MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Big Rock Brewery Inc. (the "**Corporation**" or "**Big Rock**") for the years ended December 30, 2021 and 2020.

This MD&A should be read in conjunction with the audited consolidated financial statements of the Corporation and accompanying notes as at and for the years ended December 30, 2021 and 2020. These audited consolidated financial statements have been prepared using International Financial Reporting Standards ("**IFRS**") and all tabular amounts are reported in thousands of Canadian dollars unless otherwise noted. Additional information about the Corporation, including the Annual Information Form for the year ended December 30, 2021, can be found on SEDAR at www.sedar.com and on Big Rock's corporate website at www.bigrockbeer.com. Readers should also read the section "Forward-Looking Information" contained at the end of this document. This MD&A is dated March 14, 2022.

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.

Given the Corporation's footprint in Western Canada, the Corporation also has several private label agreements, production agreements and licensing agreements.

FOURTH QUARTER AND ANNUAL 2021 HIGHLIGHTS

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

- sales volumes down 13% to 34,430 hectolitres ("**hl**") compared to 39,446 hl;
- net revenue decreased to $8.7 million from $10.3 million;
- operating loss increased 65% to $2.9 million compared to $1.8 million;
- net loss increased to $3.8 million from $1.4 million; and
- Adjusted EBITDA (See "*Non-GAAP Measures*") down to negative $2.0 million from $0.6 million.

For the year ended December 30, 2021, compared to the year ended December 30, 2020, the Corporation reported:

- sales volumes down 5% to 163,631 hl from 172,996 hl;
- net revenue up 5% to $46.0 million from $44.0 million;
- operating loss increased to $2.0 million from $0.1 million;
- net loss increased to $3.3 million from $0.7 million;
- Adjusted EBITDA decreased from $5.9 million to $2.1 million;
- capital spending of $8.3 million of the total $9.5 million 2021 capital program; and
- $10.3 million drawn on total credit facilities of $16 million.

The Corporation's on-premise sales volumes continued to be impacted by COVID-19 restrictions throughout 2021. In addition, market trends of declining beer consumption has contributed to an overall year-over-year decline in the Corporation's sales volumes however the rate of decline is consistent with the beer industry's national average and below Alberta's provincial average decline. Partially offsetting the declines in beer sales is the Corporation's growth in the "Ready-to-Drink" category ("**RTD**") which is currently outpacing the overall industry growth. Licensed and partner brands have continued to provide additional exposure to the RTD category that continues to grow nationally, and the Corporation has had success in adapting to meet this noticeable shift in market demand.

Although net revenue year-over-year basis has increased, the decline during the fourth quarter was caused by soft demand for the Corporation's in-house and partner brands however this was in-line with industry trends. Co-packing revenue significantly declined as several of the Corporation's co-pack partners entered the fall and winter months with higher inventory than historically at such time and thus much lower demand for co-packing services were experienced than anticipated. Additional COVID-19 restrictions introduced toward the end of 2021 due to the spread of the Omicron variant also had a negative impact on fourth quarter performance.

Higher than anticipated costs have contributed to the overall declines to operating income, as the Corporation continues to feel the persistent impact of global supply chain disruptions and resulting cost pressures impacting the later half of 2021. Additional operational cost were also incurred during the fourth quarter in relation to the commissioning of the new can line and pasteurizer which resulted in over 30 days of cumulative downtime in the Calgary brewery. In order to stabilize margins going forward into 2022, the Corporation has taken measures to manage potential future cost volatility by securing cost certainty through contract renegotiations, operational efficiency projects, increasing our supplier network, hedging and other cost mitigation strategies.

The Corporation incurred $8.3 million against the $9.5 million 2021 capital plan consisting of $7.1 million of expansion capital, $0.8 million on IT digital transformation projects and $0.4 million on maintenance capital. All capital project spending continues to be within budget however, timing delays associated with delivery and installation of the can line as well as timing delays experienced with certain portions of the IT digital transformation project has deferred the remaining spending into 2022 which form part of the approved 2022 Capital budget announced on February 7, 2022.

