Annual Information Form

For the fiscal year ended January 31, 2020

April 8, 2020

Table of Contents

CORPORATE STRUCTURE

Name, Address and Incorporation

Waterloo Brewing Ltd. (the "Company" or "Waterloo"), formerly Brick Brewing Co. Limited, was incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation dated February 20, 1984. On December 11, 1986, the Company amalgamated with Mortar Small Business Development Corporation and became a reporting issuer in Ontario on December 12, 1986. The Company's common shares are listed on the Toronto Stock Exchange under the symbol "WBR", formerly "BRB".

The head and registered office of the Company is located at 400 Bingemans Centre Drive, Kitchener, Ontario N2B 3X9.

The Company's financial year end is January 31, 2020 and is referred to as "fiscal 2020" throughout this annual information form ("Annual Information Form" or "AIF").

GENERAL DEVELOPMENT OF THE BUSINESS

Business Overview

Waterloo is Ontario's largest Canadian-owned and Canadian-based publicly held brewery. The Company is a regional brewer of award-winning premium quality and value beers and is officially certified under the Global Food Safety Standard, one of the most stringent and internationally recognized standards for safe food production. Founded in 1984, Waterloo was the first craft brewery to start up in Ontario, and is credited with pioneering the present day craft brewing renaissance in Canada. The Company has complemented its Waterloo brand premium craft beers with other popular brands such as Laker and Red Cap. In March 2011, the Company purchased the Canadian rights to the Seagram brand for spirit- and cider-based products ("Seagram"). The Company produces, sells, markets and distributes the Seagram products across Canada. The Seagram family consists of vodka-based coolers and ciders. Operating under an exclusive long-term licensing agreement, the Company produces, sells, markets and distributes products under the LandShark® and Margaritaville® trademarks in Canada.

Three Year History

Significant business developments during the Company's past three financial years are discussed below.

On January 5, 2017, the Company announced its intention to sell its Formosa facility and consolidate operations at its Kitchener facility. On September 1, 2017, the Company announced that it reached a definitive agreement for the sale of the Formosa facility and the sale was completed in the third quarter of fiscal 2018.

On June 5, 2017, the Company announced a brand licensing agreement that secured the Canadian rights to the Chudleigh's brand for cider. The agreement ended in fiscal 2019

On February 5, 2018, the Company's sales agency contract with Canada Dry Motts Inc. ("CDMI") was extended to December 31, 2022.

On November 19, 2018, the Company announced a $12.0 million expansion of its brewery in Kitchener-Waterloo to enhance its operations and support continued growth. The project, which includes a 67,600 square foot expansion of warehouse and production facilities, along with a sperate small-batch brewery and attached Taphouse was completed in the third quarter of fiscal 2020 and is now fully operational.

On December 3, 2018, the Company announced its intention to participate in the cannabis-infused beverage segment by partnering with Cannabis Compliance Inc. (CCI) to secure the Company's research license and standard processing license. Legalization of edibles and beverages occurred in October 2019.

On November 21, 2019, the Company announced that it had been subject to a social engineering cyberattack by a sophisticated third party that resulted in a wire transfer of the Company's funds to a fraudulent third-party account.

To date, the Company has not recovered any funds wired to the fraudulent third-party account. While the Company is actively taking measures to recover the funds, there can be no assurance that such measures will result in the return of all or a portion of the misappropriated funds in a timely manner or at all.

In December 2019, the Company announced that it had signed multi-year co-pack contracts with Carlsberg Canada® for the Somersby® brand, and a large copack partner that has not been identified due to the terms of the Company's agreements with that customer. Further, in February 2020, the Company announced that it signed a multi-year co-pack contract with Hiram Walker® for the ABSOLUT® brand. These strategic partnerships represent over $40 million in incremental revenue for the Company.

On March 11, 2020, the Company announced a five-year extension to its agreement with Margaritaville Malt Beverages, LLC for the exclusive Canadian license of the Landshark® and Margaritaville® brands, now in place until at least 2030 with an option to renew for an additional ten years, through to 2040. In fiscal 2020, Landshark® and Margaritaville® sales volumes increased by 27.7% compared to fiscal 2019.

DESCRIPTION OF THE BUSINESS

The Company produces, sells, markets and distributes bottled, canned and draft premium beer under the Waterloo brand name, and value beer under the Laker and Red Cap brand names. With the purchase of the Canadian rights to Seagram in fiscal 2012, the Company also produces, sells and markets bottled and canned ready-to-drink ("RTD") alcoholic beverages under the Seagram trademark. Operating under an exclusive long-term licensing agreement, the Company produces, sells, markets and distributes products under the LandShark® and Margaritaville® trademarks in Canada. The Company also produces, sells, markets and distributes various beer products under the licensed PC® trademark on behalf of Loblaws. Seagram products are manufactured and distributed in Quebec under a licensing agreement with Triani Beverages.

The Company's products are sold primarily in Ontario. The Company also engages in certain co-packing business, which involves producing and packaging beer and RTD alcoholic beverages for other customers. Through sales agency agreements, the Company also distributes beer and RTD alcoholic beverages across Canada.

In Ontario, distribution occurs primarily through The Beer Store ("TBS") and the Liquor Control Board of Ontario ("LCBO"). In December of 2015, the government of Ontario introduced beer for sale within licensed grocery stores. The Company's Laker, Waterloo, Seagram, and LandShark® products are available within licensed grocery stores.

The Company's integrated brewing, packaging, warehousing and distribution facility is located in Kitchener, Ontario. The Company's head and registered office is in Kitchener, Ontario.

Market Overview

<u>Beer</u>

The beer market in Ontario is a mature market. Per capita consumption of beer has shown limited decline since 2013 of less than 2.8% per year. Beer sales in Ontario (in hectolitres) for 2013 and subsequent years are indicated in the following chart:

Year	Bottles	Cans	Draft	Imported	Total sales
2018	2,244,828	3,491,601	571,701	1,559,218	**7,867,348**
2017	2,439,093	3,197,375	599,515	1,595,048	**7,831,030**
2016	2,775,229	2,992,491	635,187	1,583,682	**7,986,589**
2015	3,003,178	2,735,063	649,913	1,491,574	**7,879,729**
2014	3,222,952	2,476,048	676,042	1,396,294	**7,771,335**
2013	3,467,752	2,341,385	696,009	1,342,767	**7,847,913**

Source: Beer Canada – 2018 Industry Trends

The sale of domestic beer in Ontario has remained relatively flat since 2013, with a five-year decrease of 3.0% from 2013 to 2018. Factors that may have contributed to the decline in per capita consumption include the increased minimum retail price of beer, health concerns, changing consumer tastes and demographics and the general aging of the population.

