



BIG ROCK BREWERY ANNOUNCES IMPROVED SECOND QUARTER 2023 RESULTS

August 14, 2023 – Calgary, Alberta – Big Rock Brewery Inc. (TSX: BR) (“Big Rock” or the “Corporation”) today announced its financial results for the three months ended June 30, 2023.

Financial Summary

For the three months ended June 30, 2023, compared to the three months ended June 30, 2022, the Corporation reported:

- sales volumes, exclusive of co-packing volumes, of 43,660 hectolitres (“hl”) up 3% compared to 42,409 hl;
- net revenue of \$12.7 million, down from \$15.8 million;
- operating income of \$0.04 million compared to a loss of \$0.1 million;
- net loss of \$0.3 million, down 42% from \$0.6 million; and
- adjusted earnings before interest, taxes, depreciation, and amortization (“Adjusted EBITDA”) of \$1.0 million, up 67% from \$0.6 million (See “Non-GAAP Measures”).

For the six months ended June 30, 2023, compared to the six months ended June 30, 2022, the Corporation reported:

- sales volumes, exclusive of co-packing volumes, of 77,438 hectolitres (“hl”) up 3% from 75,688 hl;
- total net revenue of \$23.2 million, down 6% from \$24.6 million;
- an operating loss of \$0.1 million compared to a loss of \$2.0 million;
- a net loss of \$0.6 million, reduced by 68% from \$2.0 million;
- adjusted EBITDA of \$1.5 million, representing an improvement from break-even last year; and
- a net working capital improvement of \$6.6 million on a year-over-year basis.¹

On March 31, 2022, the Corporation amended the terms of its existing credit agreement with its senior lender which encompass both an operating facility of \$6 million and term debt of \$10 million. At June 30, 2023, the Corporation had \$0.8 million available on its operating facility.

“We are pleased with the company’s strong performance during the second quarter,” noted Interim President and Chief Executive Officer Stephen Giblin. “In addition to the year-to-date improvement of \$1.5m in Adjusted EBITDA versus last year, we have invested in our salesforce, in product innovations and in enhancements to our operations and technology. These investments should contribute to the future success of Big Rock.”

¹ Values not included in summary table, please see consolidated financial statements.

Summary of Results

\$000, except hl and per share amounts	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Sales volumes (hl) ⁽¹⁾	43,660	42,409	77,438	75,688
Gross revenue	\$ 17,018	\$ 20,324	30,657	33,036
Net revenue	12,702	15,823	23,153	24,610
Cost of sales	8,904	11,966	16,392	18,039
Adjusted EBITDA ⁽²⁾	1,022	645	1,544	(6)
Operating income (loss)	43	(469)	(101)	(1,957)
Net income (loss)	(340)	(588)	(595)	(1,859)
Income (loss) per share (basic and diluted)	\$ (0.05)	\$ (0.09)	\$ (0.09)	\$ (0.27)

⁽¹⁾ Excludes contract manufacturing volumes due to the nature of the agreements.

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

Outlook & Strategy

Big Rock's long-term growth strategy is to maximize the utilization of its capacity and capital investments to drive growth in volume, improve productivity and lower operating costs. With greater operational efficiencies and utilization of capacity, 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. Big Rock has embarked on a strategy of, where possible, balancing production and sales between quarters which allows for a reduction of operating costs. This strategy supports Big Rock's vision to become Canada's largest independent brewer.

Big Rock is continuing to focus on product innovation and development in the premium category to better align with trends in consumer demand. During the quarter Big Rock managed to increase Adjusted EBITDA by 58%, despite a shortfall in co-packing volumes. Profitability increased on a quarter-over-quarter basis and versus the prior year. The Corporation has proven its ability to either remain in-line or gain market share and profitability in recent quarters, demonstrating the portfolio's resilience to the otherwise flat-to-downward beer industry trends.

The Corporation's co-packing segment continues to represent a significant percentage of revenue and total volumes, made possible by recent capital investments. 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, however through June 30, 2023 co-packing volumes have trailed 2022 by 26%. Management is endeavoring to at least match 2022's Q3 and Q4 co-packing volumes through the remaining two quarters of 2023.

Additional Information

The interim condensed consolidated financial statements and Management's Discussion and Analysis for the three and six months ended June 30, 2023 dated August 15, 2023, 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. The calculation of 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 June 30			Six months ended June 30		
	2023	2022	Change	2023	2022	Change
Net income (loss) before income taxes	\$ (340)	\$ (588)	\$ 248	\$ (595)	\$ (1,859)	\$ 1,264
Addback:						
Interest	547	181	366	1,010	339	671
Taxes	(75)	(111)	36	(312)	(483)	171
Depreciation and amortization	986	810	176	2,149	1,629	520
Share based payments	75	353	(278)	(146)	399	(545)
Gain on disposal of assets	(5)	—	(5)	(217)	(31)	(186)
Rent paid on leased real property	(166)	—	(166)	(345)	—	(4)
Adjusted EBITDA⁽¹⁾	\$ 1,022	\$ 645	\$ 377	\$ 1,544	\$ (6)	\$ 1,550

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;
- that certain investments will contribute to the future success of Big Rock;
- 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 Corporations plan to balance production and sales between quarters, providing the opportunity to reduce operating costs;

- Management’s plan to at least match 2022’s Q3 and Q4 co-packing volumes through the remaining two quarters of 2023; and
- the Corporation’s expectations that it will continue to realize overhead and labour cost efficiencies.

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:

- 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;
- Big Rock’s ability to extend its lending arrangements; 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 Corporation’s annual information form and also include, but are not limited to:

- 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.

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: 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, 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.

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

For further information, please contact:

Stephen Giblin, Interim Chief Executive Officer, or Michael S. Holditch, Interim Chief Financial Officer:

Phone: (403) 720-3239
Fax: (403) 720-3641
Email: investors@bigrockbeer.com