During the year ended December 30, 2021, the Corporation made two draws under it's $10.0 million evergreen term loan facility (the "**Term Debt**") of $3.0 million during the first quarter and $3.6 million during the fourth quarter. The Corporation also made $0.8 million in repayments of principal of Term Debt resulting in $8.8 million outstanding at year end. The Corporation also has $1.5 million outstanding against its $6 million revolving operating loan facility (the "Operating Facility"). The amounts drawn are primarily related to the funding of the Corporation's 2021 strategic capital program.

$000, except hl and per share amounts	Three months ended December 30		Year ended December 30	
	2021	2020	**2021**	2020
Sales volumes (hl)[1]	34,430	39,446	163,631	172,996
Gross revenue	12,135	13,691	63,033	60,964
Net revenue	8,711	10,308	45,982	43,984
Cost of sales	7,317	6,993	31,160	27,499
Operating loss	(2,932)	(1,779)	(2,011)	(134)
Adjusted EBITDA[2]	(1,954)	634	2,148	5,850
Net loss	(3,825)	(1,372)	(3,257)	(666)
Loss per share (basic & diluted)	$ (0.55)	$ (0.19)	$ (0.47)	$ (0.10)
$ per hl				
Net revenue	$ 253.00	$ 255.32	$ 281.01	$ 254.25
Cost of sales	$ 212.52	$ 201.04	$ 190.43	$ 158.96

(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.

The Corporation continues to experience inflationary pressures impacting raw material and packaging material pricing as well as longer lead times combined with increased delivery and distribution charges linked to ongoing supply chain issues cause by the impact of COVID 19. In response to these pressures, the Corporation has strategically applied a combination of wholesale price increases in-line with competitors across all markets as well as engaged in group purchasing strategies to improve purchasing power to mitigate cost increases. The Corporation also has in place certain fixed price contracts on raw materials and utilities to mitigate price volatility going forward into 2022. The Corporation expects to continue to realize overhead and labour costs efficiencies as volume throughput grows with anticipated growth in co-packing volume as well as improved operating efficiency with the new capital equipment upgrades in the Calgary facility.

The new can line, pasteurizer and other equipment enhancements that support expanded product packaging formats are operational and in use. The expanded production capacity combined with new production capabilities associated with pasteurization positions the Corporation to execute its growth plans with respect to co-packing arrangements which the Corporation is targeting to achieve 65% to 85% year-over-year growth in 2022.

The approved $1.4 million capital budget for 2022 consists of $1.0 million previously approved capital carry over from 2021 with $0.4 million of new capital that is centered on optimizing capacity in brewing and packaging in Calgary. The Corporation's capital budget also includes building upon progress made during 2021 in relation to process and technology upgrades as part of the Corporation's IT Digital Transformation capital program. The focus in 2022 of this part of the IT Digital Transformation program will shift toward improving manufacturing resource planning as well as inventory and logistics management to not only reduce costs but also provide a strong platform to deliver value-added services as part of the expansion of our co-packing business.

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:

($000, except hl and per share amounts)	**Q4/21**	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Sales volumes (hl) [1]	**34,430**	47,367	46,233	35,600	39,446	50,367	46,693	36,490
Net revenue	**8,711**	12,982	13,690	10,599	10,308	12,822	11,926	8,928
Cost of sales	**7,317**	8,444	8,312	7,087	6,993	7,555	7,095	5,856
Operating income (loss)	**(2,932)**	354	1,068	(501)	(1,779)	1,512	1,062	(929)
Adjusted EBITDA[2]	**(1,954)**	1,325	1,978	789	634	2,695	2,501	20
Net income (loss)	**(3,825)**	237	786	(455)	(1,372)	1,028	570	(892)
Per share amounts (basic & diluted)	**$ (0.55)**	$ 0.03	$ 0.11	$ (0.07)	$ (0.20)	$ 0.15	$ 0.08	$ (0.13)
$ Per hl Amounts[1]								
Net revenue	**253.00**	274.07	296.11	297.72	261.32	254.57	255.41	244.67
Cost of sales	**212.52**	178.27	179.98	199.07	177.28	150.00	151.95	160.48
Selling expenses	**80.28**	58.06	60.95	63.12	52.81	49.02	46.77	69.91
General & administrative	**40.63**	26.83	28.70	44.75	38.25	20.81	28.59	33.00
Operating income (loss)	**(85.16)**	7.47	23.10	(14.07)	(45.10)	30.02	22.74	(25.46)
Net income (loss)	**(111.09)**	5.00	17.00	(12.78)	(34.78)	20.41	12.21	(24.45)