Market share of the beer industry in Ontario is held primarily by Labatt Breweries of Canada ("Labatt"), Molson Coors Brewing Company ("Molson") and Sleeman Breweries Ltd. ("Sleeman"). Labatt, Molson and Sleeman have a collective market share of approximately 73%. Waterloo currently has less than 5% market share of the Ontario beer market. The strategy utilized by Labatt, Molson and Sleeman is to produce and sell beer products that appeal to a broad range of consumers in the market. These beers are produced by Labatt, Molson and Sleeman in large breweries to maintain competitive prices and higher volumes and to achieve greater economies of scale.

With the Laker, Red Cap, and PC® beer brands, the Company offers consumers quality beer at value prices. Management believes the value beer category represents approximately 22% of all beer consumed in Ontario. The overall beer market has declined approximately 3% since 2013. Management expects the beer category to continue to decline at a moderate pace in the future.

In recent years, the import and craft premium beer category has experienced significant growth. The import beer category has historically represented approximately 16% of total sales volume in Canada. The Company estimates that the premium beer category represents over 30% of the total beer market in Canada. Growing consumer demand for premium, more full-flavoured beers, compared to the mainstream beers, has enabled the premium craft beer category to achieve this growth despite overall industry consumption trends.

In recent years in Ontario the volume of beer packaged in cans has increased between approximately 8% to 10% per year and the overall volume of beer sold in bottles has declined. Currently cans comprise approximately 55% of the domestic volume of beer sold in Ontario. The Company's sale of canned beer represents approximately 70% of the Waterloo Brewing brand sales. Management expects this volume mix to continue to shift toward cans in the future.

<u>Ready-to-Drink Alcoholic Beverages</u>

The RTD alcoholic beverage category in Ontario is approximately 0.5 million hectolitres annually. Growth of this category in 2019 was approximately 17%. The largest competitors in the RTD alcoholic beverage category are Goodridge & Williams Craft Distilling Inc. (NUTRL Vodka Soda), RTD Canada Inc. (Mike's Hard Lemonade, Rockstar, and Palm Bay), Diageo Canada Inc. (Smirnoff Ice), Canada Dry Mott's Inc. (Mott's Caesars), Georgian Bay Spirit Co. (Georgian Bay), and The Boston Beer Inc. Company (Twisted Tea) .

Through the acquisition of the Canadian rights to the Seagram brand and the recent addition of the Margaritaville® brand, Waterloo has a market share of approximately 1%. Each of the market leaders in this category have market share in excess of 7%. Compared to the beer market, concentration of market share is much less and can fluctuate substantially year over year based on consumer trends and preferences. Management considers the RTD alcoholic beverage market as a growth opportunity for the Company.

Products

<u>Premium Beer Brands</u>

Waterloo produces premium beer under the Waterloo and LandShark® brand names. The Waterloo brand family includes *Dark, IPA, Craft Lager, Amber, Grapefruit Radler, Raspberry Radler, and Pineapple Radler*. The Company also produces seasonal Waterloo brands in 473ml cans which feature a specialty brew. Waterloo uses all-natural brewing materials for these brands, including the highest quality hops and malt. The Company secured the exclusive Canadian rights to the LandShark® brand in the latter part of fiscal 2016 through an agreement with Margaritaville Malt Beverages, LLC. Volumes of the Waterloo and LandShark® brands represented approximately 20% of the Company's total branded volume in fiscal 2020**.**

Value Priced Beer Brands

The Company's Laker brand names include *Lager*, *Light*, *Ice*, *Extra Ice*, *Red*, and *Strong*. Laker volumes represented approximately 75% of the Company's total branded sales volume in fiscal 2020.

The Company also sells the Red Cap brand at value prices. Volumes of this brand represented approximately 0.3% of the Company's branded sales volume in fiscal 2020.

The rights to the Red Cap trademark in Canada are licensed to the Company pursuant to an agreement with Molson Canada. Under the terms of the agreement, the Company must maintain certain product specifications and continue the use of the trademark. The agreement has no specified termination date.

Coolers and Ciders

On March 16, 2011, the Company purchased the Canadian rights to the Seagram brand from Corby Distilleries Limited ("Corby"). The Company acquired the rights for a purchase price of $7.3 million, plus the value of inventory on hand. The purchase price was satisfied by a $4.9 million cash payment to Corby and the issuance of a secured promissory note for the remaining balance. As of the date hereof, the promissory note has been fully paid and the security discharged.

While the Seagram heritage dates back to the late 1800's, Seagram products were launched in the 1980's, with the introduction of Seagram Wildberry Vodka Cooler, the original vodka cooler. Seagram products are available throughout Canada. The Seagram family sold in the LCBO currently consists of *Wildberry*, *Cider*, *Island Time Anytime*, and the recently launched *Tiki Mule*. Seagram volume represented approximately 5% of the Company's branded sales volume in fiscal 2020.

Under the agreement with Margaritaville Malt Beverages, LLC, the Company also secured the exclusive Canadian rights to the Margaritaville® brand. The Company currently produces coolers under the Margaritaville® trademark.

Co-packed Products

In May 2004, the Company entered into a licensing agreement with Loblaws to produce, distribute and sell PC® beer in Ontario. The types of beers under license include *2.5g (Low Carbohydrate)*, *Light*, *Dry*, *Honey Red*, *Genuine Lager*, and *Cerveza*. In fiscal 2019, the Company began producing products under the *No Name* brand for Loblaws.

The Company co-packs a number of RTD alcoholic beverages and beers for various customers. Co-packaging arrangements are undertaken to utilize unused capacity in the Company's facilities. In July 2007, the Company entered into an agreement with CDMI to manufacture and package Motts Caesar alcohol-based beverages, production of which began in January 2008. This contract expires January 31, 2022.

In December 2019, the Company entered into a three-year contract with Carlsberg for the exclusive Canadian production of its well-known Somersby Cider.

