

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

Three months ended March 31	Note	2022	2021
<b>Revenue</b>			
Net revenue	3	8,787	10,599
Cost of sales	4	6,073	7,087
Gross profit		2,714	3,512
<b>Expenses</b>			
Selling expenses	4	2,618	2,247
General and administrative	4	1,410	1,593
Depreciation and amortization	4	174	173
Operating expenses		4,202	4,013
Operating loss		(1,488)	(501)
Finance expenses		158	79
Other income		(3)	25
Loss before income taxes		(1,643)	(555)
Income tax (recovery) expense			
Current		-	(1)
Deferred		(372)	(99)
		(372)	(100)
<b>Net loss and comprehensive loss</b>		<b>(1,271)</b>	<b>(455)</b>
<b>Per share amounts</b>			
Basic and diluted	5	(0.18)	\$ (0.07)

*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	March 31, 2022	December 30, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		-	228
Accounts receivable		3,436	2,167
Inventories	6	9,632	6,719
Prepaid expenses and deposits		362	463
		13,430	9,577
<b>Non-current</b>			
Property, plant and equipment	7	42,218	42,654
Intangible assets		2,587	2,591
		44,805	45,245
<b>Total assets</b>		<b>58,235</b>	<b>54,822</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		7,922	5,753
Debt - current	8	5,876	2,685
Lease liabilities		706	738
Share-based compensation payable	10	681	641
		15,185	9,817
<b>Non-current</b>			
Debt - long term	8	7,375	7,529
Lease liabilities		3,463	3,628
Deferred income taxes		1,773	2,145
		12,612	13,302
<b>EQUITY</b>			
Shareholders' capital	9	113,716	113,620
Contributed surplus	10	2,389	2,480
Accumulated deficit		(85,667)	(84,397)
		30,438	31,703
<b>Total liabilities and shareholders' equity</b>		<b>58,235</b>	<b>54,822</b>
Commitments and contractual obligations	14		

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)*

Three months ended March 31	Note	2022	2021
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(1,271)	(455)
Items not affecting cash:			
Depreciation and amortization	4	818	885
Share-based payments	10	46	380
Amortized debt issuance costs	8	10	1
Deferred income tax expense (recovery)		(372)	(99)
		(769)	712
Net change in non-cash working capital related to operations		(1,912)	(734)
<b>Cash provided by (used in) operating activities</b>		<b>(2,681)</b>	<b>(22)</b>
<b>FINANCING ACTIVITIES</b>			
Increase in bank indebtedness	8	3,392	3,000
Repayments of term debt	8	(365)	(239)
Debt issuance costs	8	—	(80)
Repayment of license obligation		—	(17)
Repayment of lease		(197)	(267)
<b>Cash provided by (used in) financing activities</b>		<b>2,830</b>	<b>2,397</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	7	(309)	(1,750)
Purchase of intangibles		(68)	(70)
Changes in non-cash working capital related to investments		—	294
<b>Cash used in investing activities</b>		<b>(377)</b>	<b>(1,526)</b>
Net increase (decrease) in cash		(228)	849
Cash, beginning of period		228	252
<b>Cash, end of period</b>		<b>-</b>	<b>1,101</b>
<b>Supplemental cash flow information</b>			
Interest paid		\$ 148	\$ 147

*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, 2021		113,620	2,480	(84,397)	31,703
Share-based payments	10	97	(91)		6
Net loss and comprehensive loss				(1,271)	(1,271)
<b>Balance as at March 31, 2022</b>		<b>113,717</b>	<b>2,389</b>	<b>(85,667)</b>	<b>30,439</b>

	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	10	—	125	—	125
Net loss and comprehensive loss		—	—	(455)	(455)
<b>Balance as at March 31, 2021</b>		<b>113,792</b>	<b>2,295</b>	<b>(81,595)</b>	<b>34,492</b>

*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 May 11, 2022.

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, 2021.

These Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on May 11, 2022.

**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.

In March 2021 the World Health Organization declared coronavirus COVID-19 a global pandemic. It is not possible for the Corporation to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Corporation’s operations and ability to finance its operations.

**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, 2021. 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, 2021.

**3. NET REVENUE**

Three months ended March 31	2022	2021
Gross product revenues	12,712	14,303
Federal excise taxes	(1,458)	(1,338)
Provincial liquor tax programs	(2,467)	(2,366)
<b>Net revenue</b>	<b>8,787</b>	<b>10,599</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 March 31	2022	2021
<b>Depreciation and amortization</b>		
Cost of sales	645	712
Depreciation and amortization	174	173
<b>Salaries, wages and benefits</b>		
Cost of sales	1,693	1,567
Selling expenses	889	905
General and administrative	641	659
<b>Share based payments</b>		
General and administrative	46	380

**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 March 31	2022	2021
Net loss - basic	(1,271)	(455)
Effect of dilutive securities	—	—
Net loss - diluted	(1,271)	(455)
Weighted average shares		
Issued common shares	6,982	6,982
Effect of shares held in trust	(30)	(14)
Weighted average shares - basic	6,952	6,968
Effect of dilutive securities	-	—
Weighted average shares - diluted	6,952	6,968
Per share amounts:		
Basic	\$ (0.18)	\$ (0.07)
Diluted	\$ (0.18)	\$ (0.07)

In computing per share amounts for the quarter ended March 31, 2022, 157,328 potentially issuable common shares through share-based payment plans (2021 - 190,302) were excluded as the Corporation had a net loss.

