



BIG ROCK BREWERY ANNOUNCES SECOND QUARTER RESULTS & CONTINUED GROWTH IN REVENUE

July 29, 2021 – Calgary, Alberta – Big Rock Brewery Inc. (TSX: BR) (“Big Rock” or the “Corporation”) today announced its financial results for the three and six months ended June 30, 2021.

Financial Highlights

For the three months ended June 30, 2021, compared to the three months ended June 30, 2020, the Corporation reported:

- net revenue increased by 14.8%, from \$11.9 million to \$13.7 million;
- adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) of \$2.0 million versus \$2.5 million (see “Non-GAAP Measures”);
- sales volumes decreased by 1.0% from 46,693 hl to 46,233 hl;
- net income of \$0.8 million versus net income of \$0.6 million; and
- operating income of \$1.1 million, compared to operating income of \$1.1 million.

For the six months ended June 30, 2021, compared to the six months period ended June 30, 2020, the Corporation reported:

- net revenue increased by 16.5%, from \$20.9 million to \$24.3 million;
- Adjusted EBITDA of \$2.8 million versus \$2.5 million (see “Non-GAAP Measures”);
- sales volumes decreased 1.6% from 83,183 hl to 81,833 hl;
- net income of \$0.3 million versus net loss of \$0.3 million; and
- operating income of \$0.6 million, compared to operating income of \$0.1 million.

During the second quarter, the Corporation completed the disposition of its Etobicoke brewery for net proceeds of \$2.1 million of which \$1.1 million were applied to settle outstanding lease obligations associated with the disposed assets with the remaining proceeds used for working capital and other general corporate purposes.

During the first half of 2021, the Corporation had drawn a combined \$4.5 million under its credit facilities to fund its capital expansion program. As of June 30, 2021, the Corporation had \$7.4 million drawn under its total credit facilities of \$16 million.

“Our ability to grow revenue as we have continued to navigate the lock-down conditions throughout the first half of 2021 has been a great win for the organization,” said President & CEO Wayne Arseneault. “We are very happy with how our White Peaks product has been received in the market since the launch earlier this year, and we look forward to continuing our tradition of innovation. With the Etobicoke transaction completed, we are now better enabled to focus on our core business while continuing to service the Greater Toronto and area markets via our Liberty Commons location. As health restrictions continue to ease in our core markets, we are looking forward to serving our consumers on-premises and benefitting from the stronger margins that come from kegs versus retail packaging. The strategic 2021 capital plan remains on-plan and on-budget and we are excited to continue to grow our capabilities as both an independent brewer and a co-pack partner.”

Operating Highlights

Big Rock reported a net income of \$2.0 million or \$0.11 per common share, compared to a net income of \$0.6 million or \$0.08 per common share in the second quarter of 2020. Adjusted EBITDA (see “*Non-GAAP Measures*”) decreased \$0.6 million as compared to the second quarter of 2020. The improvement in the Corporation’s net income in the quarter was driven by the following:

- growth in revenue from an increase in co-packing arrangements;
- continued success in online retail sales, making up for the short fall in restaurant revenue due to COVID-19 health restrictions;
- the above was partially offset by higher costs of good sold associated with the increase in packaging materials costs due to the shift in sales mix from kegs to packaged goods, increased filtration and cleaning costs related to the continuously changing production mix, and increased utilities costs;
- selling expenses increased by \$0.6 million compared to the same period in 2020 largely due to an increase in distribution between provinces with increased production in BC; and
- The Corporation did not receive any Canada Emergency Wage Subsidy (“CEWS”) payments during the second quarter of 2021, whereas results in the comparative quarter included \$0.8 million of CEWS.

Summary of Results

\$000, except hl and per share amounts	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Sales volumes (hl) ⁽¹⁾	46,233	46,693	81,833	83,183
Gross revenue	\$ 18,626	\$ 16,810	\$ 32,929	\$ 29,443
Net revenue	13,690	11,926	24,289	20,854
Cost of sales	8,312	7,095	15,399	12,951
Adjusted EBITDA ⁽²⁾	1,941	2,501	2,730	2,521
Operating income	1,068	1,062	567	133
Net income (loss)	786	570	331	(322)
Income (loss) per share (basic and diluted)	\$ 0.11	\$ 0.08	\$ 0.05	\$ (0.05)
\$ per hl				
Net revenue	\$ 296.11	\$ 255.41	\$ 296.81	\$ 250.70
Cost of sales	\$ 179.78	\$ 151.95	\$ 188.17	\$ 155.69

⁽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 third quarter and beyond, the focus remains on the execution of its strategic 2021 capital expansion and IT digital transformation plan. Preparation for the new packaging equipment has been underway during the first half of the year with the equipment expected to be delivered to the Calgary facility early in the third quarter where it will be installed, commissioned and ready for use in the fourth quarter of 2021.