In February 2020, the Company entered into a three-year contract with Hiram Walker® for the manufacture of cocktails and alcoholic sodas under the ABSOLUT® vodka brand.

The Company also has co-packaging agreements with other manufacturers. These customers are not separately identified, as per the terms of their agreements with the Company.

In fiscal 2020, approximately 12% of the Company's gross sales revenue was represented by co-packed products. The Company is actively pursuing additional co-packing opportunities.

Brand Representation

In July 2007, the Company entered into a sales agreement with CDMI to represent the Motts Caesar alcohol-based beverages in the LCBO channel. This contract expires December 31, 2022.

In December 2018, the Company entered into a licensing agreement with Triani Beverages for the production and distribution of its Seagram Cooler products in the Quebec market. This contract expires December 6, 2023.

Pricing

Beer Brands

The Company markets its premium products at prices that are comparable to the mainstream brands produced by its largest competitors. This allows the Company to recapture the higher costs of ingredients and processing that are involved in producing its various premium brands, as well as allowing the Company to gain market share versus brands that are mass produced and heavily marketed.

The Company's value brands are currently being sold at prices approximately 8% to 10% below mainstream brands. Over the past several years, this pricing strategy has allowed the Company to grow Laker brand sales at the expense of other value brand competitors and at the expense of competitors' mainstream and domestic brands. However, as the gap between mainstream and value brands becomes more and more compressed, it becomes more challenging to compete based on price alone.

The Company's largest competitors regularly promote their mainstream brands through limited time offers ("LTO's"). LTO prices are aggressive and the difference between minimum retail price (described below) and LTO price is often less than 7% or $2 per case of 24 bottles.

In Ontario, the provincial government regulates the minimum retail price ("MRP") at which beer can be sold. Effective August 27, 2018, the Ontario government reduced the MRP for a beer to a dollar plus deposit per 341ml bottle. With the government's recent change to MRP, there can be no assurance that further changes to the pricing environment will not have a material impact on the Company. The Company's key competitors have increased the price for value beer to a level above the legal minimum. The Company has historically positioned its brands at the same price point to achieve additional profit margin per unit, however with the reduction of the MRP, there is no certainty that this will continue in the future.

Packaging

A significant strategic element of the Company's marketing plan for its products is its distinctive packaging. In the case of the LandShark®, and PC® brand portfolio, the Company uses a clear, long-necked bottle. In order to preserve its ability to use non-standard bottles, it pays the required supplemental fees to TBS that are associated with sorting the bottles.

The design and labeling of all Waterloo Brewing beer brands and Seagram brands, as well as the design of the packaging and promotional material used to support the Company's marketing activities, represent the Company's first point of contact with the consumer. These marketing elements are designed to reinforce the image of the Company's and Seagram brands as unique tasting enjoyable products. The Company has invested and continues to invest substantial resources in the design, development and protection of the packaging, designs and artwork associated with its products – including the recent installation of a boxboard can packer installed and operational on February 10, 2020. Additionally, the Company has transitioned its entire Wildberry product line to a sleek 355ml can format.

The Company's Waterloo brands are available in cartons of 12 bottles, single serve and 6 packs of 473ml cans,15 packs of 355ml cans, and 20 and 58 liter kegs. LandShark® and Margaritaville® brands are available in cartons of 6 and 24 packs 355ml bottles, 15 packs of 355ml cans, and single serve and 6 packs of 473ml cans. The Laker brands are available in cartons of 6, 12, and 24 packs of 341ml bottles, 6 and 15 packs of 355ml cans, and single serve 473ml cans. Other value brands are available in cartons of 12 bottles. Certain value brands are also available in 20 and 58 litre kegs. The Company's Seagram brand is available in 4 packs and single serve 355ml cans.

Trademarks

The Company has obtained Canadian trademark registrations in respect of its key trademarks and has actively enforced its rights in this regard. The Laker, Waterloo, LandShark®, Margaritaville® and Seagram names and trademarks have significant value and continue to be prominent in the marketing of the Company's products.

The Company has obtained Canadian trademark registrations in respect of certain of its brands, including Waterloo Dark. The Red Cap name and trademark registrations are licensed to the Company in Canada.

The Company purchased the Canadian rights to the Seagram brand on March 16, 2011. The Company also secured the exclusive Canadian rights to the LandShark® and Margaritaville® brands for beer, cider, and coolers.

The Company considers all of its trademarks as having substantial value. The Company's policy is to pursue registration of its trademarks whenever appropriate and to vigorously oppose any infringement of its trademark rights.

Distribution

In Ontario, consumers can purchase beer at retail outlets operated by TBS (which is primarily owned by the Company's three largest competitors, Molson, Labatt and Sleeman), government owned retail outlets operated by the LCBO, retail stores at breweries or at any bar, restaurant or tavern licensed by the LCBO to sell liquor for on-premise consumption. As well, in December 2015, the government of Ontario introduced beer for sale within licensed grocery stores, with additional store licenses to be granted during 2019. In 2016, the government of Ontario permitted cider products to be sold in licensed grocery stores. The Company expects the number of licensed grocery stores to continue to increase as additional licenses are granted throughout fiscal 2020. The Company delivers beer to selected TBS stores and to central TBS warehouses. In September 2019 the Company officially opened the doors of its brand-new Waterloo Brewing Taphouse and expanded Beer Store. The Taphouse includes the installation of a two-hectrolitre small-batch brewhouse which allows the Taphouse to serve exclusive blends only available through the Taphouse location.

In fiscal 2019, TBS moved from a buy-sell relationship to consignment. This change impacted all brewers supplying product to TBS.

In fiscal 2020, approximately 99% of the Company's beer volumes in Ontario were sold directly or indirectly through the TBS, LCBO, and grocery channels, and approximately 1% via the Company's retail store.

The Company distributes product to TBS through Ryder Canada and provides direct delivery service for beer to licensees within the Kitchener-Waterloo region. Beer sold through the LCBO is primarily serviced directly through TBS.

In Ontario, consumers can purchase Seagram products through government owned retail outlets operated by the LCBO. Seagram is also sold through provincial liquor boards across Canada. In fiscal 2020, approximately 68% of the Company's total Seagram sales volume came from product sold at the LCBO.

The Company utilizes sales agents to represent and sell its products in Atlantic Canada, British Columbia, Alberta and the North-Eastern region of the United States. In fiscal 2020, approximately 1% of the Company's total sales volume was sold outside of Ontario.

