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, 2022 and 2021.

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, 2022 and 2021. 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, 2022 (the "**AIF**"), 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 29, 2023.

COMPANY OVERVIEW

Big Rock is headquartered in Calgary, Alberta. The Corporation produces premium, all-natural craft beers, ciders, and other alcoholic and non-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 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 2022 HIGHLIGHTS

For the three months ended December 30, 2022, compared to the three months ended December 30, 2021, the Corporation reported:

- sales volumes up 4% to 35,564 hectolitres ("**hl**") compared to 34,429 hl;
- net revenue increased by 21% to $10.5 million from $8.7 million;
- operating loss increased by 30% to $3.8 million compared to $2.9 million;
- net loss increased by $0.4 million to $4.2 million; and
- Adjusted EBITDA decreased to negative $3.8 million from negative $2.9 million. Adjusted EBITDA is a non-GAAP financial measure, see "*Non-GAAP Measures*".

For the year ended December 30, 2022, compared to the year ended December 30, 2021, the Corporation reported:

- sales volumes down 3% to 158,496 hl from 163,630 hl;
- net revenue up 2% to $47.1 million from $46.0 million;
- operating loss increased to $6.9 million from $2.0 million;
- net loss increased to $7.1 million from $3.3 million;
- Adjusted EBITDA decreased from $2.1 million to a loss of $3.4 million;
- capital spending of $1.3 million of the Corporation's total $1.4 million 2022 capital program; and
- $13.8 million drawn on total credit facilities of $16.0 million.

$000, except hl and per share amounts	Three months ended December 30		Year ended December 30	
	2022	2021	**2022**	2021
Sales volumes (hl) (1)	35,564	34,429	158,496	163,630
Gross revenue	$ 13,471	$ 12,135	$ 63,918	$ 63,033
Net revenue	10,548	8,711	47,098	45,982
Cost of sales	10,132	7,317	36,616	31,160
Adjusted EBITDA (2)	(3,484)	(1,954)	(3,388)	2,148
Operating income (loss)	(3,815)	(2,932)	(6,919)	(2,011)
Net income (loss)	(4,188)	(3,825)	(7,101)	(3,257)
Income (loss) per share (basic and diluted)	$ (0.60)	$ (0.55)	$ (1.02)	$ (0.47)

(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 long-term growth strategy is to maximize the value of its capacity and capital investments to drive growth in volume, improve productivity and lower operating costs. With greater operational efficiencies, the Corporation aims to gain market share and "premiumize" its branded portfolio. Innovation and co-creation of new products with the Corporation's strategic partners will increase market demand and further enable the Corporation to gain market share. This strategy supports Big Rock's vision to become Canada's largest independent brewer.

For the year ended December 30, 2022, Canadian domestic beer sales were down 4.8% compared to prior year. In a response to this continued downward trend, Big Rock is maintaining focus on product innovation and development in the premium category to better align with trends in consumer demand. Big Rock was able to increase revenue in both the quarter and the year ended December 30, 2022, in comparison to prior periods. The Corporation has gained market share in the quarter and for the year with revenue increases of 21% and 2% respectively, demonstrating the portfolio's resilience to the otherwise downward industry trend.

The Corporation's co-packing segment continues to grow as a total percentage of revenue and as total volume throughput continues to increase due to the recent capital investment. The Corporation expects to continue to realize overhead and labor cost efficiencies. Big Rock's co-packing agreements achieved approximately 43% year-over-year growth in 2022.

The Corporation experienced operational issues in managing the growth in the co-packing business in 2022, incurring additional labor costs and loss of efficiency across its volume base, particularly in its peak season. Lower than anticipated demand in Big Rock's branded business throughout the majority of 2022 resulted in higher than anticipated inventory levels at the end of the peak summer months and contributed partially to the $1.4 million inventory write-off that was provisioned for in the December 30, 2022, financial statements. In a direct response to these issues, Big Rock has revised and optimized its sales, production and fulfilment strategy and is well-positioned to realize the benefits of increased co-pack production going forward. Additionally, management and organizational changes made in the fourth quarter have set a new focus on streamlining processes around forecasting and production planning, further enabling the Corporation to realize operational efficiencies and drive margin growth.