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

During the fourth quarter of fiscal 2021, the Corporation had net revenues of $8.7 million, compared to $10.3 million in the fourth quarter of fiscal 2020, a decrease of $1.6 million. The decrease was due to a decline in co-packing revenue due to partners not requiring product due to them experiencing higher than expected inventory levels.

Cost of sales decreased by $0.3 million to $7.3 million in the fourth quarter of fiscal 2021, from $7.0 million in the fourth quarter of fiscal 2020. This was mainly due to inflationary pressures experienced on raw materials and packaging combined with lower productivity compared to the prior period as a result of increased downtime related to the installation of new packaging equipment. Cost of sales as a percentage of net revenues increased to 84% in the fourth quarter of 2021 compared to 68% in the fourth quarter of fiscal 2020.

Selling expenses increased by $0.7 million to $2.8 million in the fourth quarter of fiscal 2021, from $2.1 million in the comparable period last year, due to increased delivery and distribution costs due to the impact of supply chain disruptions and increased salaries wages and benefit costs. Selling expenses as a percentage of net revenues increased to 32% in the fourth quarter of fiscal 2021, from 20% in the fourth quarter of fiscal 2020.

General and administrative expenses in the fourth quarter of fiscal 2021 decreased by $0.1 million to $1.4 million compared to $1.5 million in the fourth quarter of 2020. The decrease is due to lower professional fees and building fees incurred.

Net loss during the fourth quarter of $3.8 million versus a loss of $1.4 million in fiscal 2020 was due to a combination of the factors described above as well as the impact of a $0.9 million impairment on contract receivables and a $0.9 million loss on disposal of certain bottle line equipment disposed of during the fourth quarter of 2021.

SELECTED ANNUAL FINANCIAL INFORMATION

($000, except volumes and per share amounts)	Year Ended December 30		
	2021	**2020**	2019
Sales volumes (hl)[1]	163,631	172,996	171,563
Statements of comprehensive loss data			
Net revenue	45,982	43,984	42,653
Operating loss	(2,011)	(134)	(5,100)
Net loss	(3,257)	(666)	(2,922)
Per share – basic and diluted	$ (0.47)	$ (0.10)	$ (0.42)
Statements of financial position data			
Total assets	54,822	51,955	49,782
Total non-current liabilities	13,302	10,921	7,725

(1) Excludes co-packing volumes due to the nature of the agreements.

RESULTS OF OPERATIONS

Net Loss

Big Rock's reported net loss increased year-over-year by $2.6 million despite increased revenues, as a result of higher cost of goods sold, caused by higher market prices on utilities and raw materials combined with increased labour. In addition, loss on disposals of non-core assets of $0.7 million during the year as well as an impairment of $0.9 related to an outstanding receivable associated with one of the Corporations co-packing partners.

Adjusted EBITDA

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 December 30			Year ended December 30		
	2021	2020	Change	2021	2020	Change
Net loss	(3,825)	(1,372)	(2,453)	(3,257)	(666)	(2,591)
Addback:						
Interest	122	115	7	443	506	(63)
Income tax expense (recovery)	(1,115)	(514)	(601)	(819)	38	(857)
Depreciation and amortization	831	775	56	3,335	3,740	(405)
Impairment of property, plant and equipment	-	1,500	(1,500)	-	1,500	(1,500)
Impairment on co-packing customer receivables	930	-	930	930	-	930
Share-based payments	145	130	15	802	732	70
Loss on dispositions – net	922	—	922	767	—	767
Loss (gain) on extinguishment of liabilities	36	—	36	(53)	—	(53)
Adjusted EBITDA[1]	(1,954)	634	(2,588)	2,148	5,850	(3,702)

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

Although overall net revenues increased for the year ended December 30, 2021, Adjusted EBITDA decreased $3.7 million in comparison to the prior year. The decrease is due to the impact of $0.9 million in Canadian Emergency Wage Subsidy payments received during the year ended December 30, 2020 and increased operational costs in 2021.