Sales and Marketing

The Company expends resources to attract and sell to beer consumers. An important aspect of marketing in this industry is the mix of product and packaging styles which a producer offers to its intended consumer.

The Company's Laker value brands are generally priced competitively. These products are packaged and bottled in the industry standard bottle and sold to home consumers through TBS and LCBO outlets and certain grocery stores in Ontario.

All packaging for the Laker brands are designed to have a fit and finish that, in management's view, stands out from other value brands. The Company also strives to pack as much value in a case of beer as possible. For instance, the inclusion of a free can of beer or merchandise within specially marked cases.

The Company operates a retail beer store at its Kitchener brewery. In addition to the sale of beer, the retail store also sells promotional merchandise. The main objective of the Company's marketing and sales efforts is the development of brand recognition and consumer preference for the Company's branded products and to foster and maintain the Company's image as a producer of great quality beers, cider and RTD alcoholic beverages. The addition of the Taphouse will help the Company solidify its craft-beer credentials and continue building on community presence. Due to the geographic proximity of the Taphouse and the retail beer store, the marketing and sales synergies are expected to bolster each locations sales revenue.

Suppliers

The Company obtains the ingredients used in its products and the packaging for its products from a variety of different sources. The Company has not historically had any difficulty in securing an adequate supply of ingredients or packaging for its products. The Company has a very limited number of potential glass bottle suppliers due to recent consolidation in the glass bottle manufacturing industry. As a result, the Company faces increased risk in the event of a disruption in the supply of glass bottles. See "Risk Factors – Access to Bottles". The Company continues to work on ensuring that alternate suppliers continue to be available for glass bottles.

The Company has a very limited number of potential can suppliers due to a highly consolidated manufacturing industry. There has been a recent North American shortage of cans in the can manufacturing industry. As a result, the Company faces increased risk in the event of a disruption in the supply of cans. See "Risk Factors – Access to Cans". The Company continues to seek alternative suppliers to maintain the supply of cans.

Seasonality

The Company's revenue streams are influenced by seasonality. The second quarter, which covers the summer months, has historically been the strongest quarter for the Company, representing approximately 28% of net revenues in fiscal 2020, followed by the third quarter (approximately 27% of net revenues in fiscal 2020) which covers late summer and fall. The first and fourth quarters usually see a reduction in revenues as beer and RTD alcoholic beverage consumption is lower in the cooler winter months.

Research and Product Development

The Company conducts research aimed at identifying new products which meet emerging consumer trends.

Environmental Matters

The Company's brewery operations are subject to applicable provincial environmental laws and regulations, and local by-laws and permit requirements regarding, among other things, air emissions, water discharges and waste handling and disposal. Management believes that the Company is currently in compliance with all applicable environmental laws and regulations. The Company has an agreement with the Region of Waterloo regarding waste water discharges for its Kitchener facilities and pays certain surcharges on its waste water discharge. The Company pays surcharges to treat wastewater discharge from its facility. The Company continues to invest in environmental initiatives which promote sustainability and stewardship. Its state of the art brewhouse is one of the most energy efficient brewhouses in the world and the recent installation of a new boxboard can packer is allowing the Company to move out of the use of single-use plastics.

Competition

The Company currently competes primarily in Ontario. The beer market is mature and very competitive. Molson and Labatt dominate the overall industry with an aggregate market share with Sleeman in Ontario of over 70%. In the premium beer category, products typically sell for prices at least 5% higher than regular or mainstream brands. This category includes other premium brewers, brewers of higher priced imported brands and premium priced products of the larger domestic breweries. Competition within the premium category is based on product quality, packaging, taste, advertising and promotional support, brand recognition and price. The Company believes that its primary competitor brands in this category include the Sleeman premium brands, the Creemore Springs brand owned by Molson, the Alexander Keith's brand owned by Labatt, and craft brewers in Ontario.

In response to the rapid growth of the premium beer category, the larger domestic brewers in Canada have introduced "craft like" beer brands and are expected to focus more attention on the import and premium beer categories in the future. The Company expects that the large domestic brewers, with their significant financial resources and established distribution networks, will seek greater participation in the potential additional growth of the premium beer category. Although an increase in the participation of the large domestic brewers in this market category will likely increase competition for market share and affect price sensitivity, the Company believes that the large domestic brewers' participation will also tend to increase advertising, distribution and consumer awareness of premium beer and thus contribute to further growth of the category.

Management believes that the value priced category in Ontario has not had significant growth in the past three years due to aggressive pricing activity by different brewers to bring the price of their value brands close to the Ontario MRP for beer. The Company's principal brand competition in the value priced beer category includes the Lakeport, Lucky, Blue, Blue Light and Busch brands produced or imported by Labatt; the Carling, Keystone, OV, Old Style Pilsner and Bohemian brands produced or imported by Molson; and Old Milwaukee, Pabst and Maclays brands produced by Sleeman, and James Ready brands produced by Moosehead. Although large brewers are competing in the value category, the Company believes that they will be cautious to promote these brands too aggressively since doing so would take market share away from their relatively higher priced, higher margin mainstream and premium brands.

With the proposed introduction of cannabis-infused beverages in Canada in October 2019, there may be additional competitive pressure on the Company's products as this new category is introduced. The impact of cannabis-infused beverages on the alcohol beverage industry is currently unknown. While still in the early stages, there has been no material impact on the Company's business.

The RTD alcoholic beverage category in Ontario is approximately 0.5 million hectolitres annually. Growth of this category in 2018 was approximately 17%. The largest competitors in the RTD alcoholic beverage category are Goodridge & Williams Craft Distilling Inc. (NUTRL Vodka Soda), RTD Canada Inc. (Mike's Hard Lemonade, Rockstar and Palm Bay), Diageo Canada Inc. (Smirnoff Ice) and Canada Dry Mott's Inc. (Mott's Caesars), Georgian Bay Spirit Co. (Georgian Bay), and The Boston Beer Inc. Company (Twisted Tea).