**6. INVENTORIES**

As at	March 31, 2022	December 30, 2021
Raw materials and containers	3,432	2,535
Brews in progress	1,021	831
Finished product	5,137	2,445
Consignment product	-	831
Retail store	42	77
<b>Total inventories</b>	<b>9,632</b>	<b>6,719</b>

During the three months ended March 31, 2022, charges of \$354 (2021 - \$177) were recorded to the Interim Consolidated Statements of Comprehensive Loss relating to obsolete inventories. There were no reversals of amounts previously charged to income in respect of inventory write-downs during the three months ended March 31, 2022 and 2021.

**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, 2021	26,262	38,030	2,485	3,881	70,658
Additions	-	8	301	2	311
<b>As at March 31, 2022</b>	<b>26,262</b>	<b>38,038</b>	<b>2,786</b>	<b>3,883</b>	<b>70,969</b>
<b>Accumulated Depreciation</b>					
As at December 30, 2021	5,651	19,643	2,257	453	28,004
Depreciation	175	376	58	138	747
<b>As at March 31, 2022</b>	<b>5,826</b>	<b>20,019</b>	<b>2,315</b>	<b>591</b>	<b>28,751</b>
<b>Net book value</b>					
As at December 30, 2021	20,611	18,387	228	3,428	42,654
<b>As at March 31, 2022</b>	<b>20,436</b>	<b>18,019</b>	<b>471</b>	<b>3,292</b>	<b>42,218</b>

**8. DEBT**

The Corporation has a credit facility with a financial institution owned by the Government of Alberta. The credit facility includes a revolving operating loan facility (the “**Operating Facility**”) of \$6 million and a evergreen term loan facility (the “**Term Debt**”) of \$10 million. Advances under both credit facilities may be made by way of Canadian prime rate loans and letters of credit.

For the period from January 1, 2022 to March 31, 2022, 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.

Details on amounts outstanding under these facilities are as follows:

As at	March 31, 2022	December 30, 2021
Operating facility - principal	4,898	1,480
Term debt - principal and accrued interest	8,423	8,814
Debt issue costs	(70)	(80)
	<b>13,251</b>	<b>10,214</b>
Current	<b>5,876</b>	<b>2,685</b>
Long-term	<b>7,375</b>	<b>7,529</b>

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 1.15 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.



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

On March 31, 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 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. The amendments also include changes in interest rates which take effect for the period beginning April 1, 2022.

As at March 31, 2022, the Corporation was in compliance with these amended financial covenants.

**9. SHARE CAPITAL**

Big Rock is authorized to issue an unlimited number of common shares with no par value.

<i>(thousands)</i>	As at March 31, 2022		As at December 30, 2021	
	# of shares	\$ Amount	# of shares	\$ Amount
Outstanding, beginning of period	6,946	113,620	6,968	113,792
Purchase of shares held in trust	-	-	(72)	(471)
Shares held in trust issued	16	97	50	299
Outstanding, end of period	6,962	113,717	6,946	113,620

**10. SHARE-BASED PAYMENTS**

Share based compensation expense, included in general and administrative expenses and recognized in the consolidated statements of comprehensive loss for the quarters ended March 31, 2022 and 2021 include:

Three months ended March 31	2022	2021
Equity settled plans:		
Options expense	6	17
Restricted share unit expense	-	109
	6	126
Cash settled plans:		
SARs fair value adjustments	40	254
<b>Total share-based payments</b>	<b>46</b>	<b>380</b>

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

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
<b>December 30, 2021</b>	285,000	69,000	226,520	370,479	81,000
Exercised	-	-	(16,368)	(9,074)	-
Expired	-	-	(52,824)	(56,000)	-
<b>March 31, 2022</b>	285,000	69,000	157,328	305,405	81,000

**11. 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	March 31, 2022	December 30, 2021
Cash	-	(228)
Debt	13,251	10,214
License obligation	-	-
Lease liabilities	4,169	4,366
Shareholders' equity:		
Shareholders' capital	113,716	113,620
Contributed surplus	2,389	2,480
Accumulated deficit	(85,667)	(84,397)
Total shareholders' equity	30,438	31,703
Total capitalization (total debt plus shareholders' equity, net of cash balances)	<b>47,858</b>	<b>46,055</b>

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

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.

**12. 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:

<b>Classification of Financial Instrument</b>	<b>Designated as</b>
<b>Financial assets</b>	
Cash	—
Accounts receivable	Loans and receivables
<b>Financial liabilities</b>	
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost
License obligation	Amortized cost
Lease liabilities	Amortized cost

The carrying value of these financial instruments approximated their respective fair values at March 31, 2022 and December 31, 2021.

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

**13. 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.

***Profit by Segment***

Three months ended March 31	Wholesale		Retail		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Net Revenue	8,456	10,452	364	559	(33)	(412)	8,787	10,599
Cost of sales	5,494	6,742	612	757	(33)	(412)	6,073	7,087
Gross profit	2,962	3,710	(248)	(198)	—	—	2,714	3,512
Selling expenses	2,578	2,241	40	6	—	—	2,618	2,247
Segment profit (loss)	384	1,469	(288)	(204)	—	—	96	1,265
General and administrative cost							1,410	1,593
Depreciation and amortization							174	173
Operating loss							(1,488)	(501)
Finance expense							158	79
Other income							(3)	25
Loss before income taxes							(1,643)	(555)

**14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

Big Rock has entered into various commitments for expenditures over the next five years:

	2022	2023	2024	2025	2026	thereafter
Utilities contracts	39	52	52	52	43	-
Raw material purchase commitments	744	211	211	-	-	-
Marketing sponsorships	278	221	145	-	-	-
<b>Total</b>	<b>1061</b>	<b>484</b>	<b>408</b>	<b>52</b>	<b>43</b>	<b>-</b>

**15. COMPARATIVE AMOUNTS**

Certain prior year amounts have been reclassified to conform to the current period presentation.