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 year ended December 30, 2021, followed by BC and Saskatchewan.

	Year ended December 30		
($000, except where otherwise indicated)	2021	2020	Change
Sales volumes (hl)[1]	163,631	172,996	(9,365)
Gross revenue	63,033	60,964	2,069
Federal excise taxes	(4,999)	(5,633)	634
Provincial liquor tax programs	(12,052)	(11,347)	(705)
Net revenue	**45,982**	43,984	1,998
Net revenue by segment			
Wholesale	43,597	42,589	1,008
Retail	2,385	1,395	990
Net revenue	**45,982**	43,984	1,998
$ per hl[1]			
Wholesale net revenue	266.44	246.19	20.25

(1) Excludes co-packing volumes due to the nature of the agreements.

Total sales volumes for the year ended December 30, 2021 decreased by 5.4%, which was mainly driven by a decrease in Alberta Genuine Draft sales and partner volumes as value brands in retail are down relative to 2020, slightly offset with an increase in premium brand volumes. Overall change in sales volumes for the year ended December 30, 2021 correlates with market trends in 2021.

The 4.5% increase in net revenue to $46.0 million for the year ended December 30, 2021, compared to the same period in 2020, was driven by increased revenue realized through new co-packing arrangements.

Wholesale Revenue

Wholesale net revenue increased by $1.0 million (2.4%) for the year ended December 30, 2021, compared to 2020, driven by an increase in revenue from co-packing arrangements and licensed brands in the year ended December 30, 2021.

Retail Revenue

The 71% increase in retail net revenue year-over-year is attributable to the success of online retail sales making up for the short fall in restaurant revenue due to COVID-19 health restrictions. The Corporation has pivoted since the start of the COVID-19 pandemic to offer retail through third party delivery apps, with a focus on the Ontario market. At the year-ended December 30, 2021, all retail locations were open and operating with public health measures in place.

Cost of Sales

($000, except where otherwise indicated)	Year ended December 30		
	2021	2020	Change
Operating expenses	21,639	19,097	2,542
Salaries and benefits	6,850	5,402	1,448
Depreciation and amortization	2,671	3,000	(329)
Cost of sales	**31,160**	27,499	3,661
Percentage of net revenue	67.8%	62.5%	5.3%

Cost of sales for the year ended December 30, 2021, increased 13.3% as compared to 2020. The increase in cost of sales is primarily a result of increased salaries and benefits (with $0.5 million in wage subsidies received in the year ended December 30, 2020) and direct material increases associated with higher market prices of utilities, raw materials and logistic services combined with higher labour costs in the Calgary facilities as the strategic capital plan is being completed and the business positions itself to support significantly higher production volumes.

Cost of sales as a percentage of net revenue for the year ended December 30, 2021 increased 5.3%, compared to the prior year, as a result of reasons outlined above along with increased filtration related to changing production mix and increased temporary labour charges related to variety pack demand.

Selling Expenses

($000, except where otherwise indicated)	Year ended December 30		
	2021	2020	Change
Delivery and distribution costs	3,670	3,258	412
Salaries and benefits	3,568	3,081	487
Marketing and sales expenses	3,341	2,948	393
Selling expenses	**10,579**	9,287	1,292
Percentage of revenue	23.0%	21.1%	1.8%

Selling expenses increased by $1.3 million relative to the year ended December 30, 2020 as a result of increased delivery and distribution costs due to an increase in on-premise deliveries in 2021. Salaries and benefits increased (with $0.2 million of CEWS received in the prior year). Further, the Corporation increased marketing and sales expenses as a result of increased advertising relative to new premium brand and product launches.

