



BIG ROCK BREWERY INC. ANNOUNCES CLOSING OF \$4.3MM SECOND LIEN FINANCING & AMENDED SENIOR CREDIT FACILITY AGREEMENT

Highlights:

- VN Capital and Big Rock have agreed and closed on terms for a \$4.3 million second lien financing to provide additional liquidity to the Corporation in the near-term;
- Big Rock and its senior lender, ATB Financial, have also agreed to amended terms under its existing credit agreement;
- Major amendments to the credit agreement include a revised covenant package that places Big Rock in compliance therewith, as well as an agreed-upon structure moving forwards; and
- Big Rock looks forward to continuing its relationship with ATB Financial, and the amended credit agreement will give Big Rock the time it needs to improve its operating results and strengthen its financial health.

December 5, 2022 – Calgary, Alberta – Big Rock Brewery Inc. (TSX: BR) (“Big Rock” or the “Corporation”), is pleased to announce that it has closed a \$4.3 million second lien financing (the “Second Lien Financing”) with VN Capital Fund I, LP (“VN Capital”) and in connection therewith, has agreed to amended terms under its existing credit agreement with ATB Financial (“ATB”) for both of its \$6 million revolving operating loan facility and its \$10 million evergreen term loan facility (collectively the “Senior Credit Facilities”).

VN Capital, ATB and Big Rock have agreed that the focus for the Corporation will be on ensuring that sufficient working capital remains in the business as it progresses through the remainder of fiscal 2022 and fiscal 2023. The Second Lien Financing will assist in strengthening the Corporation’s access to liquidity.

The Senior Credit Facilities will monitor working capital in the Corporation and agreed-upon revised quarterly EBITDA targets will ensure that Big Rock is generating sufficient cashflow to meet the needs of the business. The Senior Credit Facilities will bear interest rates at prime plus 300-basis points and are subject to a 75-basis point standby-fee on committed amounts undrawn. The maturity date on the Senior Credit Facilities remains unchanged on March 23, 2026.

The Second Lien Financing will bear interest rates at prime plus 550-basis points and increases to a prime plus 750-basis points as of April 2, 2022, until maturity. The maturity date on the Second Lien Financing is December 2, 2023.

“The amended Senior Credit Facilities with ATB and the closing of the \$4.3 million Second Lien Financing with VN Capital are both great steps forward for Big Rock,” said Interim President & CEO Stephen Giblin. “These key financial pieces position the Corporation for a successful fiscal 2023.”

VN Capital is a principal shareholder and "insider" of the Corporation and P. Donnell Noone, a director of Big Rock, is a co-founder, principal and managing partner of VN Capital Management, LLC, the manager of VN Capital. The Board of Directors approved the Second Lien Financing (with Mr. Noone abstaining) on the recommendation of a Special Committee thereof (comprised of directors independent of VN Capital), and determined that the Second Lien Financing is on reasonable commercial terms that are not less advantageous to Big Rock than if the loan thereunder was obtained from a person dealing at arm's length with Big Rock.

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 expectations that the amended Senior Credit Facilities will give Big Rock the time it needs to improve its operating results and strengthen its financial health;
- Big Rock's near-term focus of ensuring that sufficient working capital remains in the business;
- the anticipated benefits to be derived from the Second Lien Financing;
- that the Senior Credit Facilities and the Second Lien Financing will position the Corporation for a successful fiscal 2023; and
- that Big Rock will generate sufficient cashflow to meet the needs of the business.

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 monitoring its new quarterly EBITDA targets will ensure that Big Rock will generate sufficient cashflow to meet the needs of the business;
- volumes in the current fiscal year will remain constant or will increase;
- 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 and also include, but are not limited to:

- that Big Rock may not improve its operating results or strengthen its financial health;
- that Big Rock may not ensure that sufficient working capital remains in the business;

- that the Second Lien Financing may not provide Big Rock with the benefits anticipated;
- that the Corporation may not have a successful fiscal 2023;
- that Big Rock may not generate sufficient cashflow to meet the needs of the business;
- the inability to grow demand for Big Rock’s products; and
- the duration and extent of the COVID-19 pandemic.

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: Big Rock’s near term focus of ensuring that sufficient working capital remains in the business; and that Big Rock will generate sufficient cashflow to meet the needs of the business, 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 Corporation 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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