In response to the Corporation's breach of its financial covenants under its credit facilities with ATB Financial in the third quarter of 2022, the Corporation's excess inventory in the fourth quarter of 2022 and management turnover, the Corporation's Board of Directors (the "**Board**") enacted the following changes in the fourth quarter of 2022:

- Stephen Giblin, the Chair of the Board, was brought in as the interim President and Chief Executive Officer of the Corporation on October 27, 2022;
- the Corporation secured a capital injection of $4.3 million through the Corporation's largest shareholder VN Capital Fund I, LP ("**VN Capital**") (see "*Liquidity and Capital Resources – Debt*");
- the Corporation's management team was re-structured and significant cost reductions were made across all functional areas of the Corporation's business;
- Big Rock amended the terms of its credit facilities with ATB Financial to amend certain covenants contained therein and to permit the Corporation to obtain the capital injection from VN Capital (see "*Liquidity and Capital Resources – Debt*");
- a new multi-year partnership agreement with Browns Social House Ltd. was announced.

In conjunction with this, the Corporation has developed updated financial projections for fiscal 2023 that show sufficient cash flows to cover forecasted expenses and is projecting a return to profitability. Based on these projections, the Corporation expects to be in compliance with the financial covenants under its credit facilities with ATB Financial over the next 12 months.

These actions have positioned the Corporation for future growth and in the fourth quarter, Big Rock exceeded the new bank covenants with its primary lender ATB. Management continues to work with the previously announced sub-committee of the Board and a consultant on a search for a permanent Chief Executive Officer.

However, management is appropriately conservative and will continue to take actions to increase revenues and lower costs to provide certainty that the Corporation will achieve budget for the year.

Due to the issues identified, there remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The Corporation's audited consolidated financial statements for the years ended December 30, 2022 and 2021 do not include adjustments to the recoverability and classification of recorded asset and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements.

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 for the last eight completed quarters:

($000, except hl and per share amounts)	**Q4/22**	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Sales volumes (hl) [1]	**35,654**	47,154	42,409	33,279	34,430	47,367	46,233	35,600
Net revenue	**10,548**	11,940	15,823	8,787	8,711	12,982	13,690	10,599
Cost of sales	**10,132**	8,445	11,966	6,073	7,317	8,444	8,312	7,087
Operating income (loss)	**(3,815)**	(1,146)	(469)	(1,488)	(2,932)	354	1,068	(501)
Adjusted EBITDA [2]	**(3,484)**	102	645	(620)	(1,954)	1,325	1,978	789
Net income (loss)	**(4,188)**	(1,054)	(588)	(1,271)	(3,825)	237	786	(455)
Per share amounts (basic & diluted)	**$ (0.60)**	$ (0.15)	$ (0.09)	$ (0.18)	$ (0.55)	$ 0.03	$ 0.11	$ (0.07)

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

RESULTS OF OPERATIONS

Adjusted EBITDA

The calculation of Adjusted EBITDA is a non-GAAP financial 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		
	2022	2021	Change	2022	2021	Change
Net income (loss)	$ (4,188)	$ (3,825)	$ (363)	$ (7,101)	$ (3,257)	$ (3,844)
Addback:						
Interest	360	122	238	982	443	539
Taxes	(1,155)	(1,115)	(40)	(1,967)	(819)	(1,148)
Depreciation and amortization	1,245	831	414	3,861	3,335	526
Impairment on customer receivables	–	930	(930)	–	930	(930)
Share based payments	(28)	145	(173)	600	802	(202)
Gain on disposal of assets	282	922	(640)	237	767	(530)
Gain on extinguishment of license obligation	–	36	(36)	–	(53)	53
Adjusted EBITDA [1]	$ (3,484)	$ (1,954)	$ (1,530)	$ (3,388)	$ 2,148	$ (5,536)

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

Adjusted EBITDA in the three months ended December 30, 2022 decreased by $1.5 million in comparison to the comparative period in the prior year. This decrease is driven primarily due to a write-off of $1.4 million of inventory in the fourth quarter of 2022 compared to 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, and 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 2022, followed by BC and Saskatchewan.