REGULATION

In Canada, the provincial governments regulate the production, marketing, distribution and pricing of beer and RTD alcoholic beverages and impose commodity taxes and license fees in relation to the production and sale of these products. In addition, the federal government regulates the production, advertising, labeling, quality control and international trade of beer and RTD alcoholic beverages, and also imposes commodity taxes, consumption taxes, excise taxes and, in certain instances, custom duties. The federal government continues to increase the rate of excise tax annually by the Consumer Price Index on April 1, each year. Certain bilateral and multilateral treaties that have been entered into by the federal government, provincial governments and certain foreign governments, especially the government of the United States, affect the Canadian beer and RTD alcoholic beverages industries.

The social policy objectives of the Ontario government have impacted the policies adopted by beer and RTD alcoholic beverages regulators. The Government of Ontario has a high degree of involvement in the regulation of these industries, particularly the regulation of the pricing, sale, and distribution of these products.

In Ontario, beer manufacturers primarily distribute their products through TBS outlets, government-owned and operated LCBO outlets, grocery stores, independent licensed retail outlets at breweries, and licensed bars and restaurants. RTD alcoholic beverage manufacturers primarily distribute their products through government-owned and operated LCBO outlets and licensed bars and restaurants.

The pricing of beer and RTD alcoholic beverages is affected by the imposition of provincial and federal taxes, fees and levies. The impact of these various commodity and sales taxes, fees and levies make up approximately 50% of the retail prices. As discussed above under "Pricing", on August 27, 2018, the MRP was significantly decreased by the LCBO. As a result, the minimum retail price (including deposit) of a 24-pack of 341 ml bottles (5% alcohol) decreased from $32.35 to $26.40.

In Ontario, the sale of beer and RTD alcoholic beverages is regulated by the provincial government through the Alcohol and Gaming Commission of Ontario ("AGCO") under the Liquor Control Act and the Liquor Licence Act. The LCBO has been established under the Liquor Control Act to regulate the sale of liquor in Ontario. Under the provisions of the Liquor Licence Act, manufacturers of beer and RTD alcoholic beverages are subject to certain licensing requirements and are required to pay fees to the provincial government based upon the amount of beer and RTD alcoholic beverages shipped for sale or distribution in Ontario.

The Company pays a Beer and Wine Tax which is administered by the Ministry of Revenue. The Beer and Wine Tax is subject to annual increases based on government regulation. Effective March 1, 2019, the Ministry of Revenue will not apply the annual increases until further notice. The Ministry of Revenue has not applied an increase since this date, however there can be no certainty that this will continue in future years.

FACILITIES

The Company's fully integrated facility is located in Kitchener, Ontario.

The Company operates a brewing, packaging, warehousing and distribution facility in Kitchener, Ontario. The 186,600 square foot building is leased and the lease expires in the year 2040 and includes provisions for expansion and future purchase options. The Company completed an expansion at this facility with the installation of a new brewhouse in fiscal 2016. The Company's bottling line is capable of packaging 400,000 hectolitres of bottles annually. The Kitchener facility also has canning capacity of 450,000 hectolitres and kegging capacity of 65,000 hectolitres. In fiscal 2020, the Company completed a 67,600 square foot expansion of its leased facility which included an expansion of its warehouse, production facility, and retail store, as well as the construction of a taproom with a small-batch brewhouse. The expansion allowed the Company to improve capabilities, capacity, and efficiencies.

EMPLOYEES

As at January 31, 2020, the Company had approximately 187 employees. No employees in the Company are unionized or subject to any collective bargaining agreements. Since its inception, the Company has not suffered any disruptions to production as a result of labour problems or employee disputes.

RISK FACTORS

An investment in the Company's securities involves risks. You should carefully consider the risks and uncertainties described below as well as the other information contained in this Annual Information Form. The risks and uncertainties described below are not the only ones the Company may face. The following risks, together with additional risks and uncertainties not currently known to the Company or that it may deem immaterial, could impair the Company's business, financial condition and results of operations. The market price of the Company's shares could decline if one or more of these risks and uncertainties develop into actual events, and you may lose all or part of your investment.

Dependence on TBS

In fiscal 2020, 67% of all of the Company's net sales, excluding the impact of TBS' change to a consignment basis, were sold through the TBS distribution network. Accordingly, the Company relies extensively on TBS for distribution of its products. TBS is owned primarily by the Company's three largest competitors, Molson, Labatt and Sleeman. As a result, the Company may be adversely affected by policies adopted by TBS or the Government of Ontario related to the sale, merchandising or distribution of beer and/or by any disruption of TBS service. In fiscal 2016, the Company obtained a nominal ownership interest in TBS, as well as representation on the Board of Directors of TBS.

On March 26, 2020, TBS announced that it had been subject to a cyberattack. Accordingly, there has been a delay in receiving sales data and payments from TBS. While the Company cannot estimate the impact at this time, a continued delay in receipt of the payments from TBS could have a negative impact on the Company. TBS is presently planning to continue cashflow to the Company, based on estimated sales, until the cyberattack matter can be resolved. However, there can be no assurance that TBS' ability to monitor for or mitigate cybersecurity risks will be fully effective, and it may fail to identify cybersecurity breaches or discover them in a timely manner.

Competition

Beer

The Company considers its main competitors to be other participants in the Canadian brewing industry, which includes imported beer and specialty and value priced brands brewed by both small regional brewers and the national brewers. National brewers are aggressively promoting their own specialty and value brands as well as premium brands. The Company also anticipates increased competition as new brewers enter the market.

In the premium beer category, the principal competitive factors affecting the market for the Company's products include quality and taste, packaging, advertising and promotional support, brand recognition and price. There can be no assurance that the Company will be able to compete successfully in this category against current and future competitors based on these and other factors. The Company competes with a variety of domestic and international brewers, many of whom have substantially greater financial, production and marketing resources. The Company anticipates increased competition in the premium beer category from the major domestic brewers and imported brands.

Ready-to-drink alcoholic beverages

The RTD alcoholic beverage category in Ontario is approximately 0.5 million hectoliters annually. Growth in this category in 2018 was approximately 17%. The largest competitors in the RTD alcoholic beverage category are RTD Canada Inc. (Mike's Hard Lemonade and Palm Bay), Diageo (Smirnoff Ice) and Canada Dry Mott's Inc. (Mott's Caesars). Each of the market leaders have market share in excess of 10%.

Liquidity Risk

The Company requires continued support from its lenders to maintain its financial condition. The loss of this support could limit expansion opportunities and put a strain on the Company's continuing operations. The ability to maintain current arrangements and secure future financing will depend, in part, upon the prevailing capital market conditions as well as the Company's business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on satisfactory terms.

