



BIG ROCK BREWERY ANNOUNCES THIRD QUARTER 2022 RESULTS

November [14], 2022 – Calgary, Alberta – Big Rock Brewery Inc. (TSX: BR) (“Big Rock” or the “Corporation”) today announced its financial results for the three and nine months ended September 30, 2022.

Financial Summary

For the three months ended September 30, 2022, the Corporation reported:

- sales volumes of 47,154 hectolitres (“hl”) (excluding co-packing volumes);
- net revenue of \$11.9 million;
- operating loss of \$1.1 million;
- net loss of \$1.4 million; and
- Adjusted EBITDA (See “Non-GAAP Measures”) of 0.1 million.

For the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, the Corporation reported:

- net revenue decreased by 2.0%, from \$37.3 million to \$36.6 million;
- sales volumes, excluding co-packing, decreased 5.2% from 129,201 hl to 122,842 hl as a result of decreased sales in the value beer category;
- net loss of \$3.3 million versus a net income of \$0.6 million; and
- operating loss of \$3.1 million, compared to operating income of \$0.9 million.

Summary of Results

\$000, except hl and per share amounts	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Sales volumes (hl) ⁽¹⁾	47,154	47,367	122,842	129,201
Gross revenue	\$ 17,411	\$ 17,969	\$ 50,447	\$ 50,898
Net revenue	11,940	12,982	36,550	37,271
Cost of sales	7,925	8,444	25,964	23,843
Adjusted EBITDA ⁽²⁾	116	1,335	110	4,102
Operating income (loss)	(1,146)	354	(3,104)	921
Net income (loss)	(1,391)	237	(3,250)	568
Income (loss) per share (basic and diluted)	\$ (0.20)	\$ 0.03	\$ (0.47)	\$ 0.08

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

⁽²⁾ Non-GAAP financial measure. See “Non-GAAP Measures”.

Outlook & Strategy

Big Rock’s branded sales continue to face pressure as a result of unfavorable industry trends, specifically in the value beer segment. For the nine months ended September 30, 2022, Canadian domestic beer sales decreased by 4.8% compared to prior period. In response to this, Big Rock is focusing on continued product innovation and development in the premium category to better align with trends in consumer

demand. In the third quarter of 2022 Big Rock's premium category outperformed the industry on relatively flat volume compared to the same period in the previous year.

The Corporation's co-pack volumes for the third quarter of 2022 were negatively impacted by the labour distribution strike that occurred in British Columbia over several weeks in August. While some of the affected co-pack volume was recovered in September, the Corporation missed out on approximately \$0.4 million of co-pack revenues as a direct result of the strike.

Big Rock continues to experience inflationary pressures impacting raw material and packaging material pricing related to its owned volumes, as well as longer lead times combined with increased delivery and distribution charges linked to ongoing supply chain issues caused by the lasting impact of the COVID-19 pandemic. In response to the Corporation's pressures, Big Rock has strategically engaged in group purchasing strategies to mitigate cost increases and has also put in place certain fixed price contracts on raw materials and utilities to stabilize prices going forward and into 2023.

The result of these efforts was a lower cost of sales in the third quarter.

As at September 30, 2022, the Corporation was in breach of its debt covenant with its bank that resulted in the credit facility balance of \$11.4 million being classified as a current liability. The Corporation did not rectify the breach within the cure period and is in default under the terms of the amended credit facility. This results in the lender having the right to demand repayment and/or realize on the security at any time under the commitment letter underlying the credit facilities, under any of the relevant security documents and under applicable law.

Big Rock and ATB signed an acknowledgement and reservation of rights letter where ATB imposed additional conditions on the Corporation. All these conditions were met by the Corporation and the Corporation has been in negotiations with ATB to re-structure the terms of the Corporation's credit facilities.

In addition to the matters above, the Corporation does not currently have sufficient cash flows to cover forecasted expenses for 2023 and under the existing terms of the lending agreements management is forecasting further breaches in covenants within the next 12 months.

To address this situation the Corporation has taken the following actions:

- 1) Mr. Stephen Giblin, Chairman of the Board of Directors, has assumed the position of Interim President and CEO of the Corporation;
- 2) The Board of Directors has established a sub-committee of the board and engaged a consultant to conduct a search for a new CEO;
- 3) The Company has established a special committee to complete a review of the available options for the Corporation to secure capital; and
- 4) The Corporation has engaged a consultant financial advisor to assist the Special Committee in a review of options to secure capital.

Additional Information

The interim condensed consolidated financial statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2022 dated November 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.

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. Adjusted EBITDA is defined as net loss before interest, taxes, depreciation and amortization and share based payments. Management believes that this measure facilitates the understanding of the Corporation’s results from operations. The nearest GAAP measure to Adjusted EBITDA is net income or net loss, as applicable, with the reconciliation between the two as follows:

(\$000, except where indicated)	Three months ended September 30			Nine months ended September 30		
	2022	2021	Change	2022	2021	Change
Net income (loss)	\$ (1,391)	\$ 237	\$ (1,628)	\$ (3,250)	\$ 568	\$ (3,818)
Addback:						
Interest	283	104	179	622	321	301
Taxes	8	115	(107)	(475)	296	(771)
Depreciation and amortization	987	829	158	2,616	2,504	112
Share based payments	229	151	78	628	657	(29)
Gain on disposal of assets	—	(12)	12	(31)	(155)	124
Gain on extinguishment of license obligation	—	(89)	89	—	(89)	89
Adjusted EBITDA	\$ 116	\$ 1,335	\$ (1,219)	\$ 110	\$ 4,102	\$ (3,992)

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;
- Big Rock’s focus on continued product innovation and development in the premium category;
- that Big Rock’s group purchasing strategies will improve its purchasing power and mitigate cost increases;

- that Big Rock's fixed price contracts on raw materials and utilities will mitigate price volatility going forward; and
- Big Rock's financial situation and efforts being undertaken to remedy same.

With respect to the forward-looking statements listed above and FOFI (as defined below) contained in this news release, management has made assumptions regarding, among other things:

- that Big Rock's group purchasing strategies will improve its purchasing power;
- 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 information and statements and FOFI contained herein include the risk factors set out in the Corporation's annual information form which is available on Big Rock's website at www.bigrockbeer.com and on SEDAR at www.sedar.com under Big Rock Brewery Inc., and also include, but are not limited to:

- that Big Rock's group purchasing strategies may not improve its purchasing power and mitigate cost increases;
- that Big Rock's fixed price contracts on raw materials and utilities may not mitigate price volatility;
- the duration and extent of the COVID-19 pandemic; and
- Big Rock may not be able to raise sufficient debt and/or equity capital to continue as a going concern.

Any financial outlook or future oriented financial information (in each case "FOFI") contained in this news release regarding prospective financial position, including, but not limited to, that Big Rock's group purchasing strategies will improve its purchasing power and mitigate cost increases and that Big Rock's fixed price contracts on raw materials and utilities will mitigate price volatility going forward and other matters pertaining to Big Rock's financial situation, is based on reasonable assumptions about future events, including those described above, based on an assessment by management of the relevant information that is currently available. The actual results will likely vary from the amounts set forth herein and such variations may be material. Readers are cautioned that any such FOFI contained herein should not be used for purposes other than those for which it is disclosed herein. Such information was made as of the date of this news release and the Company disclaims any intention or obligation to update or revise any such information, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements and FOFI contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements and FOFI 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 information and statements 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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