($000, except sales volumes)	Three months ended December 30			Year ended December 30		
	2022	2021	Change	2022	2021	Change
Sales volumes (hl)	35,654	34,429	1,225	158,496	163,630	(5,134)
Gross revenue	$ 13,471	$ 12,135	$ 1,336	$ 63,918	$ 63,033	$ 885
Federal excise taxes	(340)	(766)	426	(4,660)	(4,999)	339
Provincial liquor tax programs	(2,583)	(2,658)	75	(12,160)	(12,052)	(108)
Net revenue	$ 10,548	$ 8,711	$ 1,837	$ 47,098	$ 45,982	$ 1,116
Net revenue by segment						
Wholesale	$ 10,274	$ 8,171	$ 2,103	$ 45,747	$ 43,597	$ 2,150
Retail	274	540	(266)	1,351	2,385	(1,034)
Net revenue	$ 10,548	$ 8,711	$ 1,837	$ 47,098	$ 45,982	$ 1,116
$ per hl						
Wholesale net revenue	$ 288.16	$ 237.33	$ 50.83	$ 288.63	$ 266.44	$ 22.19

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

Total sales volumes for the fourth quarter of 2022 increased by 3.6% when compared to the fourth quarter of 2021. The increase was primarily driven by private label on and off premise sales that grew approximately 33% over 2021. Other categories were below the prior year that reflected a general overall industry trend in Canada where beer sales saw a 3.6% decrease in Canada. Total sales volumes for the year ended December 30, 2022 decreased by 3.1% compared to the year ended December 30, 2021. All categories saw decreases year over year with the exception of private label on premise sales that saw growth of 2,912 hl compared to 2021. While overall volume declined in the year ended December 30, 2022 compared to the prior year, the Corporation was resilient relative to industry trend.

Wholesale Revenue

Net revenues for the quarter ended December 30, 2022 increased compared to the fourth quarter in the previous fiscal year by $2.1 million. Net revenues reflect a general continued declining market for beer consumption in Canada. Beer sales in Canada declined 3.6% over the year ended December 30, 2022. Additionally, Big Rock adjusted pricing in the quarter that offset volume declines resulting in gross revenue remaining relatively flat over the three month periods and also partially mitigated the yearly decrease in volumes.

Within Big Rock's branded business, the Corporation's high margin beer portfolio continued to show growth in 2022, driven primarily by on-premise reopening and growth in the Corporation's can format. Big Rock's value beer segment contributed the largest revenue declines.

Retail Revenue

Retail revenue decreased by $0.3 million in the fourth quarter of 2022 compared to the fourth quarter of 2021. A significant portion of the decline is a result of the closure of the Corporation's tap room in Vancouver due to the impacts of the COVID-19 pandemic. The retail segment represents about 4% of the Corporation's sales.

Cost of Sales

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2022	2021	Change	2022	2021	Change
Operating expenses	$ 7,497	$ 5,048	$ 2,449	$ 26,454	$ 21,639	$ 4,815
Salaries and benefits	1,566	1,601	(35)	6,997	6,850	147
Depreciation and amortization	1,069	668	401	3,165	2,671	494
Cost of sales	$ 10,132	$ 7,317	$ 2,815	$ 36,616	$ 31,160	$ 5,456
Percentage of revenue	96.1%	84.0%		77.7%	67.8%	

Cost of sales for the quarter ended December 30, 2022 increased period over period by $2.8 million, primarily driven by a $1.4 million write down of inventory.

Cost of sales as a percentage of net revenue was higher in the fourth quarter of 2022. This was largely due to continued inflationary pressures in various categories primarily in utilities, building related costs and in key raw materials that was related primarily to general industry pressures. Big Rock also experienced increases in temporary labour, which is consistent with the general industry trend where recruitment and turnover is an issue.

Selling Expenses

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2022	2021	Change	2022	2021	Change
Delivery and distribution costs	$ 981	$ 869	$ 112	$ 4,493	$ 3,670	$ 823
Salaries and benefits	928	929	(1)	3,360	3,568	(208)
Marketing and sales expenses	211	966	(755)	2,540	3,341	(801)
Selling expenses	$ 2,120	$ 2,764	$ (644)	$ 10,393	$ 10,579	$ (186)
Percentage of revenue	20.1%	31.7%		22.1%	23.0%	

Selling expenses decreased by $0.6 million in the fourth quarter of 2022 compared to 2021, primarily due to a reduction in selling and marketing campaigns.

