

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

	Note	Three months ended June 30		Six months ended June 30	
		2021	2020	2021	2020
<b>Revenue</b>					
Net revenue	3	13,690	11,926	24,289	20,854
Cost of sales	4	8,312	7,095	15,399	12,951
Gross profit		5,378	4,831	8,890	7,903
<b>Expenses</b>					
Selling expenses	4	2,818	2,184	5,065	4,735
General and administrative	4	1,327	1,335	2,920	2,539
Depreciation and amortization	4	165	250	338	496
Operating expenses		4,310	3,769	8,323	7,770
Operating income		1,068	1,062	567	133
Finance expenses		138	134	217	280
Gain on dispositions		(143)	—	(143)	—
Other		6	(1)	(19)	(2)
Income (loss) before income taxes		1,067	929	512	(145)
Income tax (recovery) expense					
Current		—	—	—	(336)
Deferred		281	359	181	513
		281	359	181	177
<b>Net income (loss) and comprehensive income (loss)</b>		<b>786</b>	<b>570</b>	<b>331</b>	<b>(322)</b>
<b>Per share amounts</b>					
Basic	5	\$ 0.11	\$ 0.08	\$ 0.05	\$ (0.05)
Diluted	5	\$ 0.11	\$ 0.08	\$ 0.05	\$ (0.05)

*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	June 30, 2021	December 30, 2020
<b>ASSETS</b>			
<b>Current</b>			
Cash		2	252
Accounts receivable		5,886	2,594
Inventories	6	8,102	5,148
Prepaid expenses and deposits		385	387
Current taxes receivable		158	158
		14,533	8,539
<b>Non-current</b>			
Property, plant and equipment	7	41,724	41,329
Intangible assets		2,156	2,087
		43,880	43,416
<b>Total assets</b>			
		58,413	51,955
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		7,084	3,985
Debt - current	9	2,770	470
License obligation		185	185
Lease liabilities	8	405	1,076
Share-based compensation payable	11	664	496
		11,108	6,212
<b>Non-current</b>			
Debt - long term	9	4,651	2,479
License obligation		403	420
Lease liabilities	8	4,108	5,037
Share-based compensation payable	11	18	21
Deferred income taxes		3,145	2,964
		12,325	10,921
<b>EQUITY</b>			
Shareholders' capital	10	113,431	113,792
Contributed surplus	11	2,358	2,170
Accumulated deficit		(80,809)	(81,140)
		34,980	34,822
<b>Total liabilities and shareholders' equity</b>			
		58,413	51,955
Commitments and contractual obligations	15		

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)*

	Note	Three months ended June 30		Six months ended June 30	
		2021	2020	2021	2020
<b>OPERATING ACTIVITIES</b>					
Net income (loss) for the period		786	570	331	(322)
Items not affecting cash:					
Depreciation and amortization	4	790	980	1,675	1,987
Gain on sale of assets	7	(143)	—	(143)	—
Share-based payments	11	126	458	506	399
Amortized debt issuance costs	9	4	—	5	3
Deferred income tax expense (recovery)		281	359	181	513
		1,844	2,367	2,555	2,580
Net change in non-cash working capital related to operations		(2,830)	427	(3,563)	405
<b>Cash provided by (used in) operating activities</b>		<b>(986)</b>	<b>2,794</b>	<b>(1,008)</b>	<b>2,985</b>
<b>FINANCING ACTIVITIES</b>					
Advances (repayment) of term debt	9	1,786	(1,936)	4,450	(1,841)
Repayment of share-based compensation payable		(44)	—	(44)	—
Purchase of shares held in trust	10	(470)	—	(470)	—
Repayment of lease liabilities		(1,262)	(130)	(1,529)	(357)
<b>Cash provided by (used in) financing activities</b>		<b>10</b>	<b>(2,066)</b>	<b>2,407</b>	<b>(2,198)</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	7	(2,264)	(145)	(4,014)	(467)
Purchase of intangibles		(150)	(4)	(220)	(35)
Net proceeds on sale of property, plant and equipment		2,169	—	2,169	—
Net change in non-cash working capital related to investing		122	—	416	—
<b>Cash used in investing activities</b>		<b>(123)</b>	<b>(149)</b>	<b>(1,649)</b>	<b>(502)</b>
Net increase (decrease) in cash		(1,099)	579	(250)	285
Cash, beginning of period		1,101	60	252	354
<b>Cash, end of period</b>		<b>2</b>	<b>639</b>	<b>2</b>	<b>639</b>
<b>Supplemental cash flow information</b>					
Interest paid		134	114	204	261