Currency and Interest Rate Risk

The Company does not have significant exposure to currency risk as the majority of the Company's purchases are in Canadian dollars. However, purchases of some key inputs are denominated in U.S. dollars and Euros. There can be no assurance that the Canadian dollar will strengthen, nor that it will not weaken further.

Commodity Risk

The Company uses large amounts of commodities to produce its products, including malted barley and hops. The Company reduces exposure to the price fluctuations of these commodities through the negotiation of fixed prices. The Company purchases its packaging materials, cans and certain raw ingredients from a limited number of suppliers, some of whom are single sourced. The risk associated with access to bottles and cans are discussed further below.

The risk of supply disruption of other materials and ingredients resulting from a single source strategy is minimal as most materials are produced at multiple supplier sites and alternative sources of supply are available.

Access to Bottles

In 1993, TBS introduced an industry standard bottle intended to be utilized by all brewers whose beers are distributed through TBS and adopted a policy of imposing a sorting charge which at present is approximately $20 per hectolitre (depending on the size of the bottle) for all brewers who do not elect to use the industry standard bottle. The Company is subject to these sorting fees for all returnable bottles not in the industry standard bottle. The Company regards the clear bottles used for the PC® brand, and LandShark® brand as an integral part of its marketing strategy and has no intention of converting all brands to the industry standard bottle. Accordingly, the Company will continue to pay these sorting fees.

The Company has a very limited number of potential glass bottle suppliers due to recent consolidation in the glass bottle manufacturing industry. As a result, the Company faces increased risk in the event of a disruption in the supply of glass bottles. While the Company has not historically had any difficulty in securing an adequate supply of bottles for its products, there can be no assurance that the Company's glass bottle supplies will not be disrupted in the future.

In fiscal 2017, the industry standard bottle agreement introduced a quota which places a ceiling on the use of a non-industry standard bottle. If the Company exceeds this quota, it could be subject to penalties. Currently, the LandShark® bottle is the only non-industry standard bottle which is subject to a quota.

Access to Cans

The Company has a very limited number of potential can suppliers due to the limited number of North American can manufacturing facilities. As a result, the Company faces increased risk in the event of a disruption in the supply of aluminum cans. While the Company has not historically had any difficulty in securing an adequate supply of cans for its products, there can be no assurance that the Company's aluminum can supplies will not be disrupted in the future.

Business Risks

The results of operations, business prospects and financial condition of the Company are subject to a number of risks and uncertainties, and are affected by a number of factors outside the control of management. Risk and risk exposure are managed through a combination of insurance, a system of internal controls and sound operating practices.

COVID-19 (coronavirus) Risks

The Company's ability to manufacture and supply products and its sales revenue, results of operations, cashflow and liquidity may be adversely impacted by the ongoing COVID-19 (coronavirus) outbreak.

As a result of the global outbreak of COVID-19 and its declaration by the World Health Organization to be a "pandemic", certain actions are being taken by governments and businesses in the United States, Canada, the UK, China and around the world to control the outbreak, including restrictions on public activities, travel and commercial operations. The Company has been managing certain supply delays. However, as the outbreak and the global response to it continue, the Company's operations may be materially adversely affected by additional supply delays, shortages of labour and components, and/or partial or complete closure of its facility (including to protect the health and safety of the Company's employees), all which may continue for an extended time. Any inability to manufacture and deliver products to customers could result in a range of potential adverse consequences, including loss of business and reputational damage. The outbreak may also impact the financial viability of suppliers, and could cause them to exit certain business lines, or change the terms on which they are willing to provide products. While the Company continues to be proactive and mitigate the adverse effects, impacts of the outbreak may significantly reduce the Company's cashflow, liquidity and its ability to maintain compliance with covenants in its operating lines of credit. In addition, the outbreak could adversely affect the Canadian economy in general, resulting in an economic downturn that could adversely affect demand for the Company's products. Given the ongoing and dynamic nature of the coronavirus outbreak, it is very difficult to predict the severity of the impact on the Company's business. The extent of such impact will depend on future developments, which are highly uncertain, including new information which may emerge concerning the spread and severity of the coronavirus and actions taken to address its impact, among others. The repercussions of this health crisis could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Government Regulation

The Company's business is regulated by federal, provincial and local laws and regulations regarding such matters as licensing requirements, trade and pricing practices, permitted and required labeling, advertising, promotion and marketing practices, relationships with distributors, environmental and related matters. Failure on the part of the Company to comply with federal, provincial or local laws and regulations could result in the loss, revocation or suspension of the Company's licenses, permits or approvals and accordingly could have a material adverse effect on the Company's business. The Company believes it has obtained all regulatory permits and licenses necessary to operate its business. In addition, changes to taxes, environmental regulations or any other laws or regulations which affect the Company's products or their production, handling or distribution could have a material adverse effect on the Company's operating results.

In fiscal 2016, the Premier's Advisory Council on Government Assets, chaired by Ed Clark, released a framework agreement for the retail beer channel. The agreement set out numerous changes, including modifications to the operating practices at TBS and the introduction of beer sales through the grocery channel. While these changes were a net positive for the Company, the manner in which any future changes are implemented could impact the Company either positively or negatively. Company management continues to maximize the benefits to the Company as a result of any retail changes.

Trends in Consumer Preferences and Attitudes

The premium beer category has grown substantially over the past decade. The Company believes that one factor in such growth has been consumer demand for more full flavoured beer in a wider variety of styles. In recent years, the value beer category has declined as a result of the shift to premium beer consumption. There has been an increase in demand for lower calorie, all natural products. No assurance can be given however that consumer demand for these products will continue in the future. The Company's success also depends upon a number of factors related to the level of discretionary consumer spending, such as the general state of the economy, tax laws and consumer confidence in future economic conditions. In recent years there has been an increase in the level of health consciousness and considerable debate has occurred concerning alcohol-related social issues, such as alcoholism and drunk driving. In addition, a number of anti-alcohol groups are advocating increased governmental action which may be unfavourable to the beer and RTD alcoholic beverage industries.

Although the ultimate impact is currently unknown, the legalization of cannabis in Canada may result in a shift of discretionary income away from the Company's products or a change in consumer preferences away from beer and/or the Company's other products. As a result, a shift in consumer preferences away from the Company's products or a decline in the consumption of the Company's products could result in a material adverse effect on the Company's business and financial results.