General and Administrative Expenses

($000, except where indicated)	Three months ended December 30			Year ended December 30		
	2022	2021	Change	2022	2021	Change
Salaries and benefits	$ 687	$ 1,308	$ (621)	$ 2,602	$ 2,981	$ (379)
Share based payments	—	(657)	657	628	—	628
Professional fees	336	188	148	944	774	170
Other administrative expenses	913	560	353	2,138	1,835	303
General and administrative expenses	$ 1,936	$ 1,399	$ 537	$ 6,312	$ 5,590	$ 722
Percentage of revenue	18.4%	16.1%		13.4%	12.2%	

General and administrative expenses for the year ended December 30, 2022 increased by $0.1 million compared to the prior year primarily due to an increase in professional fees.

Finance Expense

Finance expenses of $0.3 million in the fourth quarter of 2022 were $0.7 million lower than the finance cost for the corresponding period in 2021. See “*Liquidity and Capital Resources - Debt*” in this MD&A.

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-premises 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 several 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

Year ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	**2022**	2021
Net revenue	45,747	45,158	1,678	2,385	(327)	(1,561)	**47,098**	45,982
Cost of sales	35,562	29,915	1,381	2,806	(327)	(1,561)	**36,616**	31,160
Gross profit (loss)	10,185	15,243	297	(421)	–	–	**10,482**	14,822
Selling expenses	10,303	10,527	90	52	–	–	**10,393**	10,579
Segment profit (loss)	**(118)**	**4,716**	**207**	**(473)**	**–**	**–**	**89**	4,243
General and administrative cost							**6,312**	5,590
Depreciation and amortization							**696**	664
Operating (loss)							**(6,919)**	(2,011)
Finance expense							**982**	1,373
Other							**1,167**	692
Loss before income taxes							**(9,068)**	(4,076)

Three months ended December 30	Wholesale		Retail		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	**2022**	2021
Net revenue	10,278	8,412	320	540	(50)	(241)	**10,548**	8,711
Cost of sales	10,012	6,925	170	633	(50)	(241)	**10,132**	7,317
Gross profit (loss)	266	1,487	150	(93)	–	–	**416**	1,394
Selling expenses	2,092	2,739	28	25	–	–	**2,120**	2,764
Segment profit (loss)	**(1,826)**	**(1,252)**	**122**	**(118)**	**–**	**–**	**(1,704)**	(1,370)
General and administrative cost							**1,936**	1,399
Depreciation and amortization							**176**	163
Operating (loss)							**(3,816)**	(2,932)
Finance expense							**360**	1,052
Other							**1,168**	956
Loss before income taxes							**(5,344)**	(4,940)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	December 30, 2022	December 30, 2021
Cash	612	228
Debt	13,750	10,214
Lease liabilities (1)	3,767	4,366
Net debt (2)	18,129	14,808
Shareholders' equity:		
Shareholders' capital	113,746	113,620
Contributed surplus	2,954	2,480
Accumulated deficit	(91,498)	(84,397)
Total shareholders' equity	25,202	31,703
Total capitalization (3)	**43,331**	**46,511**
Net debt to total capitalization ratio (4)	42%	32%

(1) Includes current and non-current portions.
(2) Capital management measure. See "*Non-GAAP Measures*".
(3) Non-GAAP financial measure. See "*Non-GAAP Measures*".
(4) Non-GAAP ratio. See "*Non-GAAP Measures*".

Capital Strategy

The Corporation's capital consists of debt and equity. 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. The budget is updated as necessary depending on numerous factors, including capital deployment, results from operations, general industry conditions, and government policy changes.

See "*Going Concern*" in this MD&A.

Net Working Capital

Net working capital is a capital management measure and is defined as current assets less accounts payable, accrued liabilities, and current portion of debt (see *"Non-GAAP Measures")*. The Corporation had a net working capital deficit of $2.8 million as of December 30, 2022. This represents a decrease of $3.9 million from December 30, 2021. The primary driver in the decrease in net working capital is largely due to the $4.3 million second lien financing with VN Capital (the "**Second Lien Financing**") that matures December 2, 2023 (see *"Liquidity and Capital Resources - Debt"*).

Debt

During the fourth quarter of 2022, the Corporation has repaid net $1.4 million against its operating facility with ATB Financial. Details on amounts outstanding under the Corporation's credit facilities are as follows:

($000)	December 30, 2022	December 30, 2021
Operating facility – principal	1,894	1,480
Term debt - principal and accrued interest	12,112	8,814
Debt issue costs	(256)	(80)
	13,750	**10,214**
Current	**5,705**	**2,685**
Non-current	**8,045**	**7,529**

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, 2022	December 30, 2021
Tranche 1	December 2, 2023	4,300	-
Tranche 2	April 30, 2025	561	776
Tranche 3	February 28, 2026	766	980
Tranche 4	September 9, 2027	538	639
Tranche 5	February 28, 2031	2,588	2,809
Tranche 6	December 31, 2031	3,359	3,610
Total term debt outstanding		**12,112**	**8,814**

At December 30, 2022, the Corporation had $4.1 million available on its operating facility.