*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	11	—	297	—	297
Purchase of shares held in trust	10	(470)	—	—	(470)
Shares held in trust issued	10	109	(109)	—	—
Net income and comprehensive income		—	—	331	331
<b>Balance as at June 30, 2021</b>		<b>113,431</b>	<b>2,358</b>	<b>(80,809)</b>	<b>34,980</b>

	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		—	—	(713)	(713)
Share-based payments	11	—	252	—	252
Net loss and comprehensive loss		—	—	(322)	(322)
Balance as at June 30, 2020		113,845	2,047	(80,796)	35,096

*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:

<b>Subsidiary</b>	<b>Registered</b>	<b>Holding</b>	<b>Functional Currency</b>
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 July 29, 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 July 29, 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.

**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 June 30		Six months ended June 30	
	2021	2020	2021	2020
Gross product revenues	\$ 18,626	\$ 16,810	\$ 32,929	\$ 29,443
Federal excise taxes	(1,815)	(1,889)	(3,153)	(3,211)
Provincial liquor tax programs	(3,121)	(2,995)	(5,487)	(5,378)
<b>Net revenue</b>	<b>\$ 13,690</b>	<b>\$ 11,926</b>	<b>\$ 24,289</b>	<b>\$ 20,854</b>

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 June 30		Six months ended June 30	
	2021	2020	2021	2020
<b>Depreciation and amortization</b>				
Cost of sales	\$ 625	\$ 730	\$ 1,337	\$ 1,491
Depreciation and amortization	165	250	338	496
<b>Salaries, wages and benefits<sup>(1)</sup></b>				
Cost of sales	1,934	1,053	3,501	2,480
Selling expenses	977	684	1,882	1,632
General and administrative	604	515	1,263	1,201
<b>Share based payments</b>				
General and administrative	126	458	506	399

(1) Salaries, wages and benefits for the three and six months ended June 30, 2021 include \$Nil (June 30, 2020 - \$0.8 million) in Canadian Emergency Wage Subsidy.

**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 June 30		Six months ended June 30	
	2021	2020	2021	2020
Net income (loss) - basic	\$ 786	\$ 570	\$ 331	\$ (322)
Effect of dilutive securities	—	—	—	—
Net income (loss) - diluted	\$ 786	\$ 570	\$ 331	\$ (322)
Weighted average shares				
Issued common shares	6,982	6,982	6,982	6,982
Effect of shares held in trust	(60)	—	(37)	—
Weighted average shares - basic	6,922	6,982	6,945	6,982
Effect of dilutive securities	254	166	211	—
Weighted average shares - diluted	7,176	7,148	7,156	6,982
Per share amounts				
Basic	\$ 0.11	\$ 0.08	\$ 0.05	\$ (0.05)
Diluted	\$ 0.11	\$ 0.08	\$ 0.05	\$ (0.05)

**6. INVENTORIES**

As at	June 30, 2021	December 30, 2020
Raw materials and containers	2,184	1,367
Brews in progress	882	940
Finished product	4,349	2,311
Consignment product	650	397
Retail store	37	133
<b>Total inventories</b>	<b>8,102</b>	<b>5,148</b>

