 10,040	$ 8,528	$ 1,512
Retail	559	400	159
Net revenue	**$10,599**	$ 8,928	$ 1,671
$ per hl			
Wholesale net revenue	282.02	233.71	48.31

Total sales volumes for the three months ended March 31, 2021 decreased marginally by 2.4% which was mainly driven by lower kegs sales due to restrictions on bar and restaurant owners throughout the first quarter in 2021 versus restrictions impacting only the back half of March on the comparative quarter. These declines were partially offset by increased sales volumes from our licensed and partner brands.

The 18.7% increase in net revenue to $10.6 million for the quarter ended March 31, 2021, compared to the same period in 2020 was driven by increased revenue realized through new co-packing contracts.

Wholesale Revenue

Wholesale net revenue increased by $1.5 million (17.7%) for the three month period ended March 31, 2021, compared to the same period in 2020 driven by an increase in revenue from co-packing arrangements, licensed and partner brands.

Retail Revenue

The 39.8% increase in retail net revenue for the quarter ended March 31, 2021, compared to the same period in 2020 is attributable to the success of online retail sales making up for the short fall in restaurant revenue due to COVID-19 health restrictions. At the quarter end, Ontario retail locations were closed due to COVID-19 restrictions while BC and Alberta continue to operate with physical distancing and limited capacity regulations being followed.

Cost of Sales

	Three months ended March 31		
($000, except where otherwise indicated)	2021	2020	Change
Operating expenses	$ 4,809	$ 3,668	$ 1,141
Salaries and benefits	1,566	1,427	139
Depreciation and amortization	712	758	(46)
Cost of sales	**$ 7,087**	$ 5,853	$ 1,234
Percentage of revenue	66.9%	65.6%	1.3%

Cost of sales for the three month period ended March 31, 2021 increased 21.1% compared to the same period in 2020. This increase is primarily a result of increased direct materials associated with the shift in sales mix from kegs to package goods related to bar and restaurant closures in relation to the ongoing COVID-19 pandemic.

Cost of sales as a percentage of net revenue for the three months ended March 31, 2021 increased 1.3% as a result of increased filtration and cleaning materials related to the changing production mix as well as higher market prices impacting utilities costs.

Selling Expenses

	Three month ended March 31		
($000, except where otherwise indicated)	2021	2020	Change
Delivery and distribution costs	$ 748	$ 776	$ (28)
Salaries and benefits	905	948	(43)
Marketing and sales expenses	594	827	(233)
Selling expenses	**$ 2,247**	$ 2,551	$ (304)
Percentage of revenue	21.2%	28.6%	(7.4%)

Selling expenses decreased by $0.3 million for the three month period ended March 31, 2021 compared to the same period in 2020 largely due to a reduction in marketing and sales expenditures. Sponsorships, events and trade marketing expenditures in particular have been reduced as a result of spending restrictions imposed by the ongoing COVID-19 pandemic.

General and Administrative Expenses

($000, except where otherwise indicated)	Three months ended March 31 2021	2020	Change
Salaries and benefits	$ 659	$ 686	$ (27)
Share based payments	380	(59)	439
Professional fees	197	294	(97)
Other administrative expenses	357	283	74
General and administrative expenses	**$ 1,593**	$ 1,204	$ 389
Percentage of revenue	15.0%	13.5%	1.5%

General and administrative expenses increased primarily due to an increase in share based payments expense which was driven by the rise in the Corporations share price during the first quarter of 2021 which caused an increase to the Corporation's share-based compensation liability.

Depreciation and Amortization

Depreciation and amortization expenses were $0.9 million in the three month period ended March 31, 2021, compared to $1.0 million for the same period in 2020 due to the reduction in the asset value of certain Ontario assets which were impaired by $1.5 million in the year ended December 30, 2020.

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, and on-premise 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.

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.

SEGMENTED RESULTS

Three months ended	Wholesale		Retail		Eliminations		Consolidated	
March 31	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)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

As at ($000)	March 31, 2021	December 30, 2020
Cash	$ (1,101)	$ (252)
Debt [2]	5,631	2,949
License obligation [2]	588	605
Net debt [1]	5,118	3,302
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 [1]	$ 39,610	$ 38,124
Net debt to total capitalization ratio [1]	12.9%	8.7%

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

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.