During the fourth quarter of 2022, the Corporation also announced that it closed a $4.3 million Second Lien Financing with VN Capital. The Second Lien Financing has assisted Big Rock in strengthening access to liquidity and a significant portion of the $4.3 million from VN Capital was used to pay down the Corporation's operating facility with ATB Financial. The Second Lien Financing matures on December 2, 2023.

During the fourth quarter of 2022, the Corporation also amended the terms under its credit facilities with ATB Financial to, among other things, include a revised covenant package that placed Big Rock in compliance therewith, as well as an agreed-upon structure moving forwards. The credit facilities impose several positive and negative covenants on the Corporation, including the maintenance of certain financial covenants which are tested monthly and at each reporting date. The rolling fixed charge ratio has been waived by ATB Financial for the fourth quarter of fiscal 2022 and for the entirety of fiscal 2023. The Corporation is subject to a current ratio that is to be monitored and tested monthly and shall not be less than 1.0:1.0 commencing December 30, 2022, increasing to 1.1:1.0 effective June 30, 2023 and increasing to 1.25:1.0 effective September 30, 2023. In addition, the Corporation is subject to an EBITDA covenant where the Corporation's EBITDA shall be no less than reflected in the table below.

Fiscal quarter ending:	**Minimum EBITDA year to date (other than December 30, 2022)**
December 30, 2022	($861.000.00) (Stand-alone basis
March 31, 2023	($684,000.00)
June 30, 2023	$748,000.00
September 30, 2023	$1.945,000.00
December 30, 2023	$2,160,000.00

In addition, the Corporation's borrowings cannot exceed a borrowing base which is determined by the fair value of the Corporation's assets.

Lease Liabilities

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

($000)	December 30, 2022	December 30, 2021
Lease liabilities, beginning of year	4,366	6,113
Additions	211	450
Disposals	-	(1,319)
Interest expense	167	214
Lease payments	(977)	(1,092)
Lease liabilities, end of year	**3,767**	**4,366**
Current	**668**	**738**
Non-current	**3,099**	**3,628**

Capital Expenditures

During the three months ended December 30, 2022, no amounts were spent on capital expenditures.

Equity

As of the date of this MD&A, the Corporation had 6,981,628 common shares outstanding less 4,079 common shares held in trust to resource employee compensation programs.

In addition, as of the date of this MD&A, 107,986 common shares are potentially issuable to satisfy the Corporation's outstanding restricted share units. None of the Corporation’s outstanding share options are “in the money”.

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)	2023	2024	2025	2026	2027	Thereafter
Utilities contracts	52	52	52	52	-	-
Raw material purchase commitments	1,347	246	-	-	-	-
Marketing sponsorships	132	107	57	-	-	-
Total	**1,531**	**405**	**109**	**52**	**-**	**-**

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.

RISK 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, the details of which are set out in the AIF, which is available on SEDAR at www.sedar.com.

GOING CONCERN

The consolidated financial statements for the year ended December 30, 2022 have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 30, 2022, the Corporation incurred a net loss of $7.1 million. The Corporation has $1.9 million drawn on its operating facility as at December 30, 2022. The credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 14.

There remains a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include adjustments to the recoverability and classification of recorded asset and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates in the three months and one year ended December 30, 2022. 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, 2022.

FINANCIAL INSTRUMENTS

Big Rock did not use any financial instruments in the three months ended or the year ended December 30, 2022.

CERTIFICATION OF DISCLOSURES IN QUARTERLY FILINGS

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Corporation quarterly issues a Certification of Interim Filings ("**Certification**"). The Certification requires certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**").

The Certification requires certifying officers to state that they designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the certifying officers by others; (ii) information required to be disclosed by the Corporation in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities legislation. In addition, the Certification requires certifying officers to state that they have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

There were no changes in the Corporation's internal control over financial reporting during the year ended December 30, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Corporation has procedures in place relating to DC&P and ICFR and will continue to monitor such procedures as the Corporation's business evolves.