During the six months ended June 30, 2021, charges of \$435 (2020 - \$1,430) were recorded to the Interim Consolidated Statements of Comprehensive Income (Loss) relating to obsolete inventories. There were no reversals of amounts previously charged to income in respect of inventory write-downs during the six months ended June 30, 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
<b>Cost</b>					
As at December 30, 2020	28,008	32,957	2,598	6,315	69,878
Additions	12	3,961	41	230	4,244
Disposals	(1,761)	(127)	(174)	(2,884)	(4,946)
<b>As at June 30, 2021</b>	<b>26,259</b>	<b>36,791</b>	<b>2,465</b>	<b>3,661</b>	<b>69,176</b>
<b>Accumulated Depreciation</b>					
As at December 30, 2020	5,852	19,871	2,241	585	28,549
Depreciation	376	884	88	176	1,524
Disposals	(927)	(961)	(149)	(584)	(2,621)
<b>As at June 30, 2021</b>	<b>5,301</b>	<b>19,794</b>	<b>2,180</b>	<b>177</b>	<b>27,452</b>
<b>Net book value</b>					
As at December 30, 2020	22,156	13,086	357	5,730	41,329
<b>As at June 30, 2021</b>	<b>20,958</b>	<b>16,997</b>	<b>285</b>	<b>3,484</b>	<b>41,724</b>

On June 18, 2021, Big Rock sold its Etobicoke brewery assets for total cash consideration of \$2.1 million, net of transaction costs (the “**Etobicoke Divestiture**”) resulting in a gain on sale of \$0.1 million. The Etobicoke Divestiture included all brewing and packaging equipment, excluding the bottling line which has been transferred for use at the Corporation’s Calgary facility. The purchaser also assumed the Corporation’s Etobicoke brewery building lease.

**8. LEASE LIABILITY**

As at	Note	June 30, 2021	December 30, 2020
Lease liabilities, beginning of period		6,113	1,788
Adjustments on transition to IFRS 16		—	5,028
Additions		230	176
Disposals	7	(1,319)	—
Interest expense		122	282
Lease payments		(633)	(1,161)
		4,513	6,113
Current		405	1,076
Long-term		4,108	5,037

Lease disposals include the cash settlement of the \$1.1 million lease liability associated with leased machinery and equipment included as part of the Etobicoke Divestiture as well as a reduction of \$0.3 million of building lease liabilities upon assignment of the building lease to the purchaser.

**BIG ROCK BREWERY INC.****Condensed Notes to the Interim Consolidated Financial Statements***(In thousands of Canadian dollars, unless otherwise stated)***9. 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	June 30, 2021	December 30, 2020
Operating Facility - principal	1,980	–
Term debt - principal and accrued interest	5,516	2,949
Debt issue costs	(75)	–
	<b>7,421</b>	<b>2,949</b>
Current	2,770	470
Long-term	4,651	2,479

During the six months ended June 30, 2021, the Corporation has drawn an additional \$3.0 million from the \$10 million of Term Debt and has drawn an additional \$2.0 million against its Operating Facility to fund the 2021 capital expansion program. The Corporation also repaid \$0.4 million in debt which was applied against 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 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.

As at June 30, 2021, the Corporation was in compliance with these financial covenants.

**10. SHARE CAPITAL**

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

<i>(thousands)</i>	As at June 30, 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	(72)	(470)	(49)	(241)
Shares held in trust issued	17	109	36	188
Outstanding, end of period	<b>6,913</b>	<b>113,431</b>	6,968	113,792

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

Common shares outstanding include 68 and 13 shares held in trust as at June 30, 2021 and December 30, 2020, respectively.