General and Administrative Expenses

($000, except where otherwise indicated)	Year ended December 30		
	2021	2020	Change
Salaries and benefits	2,981	2,760	221
Professional fees	774	964	(190)
Other administrative expenses	1,835	1,372	463
General and administrative expenses	**5,590**	5,096	494
Percentage of net revenue	12.2%	11.6%	6.2%

General and administrative expenses increased slightly as a percentage of net revenue for the year ended December 30, 2021 compared to 2020 by 0.6%. Salaries and wages increased due to $0.2 million in wage subsidies received in the prior year allocated to general and administrative expenses. The decrease in professional fees is a result of a decrease in consultancy fees relative to 2020 offset with an increase in other administrative expenses related to the outsourcing of IT managed services, recruiting and increased building property tax costs.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment expenses were $3.3 million for the year ended December 30, 2021, compared to $5.2 million 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 and subsequently sold in the second quarter of 2021.

Finance Expense

Finance expense of $1.4 million in 2021 almost tripled from $0.5 in the prior year mainly due to an impairment of $0.9 million in relation to a receivable outstanding with one of the Corporations' co-packing partners. Management is intent on pursuing collection in full and is currently in discussions with the partner on a payment plan however, there are no assurances that management will be successful in collecting amounts owed and as such, a provision was applied using a probabilities-based approach.

Loss on Dispositions - Net

During the year ended December 30, 2021, the Corporation reported net losses on dispositions of $0.8 million which related to a loss of $0.9 million related to the sale of the Calgary bottle line that was replaced with the bottle line from the Etobicoke brewery. This loss was partially offset by a $0.1 million gain realized on the disposition of the Etobicoke brewery in the second quarter of 2021.

SEGMENTED INFORMATION

The Corporation 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

For the year ended December 30

($000)	Wholesale		Retail		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	**2021**	2020
Net revenue	45,158	43,484	2,385	1,395	(1,561)	(895)	**45,982**	43,984
Cost of sales	29,915	26,498	2,806	1,896	(1,561)	(895)	**31,160**	27,499
Gross profit	15,243	16,986	(421)	(501)	–	–	**14,822**	16,485
Selling expenses	10,527	9,281	52	6	–	–	**10,579**	9,287
Segment profit (loss)	**4,716**	7,705	**(473)**	(507)	**–**	–	**4,243**	7,198
General and administrative costs							**5,590**	5,096
Depreciation and amortization							**664**	736
Impairment of property, plant and equipment							**–**	1,500
Operating loss							**(2,011)**	(134)
Finance expense							**1,373**	506
Loss on dispositions							**767**	–
Gain on extinguishment of liabilities							**(53)**	–
Other income							**(22)**	(12)
Loss before income taxes							**(4,076)**	(628)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	December 30, 2021	December 30, 2020
Cash	(228)	(252)
Debt[2]	10,214	2,949
License obligation[2]	—	605
Lease liabilities[2]	4,366	6,113
Net debt [1]	14,352	9,415
Shareholders' equity:		
Shareholders' capital	113,620	113,792
Contributed surplus	2,480	2,170
Accumulated deficit	(84,397)	(81,140)
Total shareholders' equity	31,703	34,822
Total capitalization [1]	**46,055**	44,237
Net debt to total capitalization ratio [1]	31%	21%

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

During 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

Net working capital is a non-GAAP measure and is defined as current assets less accounts payable and accrued liabilities (see *"Non-GAAP Measures")*. The Corporation's net working capital surplus decreased to $4.2 million as at December 30, 2021, from $4.6 million as at December 30, 2020. The decrease was primarily driven by higher accounts payable and accrued liabilities and increased inventories.

Debt

On February 8, 2021, the Corporation amended the terms of its existing credit agreement with its lender which included an increase in the Operating Facility from $5 million to $6 million and an increase to 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. 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 year ended December 30, 2021, the Corporation has drawn an additional $6.6 million from the $10 million of Term Debt and has drawn an additional $1.5 million against its Operating Facility to fund the 2021 capital expansion program. The Corporation also repaid $0.8 million in debt which was applied against the Term Debt. Details on amounts outstanding under these facilities are as follows:

($000)	December 30, 2021	December 30, 2020
Operating facility – principal	1,480	—
Term debt - principal and accrued interest	8,814	2,949
Debt issue costs	(80)	—
	10,214	2,949
Current	**2,685**	470
Non-current	**7,529**	2,479

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

($000)	Expiry date	December 30, 2021	December 30, 2020
Tranche 1	April 30, 2025	776	994
Tranche 2	February 28, 2026	980	1,203
Tranche 3	September 9, 2027	639	752
Tranche 4	February 28, 2031	2,809	—
Tranche 5	December 31, 2031	3,610	—
Total term debt outstanding		**8,814**	2,949

At December 30, 2021, the Corporation had $4.5 million available on its Operating Facility and $1.2 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 Adjusted EBITDA (defined as the rolling 12-month earnings before interest, taxes and depreciation, less unfunded capital) compared to fixed charges defined as the rolling 12-months 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.

On December 24, 2021, an amendment to the commitment letter was made permitting the fixed charge coverage ratio to be less than 1.1 to 1 for the fiscal quarter ending December 30, 2021, where the ratio shall not be less than 0.5 to 1. The fixed charge coverage ratio returns to 1.1 to 1 for all subsequent reporting periods. The amendment also included a change to the definition of Adjusted EBITDA to exclude the Impairment on co-packing customer receivables which was recorded to the statement of loss and comprehensive loss on December 30,2021.

As at December 30, 2021, the Corporation was in compliance with its financial covenants.

On March 10, 2022, the Corporation's lender approved an amendment to the commitment letter permitting the fixed charge coverage ratio to be waived for the fiscal quarter ending March 31, 2022, reduced to not less than 0.5 to 1 for the fiscal quarter ending June 30, 2022 and set to 1.15 to 1 for all subsequent reporting periods. The amendments also include restrictions on additional draws of Term Debt until such time that that the Corporation achieves a fixed charge coverage ratio of 1.15 or greater. In addition, the Corporation's borrowings cannot exceed a borrowing base of 65 percent of the fair value of the Corporation's assets.

License Obligation

($000)	December 30, 2021	December 30, 2020
Current	–	185
Non-current	–	420
	–	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 was 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.

On September 10, 2021, Big Rock acquired all Fireweed's licences, trademarks and related intellectual property (collectively, the "Fireweed Licenses") in exchange for the settlement of the license obligation which was a cash payment of $0.5 million resulting in a gain on extinguishment of $0.1 million.

Lease Liabilities

Big Rock currently has lease liabilities for contracts related to real estate and vehicle leases.

($000)	December 30, 2021	December 30, 2020
Lease liabilities, beginning of year	6,113	1,788
Adjustments on transition to IFRS 16	–	5,028
Additions	450	176
Disposals	(1,319)	–
Interest expense	214	282
Lease payments	(1,092)	(1,161)
Lease liabilities, end of year	**4,366**	6,113
Current	**738**	1,076
Non-current	**3,628**	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 disposition as well as a reduction of $0.3 million of building lease liabilities upon assignment of the building lease to the purchaser.

Capital Expenditures

During the year ended December 30, 2021, a total of $8.3 million was spent on capital expenditures. The capital expenditures primarily relate to the Corporation's asset optimization plan to improve its packaging capabilities through a can-line upgrade and a new tunnel pasteurizer. The expansion capital expenditures amount to $7.1 million, $0.8 million has been spent on modernizing the Corporation's information technology as it relates to sales, marketing and finance processes and the remaining $0.4 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 35,892 common 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:

- 268,000 time-based options;
- 69,000 market-performance options; and
- 189,471 restricted share units.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

($000)	2022	2023	2024	2025	2026	Total
Utilities contracts	52	52	52	52	43	251
Raw material purchase commitments	1,472	339	211	–	–	2,022
Marketing sponsorships	212	58	60	–	–	330
Total	**1,736**	**449**	**323**	**52**	**43**	**2,603**

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 to the alcoholic beverage industry, as well as those governed by the individual nature of the Corporation's 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 Corporation's 2021 Annual Information Form (**"AIF"**) available on the Corporation's website at www.bigrockbeer.com or on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates in the three months and year ended December 30, 2021. Further information on the Corporation's accounting policies, critical estimates and judgements can be found in the notes to the audited consolidated financial statements for the year ended December 30, 2021.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Disclosure controls and procedures