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 ("**GAAP**"). These financial measures do not have any standardized meaning under the Corporation's GAAP and therefore may not be comparable to similar measures presented by other issuers. The following terms "net working capital", "net debt", "total capitalization", "Adjusted EBITDA" and "net debt to total capitalization ratio" 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 a capital management measure that is defined as current assets less accounts payable, accrued liabilities, and current portion of debt.

Net debt: is a capital management measure that is defined as the Corporation's current and non-current portions of debt, license obligation, lease liabilities less cash.

Total capitalization: is a non-GAAP financial measure 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: is a non-GAAP financial measure that the Corporation uses to measure 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*".

Net Debt to Total Capitalization Ratio: is a non-GAAP financial ratio that is calculated by dividing net debt by total capitalization.

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

Certain statements contained in this MD&A 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 MD&A 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 MD&A and are expressly qualified, in their entirety, by this cautionary statement.

This MD&A contains forward-looking statements pertaining to the following:

- Big Rock's long-term growth strategy and the anticipated benefits to be derived therefrom;
- Big Rock's aim to gain market share and "premiumize" its branded portfolio;
- Big Rock's expectations that innovation and co-creation of new products with its strategic partners will increase market demand and further enable the Corporation to gain market share;
- Big Rock's focus on continued product innovation and development in the premium category;
- the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies;
- that Big Rock is well-positioned to realize the benefits of increased co-pack production going forward;
- Big Rock's expectations that its focus on streamlining processes around forecasting and production planning will enable the Corporation to realize operational efficiencies and drive margin growth;
- Big Rock's updated financial projections for fiscal 2023 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability;

- Big Rock's expectations that it will be in compliance with its financial covenants for the next 12 months;
- that Big Rock is positioned for further growth;
- that Big Rock will continue to take actions to increase revenues and lower costs to provide certainty that the Corporation will achieve budget for the year;
- Big Rock's business plans, outlook, and strategy;
- Big Rock's vision to become Canada's largest independent brewer;
- Big Rock's ability to maintain or adjust its capital structure through issuing new public securities, issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents;
- Big Rock's future term debt payments of principal and interest and the anticipated timing thereof; and
- Big Rock's anticipated commitments and contractual obligations and the anticipated timing thereof.

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

- Big Rock's ability to continue as a going concern;
- that Big Rock's long-term growth strategy will support it in becoming Canada's largest independent brewer;
- 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;
- seasonal fluctuations in demand;
- that innovation and co-creation of new products with Big Rock's strategic partners will increase market demand and further enable the Corporation to gain market share; and
- that a focus on streamlining processes around forecasting and production planning will enable the Corporation to realize operational efficiencies and drive margin growth.

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 AIF and include, but are not limited to:

- the risk that Big Rock may not be able to renegotiate a refinancing of its existing credit facility terms with ATB given the event of default;
- that the year-over-year growth in Big Rock's co-packing arrangements may be less than anticipated;
- the inability to grow demand for Big Rock's products;
- the risk that Big Rock may not have an increase in market demand or market share;
- the risk that Corporation may not realize overhead and labour cost efficiencies;
- the risk that Big Rock may not realize the benefits of increased co-pack production;
- the risk that Big Rock may not realize operational efficiencies or margin growth;
- the risk that Big Rock may not have sufficient cash flows to cover forecasted expenses or return to profitability; and
- the risk that Big Rock may not be in compliance with its financial covenants for the next 12 months.

Any financial outlook or future oriented financial information (in each case "**FOFI**") contained in this MD&A regarding prospective financial position, including, but not limited to: Big Rock's expectations that innovation and co-creation of new products with its strategic partners will increase market demand and further enable the Corporation to gain market share; the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies; Big Rock's expectations that its focus on streamlining processes around forecasting and production planning will enable the Corporation to realize operational efficiencies and drive margin growth; Big Rock's updated financial projections for fiscal 2023 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability; Big Rock's expectations that it will be in compliance with its financial covenants for the next 12 months; that Big Rock will continue to take actions to increase revenues and lower costs to provide certainty that the Corporation will achieve budget for the year; Big Rock's ability to maintain or adjust its capital structure through issuing new public securities, issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents; Big Rock's future term debt payments of principal and interest and the anticipated timing thereof; and Big Rock's anticipated commitments and contractual obligations, 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 MD&A 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 MD&A 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.