In the first quarter of 2021, 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 $2.6 million at March 31, 2021, from $2.3 million at December 30, 2020. The increase was primarily driven by higher receivable balances associated with an increase in the Corporation's co-packing business and higher cash as a result of advances made under the recently renegotiated credit agreement which will be used to support funding of the 2021 capital expansion and IT digital transformation projects. The inventory balance was also higher in preparation for second quarter sales demands which was partially offset by higher accounts payable and accrued liabilities associated with the increased inventory. 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

On February 8, 2021, the Corporation amended the terms of 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.

During the quarter ended March 31, 2021, the Corporation advanced an additional $3.0 million from the $10 million of Term Debt to fund the capital expansion. The Corporation also repaid $0.3 million in debt which was applied against the Term Debt. Details on amounts outstanding under these facilities are as follows:

($000)	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 portion	**$ 784**	$ 470
Long term debt	**$ 4,847**	$ 2,479

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

	Expiry date	March 31, 2021	December 30, 2020
Tranche 1	April 30, 2025	913	994
Tranche 2	February 28, 2026	1,118	1,203
Tranche 3	September 9, 2027	707	752
Tranche 4	February 28, 2031	2,972	—
Total term debt outstanding		**$ 5,710**	$ 2,949

At March 31, 2021, the Corporation had the full $6 million available under its Operating Facility and $4.3 million available to draw under the Term Debt.

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

License Obligation

As at	March 31, 2021	December 30, 2020
Current portion	$ 185	$ 185
Long term portion	403	420
	$ 588	$ 605

On October 18, 2018, the Corporation closed an asset purchase and licensing transaction with Fireweed Brewing Corp. ("Fireweed") 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.

Lease Liabilities

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

As at	**March 31, 2021**	December 30, 2020
Lease liabilities, beginning of period	$ 6,113	$ 1,788
Adjustments on transition to IFRS 16	—	5,028
Additions	—	176
Interest expense	64	282
Lease payments	(331)	(1,161)
	$ 5,846	$ 6,113
Current	**$ 1,555**	$ 1,076
Long-term	**$ 4,291**	$ 5,037

Lease payments during the quarter ended March 31, 2021, net of interest expense of $0.3 million represent principal repayments to these lease liabilities and consist of $0.1 million related to equipment leases, $0.1 million to building leases and the remainder to vehicle leases.

Capital Expenditures

During the three-month period ended March 31, 2021, a total of $1.8 million was spent on capital expenditures, an increase of 379% over the same period in 2020. The capital expenditures primarily relate to the Corporation's asset optimization plan to improve the packaging capabilities through a can-line upgrade and new tunnel pasteurizer. The expansion capital expenditures amount to $1.6 million, $0.1 million was spent on modernizing the Corporation's information technology as it relates to sales, marketing and finances processes and the remaining $0.1 million was spent on maintenance capital.

Equity

As of the date of this MD&A, the Corporation had 6,981,628 common shares outstanding less 57,866 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
- 241,711 restricted share units.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

	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**	**$ —**	**$ —**

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 a vested interest in 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 managing 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 ended March 31, 2021. Further information on the Corporation's accounting policies and critical estimates can be found in the notes to the audited consolidated financial statements for the year ended December 30, 2020.

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 December 31, 2020 and ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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", "adjusted EBITDA", "net debt to adjusted 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*"

Adjusted EBITDA: Beginning in 2021, the Corporation replaced EBITDA with Adjusted EBITDA for measuring operating performance and borrowing capacity. Adjusted EBTDA is calculated by adding back to net income, interest, income taxes, depreciation and amortization and share based payment adjustments. A reconciliation of adjusted EBITDA to net loss, the nearest GAAP measure, is contained under "*Results of Operations – Adjusted EBITDA*".

Net debt to adjusted EBITDA: is calculated by dividing adjusted 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;
- Big Rock's ability to increase existing manufacturing capacity in Calgary going forward;
- 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 the COVID-19 pandemic 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.