**11. SHARE-BASED PAYMENTS**

Share based compensation expense, included in general and administrative expenses and recognized in the consolidated statements of comprehensive income (loss) for the periods ended June 30, 2021 and 2020 include:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Equity settled plans:				
Options expense	14	26	31	58
Restricted share unit expense	158	105	266	196
	172	131	297	254
Cash settled plans:				
SARs fair value adjustments	(46)	327	209	145
<b>Total share-based payments</b>	<b>126</b>	<b>458</b>	<b>506</b>	<b>399</b>

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)	—
<b>December 30, 2020</b>	<b>285,000</b>	<b>69,000</b>	<b>181,210</b>	<b>461,796</b>	<b>81,000</b>
Granted	—	—	65,114	15,428	—
Exercised	—	—	(17,232)	(71,114)	—
Cancelled	—	—	(4,613)	—	—
Expired	—	—	—	(9,000)	—
<b>June 30, 2021</b>	<b>285,000</b>	<b>69,000</b>	<b>224,479</b>	<b>397,110</b>	<b>81,000</b>

During the six months ended June 30, 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 six months ended June 30, 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.

**BIG ROCK BREWERY INC.****Condensed Notes to the Interim Consolidated Financial Statements***(In thousands of Canadian dollars, unless otherwise stated)***12. 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	June 30, 2021	December 30, 2020
Cash	(2)	(252)
Debt	7,421	2,949
License obligation	588	605
Shareholders' equity:		
Shareholders' capital	113,431	113,792
Contributed surplus	2,358	2,170
Accumulated deficit	(80,809)	(81,140)
Total shareholders' equity	34,980	34,822
<b>Total capitalization (total debt plus shareholders' equity, net of cash balances)</b>	<b>42,987</b>	<b>38,124</b>

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.

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

**13. 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	June 30, 2021		December 30, 2020	
		Carrying Amount	Fair Value Amount	Carrying Amount	Fair Value Amount
<b>Financial assets</b>					
Cash	—	2	2	252	252
Accounts receivable	Loans and receivables	5,886	5,886	2,594	2,594
<b>Financial liabilities</b>					
Accounts payable and accrued liabilities	Amortized cost	7,084	7,084	3,985	3,985
Debt	Amortized cost	7,421	7,421	2,949	2,949
License obligation	Amortized cost	588	588	605	605
Lease liabilities	Amortized cost	4,513	4,513	6,113	6,113

**BIG ROCK BREWERY INC.**

**Condensed Notes to the Interim Consolidated Financial Statements**

*(In thousands of Canadian dollars, unless otherwise stated)*

**14. 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.

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

**Profit by Segment**

Six months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Net Revenue	24,044	20,552	1,231	557	(986)	(255)	24,289	20,854
Cost of sales	14,864	12,203	1,521	1,003	(986)	(255)	15,399	12,951
Gross profit	9,180	8,349	(290)	(446)	—	—	8,890	7,903
Selling expenses	5,046	4,732	19	3	—	—	5,065	4,735
Segment profit (loss)	4,134	3,617	(309)	(449)	—	—	3,825	3,168
General and administrative cost							2,920	2,539
Depreciation and amortization							338	496
Operating income							567	133
Finance expense							217	280
Gain on dispositions							(143)	—
Other							(19)	(2)
Income (loss) before income tax							512	(145)

Three months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Net Revenue	13,592	11,903	672	157	(574)	(134)	13,690	11,926
Cost of sales	8,122	6,865	764	364	(574)	(134)	8,312	7,095
Gross profit	5,470	5,038	(92)	(207)	—	—	5,378	4,831
Selling expenses	2,805	2,181	13	3	—	—	2,818	2,184
Segment profit (loss)	2,665	2,857	(105)	(210)	—	—	2,560	2,647
General and administrative cost							1,327	1,335
Depreciation and amortization							165	250
Operating income							1,068	1,062
Finance expense							138	134
Gain on dispositions							(143)	—
Other income							6	(1)
Income (loss) before income tax							1,067	929

**15. 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	—	—	—	—
<b>Total</b>	<b>1,498</b>	<b>1,580</b>	<b>339</b>	<b>211</b>	<b>—</b>	<b>—</b>