



BIG ROCK BREWERY INC. ANNOUNCES FISCAL 2021 RESULTS

March 14, 2022 — Calgary, Alberta — Big Rock Brewery Inc. (TSX: BR) (“Big Rock” or the “Corporation”) today announced its financial results for the three months and year ended December 30, 2021.

“The Corporation experienced a challenging fourth quarter in 2021 due to continued inflationary cost pressures and soft demand that significantly impacted the business.” said President & CEO Wayne Arsenault. “While navigating these pressures, our focus in the fourth quarter was to continue to deliver the 2021 capital expansion plan on budget and to grow our volume base through new co-packing agreements. We progressed on these initiatives by securing a new 3-year co-pack agreement with an existing partner that triples their previous minimum commitment for incremental revenue of \$3 million per annum in December of 2021. The 2021 capital expansion plan spending continued to remain within budget. Despite the market trend of declining beer consumption year-over-year both nationally and provincially, Big Rock was able to offset these trends with growth that outpaced the industry in the “Ready-to-Drink” (“RTD”) category and as a result, the Corporation saw year over year growth in net revenue. The “Gear Up” portion of the Corporation’s strategy has been substantially completed and Big Rock is primed to leverage the new can line and pasteurizer to support continued growth in its co-packing business while simultaneously leveraging the recently-completed IT transformation related to procurement and planning processes to better manage costs and raw material inputs.”

Financial Summary

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.

Fourth Quarter Summary

Several trends from the third quarter of 2021 continued during the fourth quarter of the year with the strongest challenges to the Corporation's fourth quarter 2021 results attributed to the following:

- soft demand from co-packing partners due to higher than historical inventory levels in the fall and winter months;
- continued higher than anticipated delivery and distribution costs related to global supply chain disruptions and related cost pressures;
- continued cost increases and lead times observed in certain raw ingredient and material procurement; and
- market trends of declining beer consumption have contributed to a continued decline in the Corporation's sales volumes, however, at a rate of decline that is consistent with the industry's national average and below Alberta's provincial average decline.
- Losses on non-core assets dispositions of \$0.9 million and impairment loss of \$0.9 million on co-packing customer receivables also contributed to the increase in net loss during the fourth quarter

The Corporation completed the commissioning of the new can line, pasteurizer, and other equipment enhancements that will support increased packaging formats for in-house, partner, and co-pack volumes. Big Rock also completed a substantial portion of the IT Digital Transformation of the 2021 capex plan in the fourth quarter of 2021, with some small carryover into 2022, and this will provide additional insight into raw material and ingredient costs as well as procurement process, in addition to labour and production efficiency. Management believes that the IT Digital Transformation spending in combination with the new can line, pasteurizer, and other equipment enhancements will enable the Corporation to efficiently deliver on a growing volume base driven by an increasing emphasis on its co-pack business.

Summary of Results

\$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 contract manufacturing volumes due to the nature of the agreements.

⁽²⁾ Non-GAAP measure. See "Non-GAAP Measures".

Additional Information

The audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 30, 2021 dated March 14, 2022, can be viewed on Big Rock's website at www.bigrockbeer.com and on SEDAR at www.sedar.com under Big Rock Brewery Inc.

Big Rock is also pleased to announce that the Annual Meeting of Big Rock shareholders will be held on May 18, 2022 at 2:00 p.m. (Mountain Standard Time). Further details of the Annual Meeting will follow in due course.

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 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".

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. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

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

- the anticipated incremental revenue to be derived from Big Rock's 3-year co-pack agreement;
- anticipated market trends;
- that Big Rock is primed to leverage its new can line and pasteurizer to support continued growth in its co-packing business;
- that Big Rock is primed to leverage its recently completed IT transformation related to procurement and planning processes to better manage costs and raw material inputs;
- the anticipated benefits to be provided by Big Rock's new can line, pasteurizer and other equipment enhancements;
- that Big Rock's IT Digital Transformation will provide additional insight into raw material and ingredient costs as well as procurement process, in addition to labour and production efficiency;
- Big Rock's expectation that its IT Digital Transformation spending in combination with the new can line, pasteurizer, and other equipment enhancements will enable it to efficiently deliver on a growing volume base driven by an increasing emphasis on its co-pack business;
- Big Rock's ability to grow volume through co-packing agreements; and
- the anticipated timing of Big Rock's Annual Meeting of the shareholders and that further details in connection therewith will follow in due course.

With respect to the forward-looking statements 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;
- that Big Rock will be able to use its new production capacity and increase volume with co-packing agreements;
- that Big Rock's new can line and pasteurizer will support continued growth in its co-packing business;
- that Big Rock's recently completed IT transformation will allow Big Rock to better manage costs and raw material inputs;
- that Big Rock's new can line, pasteurizer and other equipment enhancements will support increased packaging formats for in-house, partner and co-pack volumes; 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 information and statements contained herein include the risk factors set out in the Corporation's annual information form and also include, but are not limited to:

- the inability to maintain the current AGLC beer mark-up policy in Alberta;
- the inability to maintain the current AGLC mark-up rates applicable to "Ready-to-Drink" beverages in Alberta;
- the inability to grow demand for Big Rock's products;
- the inability to fill its production capacity and grow volume with co-packing agreements;

- the inability to remediate manufacturing issues as they arise;
- the incremental revenue to be derived from Big Rock's 3-year co-pack agreement will be less than anticipated;
- that Big Rock's new can line and pasteurizer will not support continued growth in its co-packing business;
- that Big Rock's recently completed IT transformation will not allow Big Rock to better manage costs and raw material inputs;
- that Big Rock's new can line, pasteurizer and other equipment enhancements will not support increased packaging formats for in-house, partner and co-pack volumes;
- that Big Rock's IT Digital Transformation will not provide additional insight into raw material and ingredient costs or procurement process;
- that Big Rock's IT Digital Transformation will not provide labour and production efficiency;
- that Big Rock's IT Digital Transformation spending in combination with the new can line, pasteurizer, and other equipment enhancements will not enable it to efficiently deliver on a growing volume base driven by an increasing emphasis on its co-pack business;
- the worldwide economic and social impact of the COVID-19 pandemic; and
- the duration and extent of the COVID-19 pandemic.

This press release contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to, the anticipated incremental revenue to be derived from the Corporation's 3-year co-pack agreement, all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this press release and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Corporation's potential future business operations. Readers are cautioned that the financial outlook contained in this press release is not conclusive and is subject to change.

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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