Operating Hazards

The Company's operations are subject to certain hazards and liability risks faced by all brewers, such as potential contamination of ingredients or products and equipment defects. The occurrence of such a problem could result in a costly product recall and serious damage to the Company's reputation for product quality. The Company has also not experienced a major equipment defect that had a major impact on product quality or supply. Although the Company maintains insurance against certain risks under various general liability and product liability policies, there can be no assurance that the Company's insurance will be adequate or that claims resulting from such incidents will be accepted as filed.

Dependence on Key Personnel

The Company's operations depend upon the continuing contributions of certain of its executive officers and other key management, and on its ability to attract and retain qualified management, sales, production, and marketing personnel. The loss of any of such persons or the failure to recruit additional key personnel in a timely manner could adversely affect the Company.

Seasonality

Sales of most of the Company's products are subject to predictable seasonal fluctuations in demand. While certain of the Company's variable costs can be managed to match seasonal patterns, a significant portion of the Company's costs are fixed and cannot be adjusted for seasonality.

General Economic Conditions

In prior years when the economy deteriorated, the value beer segment increased. With the economy improving in recent years, management expects the value beer segment to further decline. Historically per capita consumption of beer has remained fairly constant through tough economic times. The Company's current brand offerings are well positioned to mitigate general economic risk.

Litigation

From time to time, the Company is involved in disputes and legal actions arising in the ordinary course of business. There are no current legal disputes which are expected to have a material impact to the Company's net income.

Information Technology and Cybersecurity risk

The Company uses information technology and the internet, including online banking, to streamline business operations and to improve customer experience. The Company's information systems, and those of its third-party service providers, creditors and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the organization. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems or the Company's information through fraud or other means of deceiving the Company's third-party service providers, employees, creditors or vendors. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology systems and software against damage from a number of threats. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if the Company is unable or delayed in maintaining, upgrading or replacing its information technology systems and software, the risk of a cyber security incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses.

In addition, targeted attacks on the Company's systems (or on systems of third parties that it relies on), failure or non-availability of a key IT system or a breach of security measures designed to protect IT systems could result in disruptions to the Company's operations through delays or the corruption and destruction of its data, extensive personal injury, property damage, loss of confidential information or financial or reputational risks. As the threat landscape is ever-changing, the Company must make continuous mitigation efforts. The Company employs third-party information technology services and continually monitors and improves its internal controls to protect against known and emerging threats. However, there can be no assurance that the Company's ability to monitor for or mitigate cybersecurity risks will be fully effective, and it may fail to identify cybersecurity breaches or discover them in a timely manner.

DIVIDENDS

The Company's dividend policy authorizes the board of directors of the Company (the "Board") to declare dividends. The Board reviews this policy from time to time in the context of the Company's earnings, financial condition and other relevant factors. On April 8, 2020, the Company approved a quarterly dividend of $0.02625 per share, payable on May 29, 2020 to shareholders of record as of May 15, 2020. During the year ended January 31, 2019, $3,576,462 of dividends were paid, during the year ended January 31, 2019 $3,010,861 of dividends were paid, and during the year ended January 31, 2018, $2,391,653 of dividends were paid. There are no cumulative dividends outstanding.

The following table sets forth the quarterly cash dividends declared per common share during the three most recently completed fiscal years:

Fiscal Year	Quarterly Dividend per Common Share
2020	$0.02625(1)
2019	$0.025(2)
2018	$0.02(3)

(1) On December 4, 2019 the Board of Directors increased the quarterly dividend from $0.025 per common share to $0.02625 per common share.
(2) On December 6, 2018 the Board of Directors increased the quarterly dividend from $0.02 per common share to $0.025 per common share.
(3) On December 8, 2017 the Board of Directors increased the quarterly dividend from $0.016 per common share to $0.02 per common share.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at January 31, 2020, there were 35,229,728 common shares outstanding, options to acquire an aggregate of 2,839,337 common shares, and no preferred shares issued or outstanding. For a description of the options please see Note 16 to the fiscal 2020 financial statements.

Each common share entitles the holder thereof to receive notice of and to attend all annual and special meetings of the shareholders and to one vote in respect of each common share held at all such meetings; to receive, as and when declared by the Board, dividends in such amounts as shall be determined by the Board; and to receive the remaining property of the Company in the event of the liquidation, dissolution or winding-up of the Company.

Normal Course Issuer Bid

On January 8, 2020, the Company announced that it would be renewing a normal course issuer bid ("NCIB") for the purchase of up to 1,000,000 of its common shares, representing 2.8% of the 35,221,493 common shares outstanding as of December 31, 2019. The NCIB was renewed on January 10, 2020 and terminates on January 9, 2021, or such earlier date on which purchases under the NCIB have been completed. The NCIB is effected through the facilities of the Toronto Stock Exchange or alternative Canadian trading systems at the market price of the shares at the time of acquisition. Common shares purchased under the NCIB are cancelled. During fiscal 2020, the Company purchased and cancelled 323,200 shares at an average price of $3.45 per share under a normal course issuer bid which terminated January 9, 2020.

MARKET FOR SECURITIES

The common shares of the Company are listed and posted for trading on the TSX under the trading symbol of “WBG” (formally “BRB”).

Trading and Price and Volume

The following table presents the monthly price range per share and trading volume for the common shares of the Company on the TSX during fiscal 2020.

Period	High ($)	Low ($)	Volume Traded
February 2019	3.99	3.25	263,900
March 2019	4.10	3.76	497,300
April 2019	4.10	3.81	103,700
May 2019	3.97	3.38	162,500
June 2019	3.96	1.04	57,400
July 2019	3.72	3.23	138,000
August 2019	3.54	3.01	188,500
September 2019	3.40	3.00	240,800
October 2018	3.35	3.15	307,300
November 2018	3.34	2.98	115,500
December 2018	3.65	3.14	368,200
January 2020	3.75	3.23	119,000

Prior Sales

See note 17 to the fiscal 2020 financial statements for a description of options outstanding. During fiscal 2020, the Company issued the following new options under its stock option plan:

Date Granted	# of Options	Exercise Price	Expiry Date
May 14, 2019	1,280,000	3.65	May 14, 2024
May 24, 2019	250,000	3.63	May 24, 2024
October 7, 2019	30,000	3.35	October 7, 2024
January 22, 2020	30,000	3.41	January 22, 2025

Additionally during fiscal 2020, 200,999 existing vested options were exercised at a weighted average exercise price of $2.60 while 44,001 options were forfeited with a weighted average exercise price of $3.84.