The DC&P have been designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, and that information required to be disclosed by the Corporation in its annual filings, interim filing or other reports is filed or submitted by the Corporation under securities legislation. The Corporation's CEO and CFO have concluded, based on their evaluation at December 30, 2021, the DC&P are designed and operating effectively to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

Management's annual report on internal controls over financial reporting

Management is responsible for establishing and maintaining adequate ICOFR, which is a process designed by, or under the supervision of, the CEO and CFO, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Under the supervision and with the participation of management, including the CEO and CFO, an evaluation of the effectiveness of the internal controls over financial reporting was conducted as of December 30, 2021 based on criteria described in "Internal Control – Integrated Framework" issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, management determined that, as of December 30, 2021, the internal controls over financial reporting were designed and operating effectively.

INTERNAL CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

There were no changes in the Corporation's internal control over financial reporting during the period beginning on October 1, 2021 and ended December 30, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

CEO and CFO certifications

The Corporation's CEO and CFO have filed with the Canadian securities regulators regarding the quality of the Corporation's public disclosures relating to its fiscal 2021 report filed with the Canadian securities regulators.

NON-GAAP MEASURES

The Corporation uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by Generally Accepted Accounting Principles. These financial measures do not have any standardized meaning under the Corporation's Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other issuers. The following terms "net working capital", "net debt", "total capitalization" and "Adjusted EBITDA" are not recognized measures under GAAP and may not be comparable to that reported by other companies. In addition to net loss 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 less accounts payable and accrued liabilities.

Net debt: is defined as the Corporation's current and non-current portions of debt, license obligation, lease liabilities 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, impairment of property, plant and equipment, impairment on co-packing customer receivable, share based payment adjustments, gains and losses on disposal of assets and gain on extinguishment. A reconciliation of Adjusted EBITDA to net loss, the nearest GAAP measure, is contained under "*Results of Operations – Adjusted EBITDA*".

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;
- Big Rock's ability to stabilize margins in 2022 by taking certain measures to manage potential future cost volatility;
- Big Rock's expectations that its capital project spending will remain within budget;
- Big Rock's 2022 capital budget, the focus thereof and the anticipated benefits to be derived therefrom;
- Big Rock's ability to mitigate price volatility in 2022;
- the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies;
- that the new capital equipment upgrades in the Corporation's Calgary facility will provide improved operating efficiencies;
- Big Rock's growth strategy for owned and co-packed volumes and its targeted year-over-year growth;
- that the Corporation will be able to successfully manage its capital structure through prudent levels of borrowing, cash flow forecasting and working capital management;
- the anticipated use of the proceeds from the Corporation's credit facilities;
- expectations regarding Big Rock's ability to optimize its capital structure and overall cost of capital and its ability to further enhance the Corporation's financial flexibility to drive growth;
- the Corporation's plans to improve its packaging capabilities through a can-line upgrade and a new tunnel pasteurizer; and
- the Corporation's anticipated commitments for the next five years.

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:

- Big Rock's growth strategy for owned and co-packed volumes and its targeted year-over-year growth;
- Big Rock's ability to stabilize margins in 2022 by taking certain measures to manage potential future cost volatility;
- Big Rock's ability to mitigate price volatility in 2022;
- the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies; and
- expectations regarding Big Rock's ability to optimize its capital structure and overall cost of capital and its ability to further enhance the Corporation's financial flexibility to drive growth.

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;
- that Big Rock's proposed measures to manage potential future cost volatility will be successful in stabilizing margins in 2022;
- that Big Rock's group purchasing strategies will successfully improve purchasing power and mitigate cost increases;
- that improvements to the Corporation's manufacturing resource planning and inventory and logistics management will reduce costs and provide a strong platform to deliver value-added services as part of the Corporation's co-packing business; 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 and FOFI as a result of the risk factors set forth above and as set out under the heading "*Risk Factors*" in the Corporation's 2021 Annual Information Form dated March 14, 2022 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.