Meanwhile, the Corporation has commenced initiatives to broaden its revenue streams by entering into certain distribution and sales agency agreements which are expecting to continue to see growth into the third quarter. In addition, the Corporation continues to pursue new co-packing arrangements to fulfill anticipated available capacity enabled by the capital expansion plan in the fourth quarter of 2021. The Corporation has confidence that the capital and IT upgrades will further enable the business to maximize returns to deliver on its revenue growth strategy in 2022.

Big Rock looks forward to providing an update on the 2021 capital expansion and IT digital transformation plan following the release of its third quarter results in early November 2021.

A complete discussion of the Corporation's vision and strategy is included in the Q2 2021 Management's Discussion and Analysis and investor presentation available on the Corporations website at www.bigrockbeer.com or on SEDAR at www.sedar.com.

Additional Information

The interim condensed consolidated financial statements and Management's Discussion and Analysis for the three and six months ended June 30, 2021 dated July 29, 2021, can be viewed on Big Rock's website at www.bigrockbeer.com and on SEDAR at www.sedar.com under Big Rock Brewery Inc.

Non-GAAP Measures

The Corporation uses certain financial measures referred to in this press release to quantify its results that are not prescribed by Generally Accepted Accounting Principles. This press release contains the term "Adjusted EBITDA". This financial measure does not have a standardized meaning under the Corporation's Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other issuers. 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, except where indicated)	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
Net income (loss)	\$ 786	\$ 570	216	\$ 331	\$ (322)	653
Addback:						
Interest	138	134	4	217	280	(63)
Taxes	281	359	(78)	181	177	4
Depreciation and amortization	790	980	(190)	1,675	1,987	(312)
Share based payments	82	458	(376)	462	399	63
Gain on disposal of assets	(136)	—	(136)	(136)	—	(136)
Adjusted EBITDA⁽¹⁾	\$ 1,941	\$ 2,501	(560)	\$ 2,730	\$ 2,521	209

Forward-Looking Information

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events or Big Rock's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking information are not facts, but only predictions 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 involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those 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 news release should not be unduly relied upon by readers, as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this news release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this news release contains forward-looking statements pertaining to the following:

- Big Rock's business plans, outlook and strategy;
- the Corporation's expectations regarding the COVID-19 pandemic and the duration of the impacts thereof and challenges and opportunities presented thereby;
- Big Rock's expectations regarding increased sales of kegs versus retail packaging;
- anticipated growth in the Corporation's distribution and sales agency agreements and Big Rock's ability to broaden its revenue streams;
- the Corporation's 2021 capital plan, including the results and focus thereof;
- the growth of the Corporation's co-packaging business and the anticipated timing of the delivery and commissioning of its new packaging equipment; and
- the ability of Big Rock's capital upgrades and recently expanded IT budget to enable the business to maximize returns with growth.

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:

- anticipated growth in the Corporation's distribution and sales agency agreements and Big Rock's ability to broaden its revenue streams; and
- the ability of Big Rock's capital upgrades and recently expanded IT budget to enable the business to maximize returns with growth.

FOFI contained in this news release 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 the forward-looking statements and FOFI listed above and contained in this news release, management has made assumptions regarding, among other things:

- volumes in the current fiscal year will remain constant or will increase;
- input costs for brewing and packaging materials will not materially increase or decrease;
- there will be no material change to the regulatory environment in which Big Rock operates;
- there will be no material supply issues with Big Rock's vendors; and
- that the duration and extent of the COVID-19 pandemic will not be long-term.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements and FOFI contained herein include the risk factors set out in the Corporation's annual information form and also include, but are not limited to:

- delays in implementation of the 2021 capital program and failure to realize the benefits of the same;
- the inability to grow demand for Big Rock's products;
- the worldwide economic and social impact of the COVID-19 pandemic; and
- the duration and extent of the COVID-19 pandemic.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking statements and FOFI contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements included in this news release are made as of the date hereof and Big Rock does not undertake any obligation to publicly update such forward-looking statements or FOFI to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

About Big Rock Brewery Inc.

In 1985, Ed McNally founded Big Rock to contest the time's beer trends. Three bold, European-inspired offerings - Bitter, Porter and Traditional Ale - forged an industry at a time heavy on easy drinking lagers and light on flavour. Today, our extensive portfolio of signature beers, ongoing seasonal offerings, six ciders (Rock Creek Cider® series), custom-crafted private label products and other notable, licensed alcoholic beverages keeps us at the forefront of the craft beer revolution and still proudly contesting the beer and alcoholic beverage trends of today. Big Rock has brewing operations in Calgary, Alberta, Vancouver, British Columbia, and Toronto, Ontario. Big Rock trades on the TSX under the symbol "BR". For more information on Big Rock visit www.bigrockbeer.com

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