DIRECTORS AND OFFICERS

As at the date hereof, the name, province and country of residence, position and applicable committees with the Company and principal occupations of each of the directors and executive officers of the Company, and the period during which each director has served on the Board, are as follows:

Name and Residence	Position with the Company (including Board Committees)	Present Principal Occupation	Year first became a Director	Number of Common Shares Beneficially Owned or Controlled or Directed
Peter J. Schwartz Ontario, Canada	Director and Chairman of the Board (3)	Chairman of the Board of Laurence Capital Corp. (merchant bank) and Kognitiv Corp.	2008	8,964,436 (4)
Stan G. Dunford Ontario, Canada	Director	Chairman and CEO of Republic Live (live entertainment company) and Chairman of the Board of Akumin Inc.	2008	6,001,997 (5)
Edward H. Kernaghan Ontario, Canada	Director (1)(2)(3)	Senior Investment Advisor, Kernaghan & Partners Ltd. (type II introducing broker)	2004	4,315,299
David R. Shaw Ontario, Canada	Director (1)(2)(3)	Non-executive Chairman of LHH Knightsbridge and Chairman of Axsium Group	2008	60,000
John H. Bowey Ontario, Canada	Director (1)(2)	Senior Counsel and Past Chairman, Deloitte	2010	20,500
George H. Croft Ontario, Canada	Director, President & Chief Executive Officer	President & Chief Executive Officer	2010	868,341
Russell N. Tabata Ontario, Canada	Chief Operating Officer	Chief Operating Officer	N/A	871,590
David J. Birch Ontario, Canada	Chief Financial Officer	Chief Financial Officer	N/A	11,844

(1) Member of the Audit Committee

(2) Member of the Nominating and Corporate Governance Committee.

(3) Member of the Compensation Committee

(4) These common shares are held by Benbrick Holdings Inc., which is indirectly controlled by Laurence Capital Corp., which is controlled by Peter Schwartz.

(5) These common shares are held by Benbrick Holdings Inc. and are beneficially owned by Mr. Dunford through his holding of units of Laurence Capital Fund III L.P., which is controlled by Lawrence Capital Corp.

Prior Principal Occupations

The principal occupations of the directors and executive officers of the Company who have not held their present principal occupations for more than five years are described below.

David Birch has over 20 years of senior financial management experience at publicly traded, enterprise-level companies. He served as Director of Finance at the Company from July 2016 to January 2018. Prior to joining the Company, Mr. Birch worked at Anheuser Busch InBev in senior financial roles including Vice President, Commercial Finance and Director of Finance. Subsequently, Mr. Birch served as CFO for Liberty Mines and later as VP Finance for McClelland Premium Imports. Mr. Birch is a Chartered Professional Accountant (CPA-CMA) and has earned a Bachelor Degree of Economics from York University.

Board Committees

As of the date hereof, the Board has three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. The members of each committee are as indicated in the above table.

Term of Office

The by-laws of the Company provide that directors shall be elected at each annual general meeting of the shareholders and will serve until the next annual general meeting of shareholders or until their successors are elected or appointed in accordance with the by-laws.

Voting Securities

As at the date hereof, the directors and executive officers of the Company as a group, beneficially own, directly or indirectly, or exercise control or direction over, approximately 15,072,580 outstanding common shares of the Company, being approximately 42.8% of the outstanding common shares of the Company.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No director or executive officer of the Company is, or within 10 years before the date hereof, has been: (a) a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as set out below. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

No director or executive officer of the Company has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

No director or executive officer of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings material to the Company which it is a party to, or that any of its property is or was the subject of, during the Company’s financial year ended January 31, 2020.

To the best of the Company’s knowledge, it is not currently a party to any regulatory investigation or proceeding or subject to any potential penalty, individually or in the aggregate, which is likely to have a material adverse effect on the business, operations or financial condition of the Company as a whole.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as noted below, no director or executive officer of the Company and, to the knowledge of the directors and executive officers of the Company, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of our outstanding common shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company.

One of the Company's vendors, Republic Live Inc. ("Republic Live") is owned by Stan G. Dunford. Mr. Dunford is the Chairman and Chief Executive Officer and the principal shareholder of Republic Live. Republic Live is a live entertainment company which produces the Boots and Hearts Music Festival. The Company entered into a contract with Republic Live for the 2017 multi-day festival and paid a sponsorship fee of approximately $100,000 during fiscal 2018.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar for its common shares is Computershare Investor Services Inc. of Toronto, Ontario.

MATERIAL CONTRACTS

The Corporation has no material contracts, other than contracts entered into in the ordinary course of business, that were entered into during the financial year ended January 31, 2020 or that were entered into before the financial year ended January 31, 2020 that are still in effect, other than the license agreement dated March 16, 2011 for the use by the Company of certain Seagram brand trademarks in Canada.

INTEREST OF EXPERTS

The Company's external auditors are KPMG LLP, 115 King Street South, 2nd Floor, Waterloo, Ontario N2J 5A3. KPMG LLP has audited the financial statements of the Company for the fiscal year ended January 31, 2020 and has issued an audit report to the Company with respect to such financial statements.

The Company has been advised that the partners and staff of KPMG LLP beneficially own, directly or indirectly, less than 1% of any class of securities issued by the Company.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The responsibilities and duties of the Audit Committee of the Company are set out in the Audit Committee's charter, the text of which is set forth in Appendix A to this annual information form.

Composition of the Audit Committee

The members of the Audit Committee as at January 31, 2020 were John Bowey (Audit Committee Chairperson), Edward H. Kernaghan and David R. Shaw.

Each of the members of the Audit Committee has been determined by the Board to be "independent" and "financially literate" within the meaning of National Instrument 52-110 Audit Committees ("NI 52-110"). Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized below.

John Bowey obtained his MBA from the Ivey School of Business at the University of Western Ontario and became a Chartered Accountant in 1976. He was admitted to the Partnership of Deloitte & Touche LLP in 1983. From 2000 to 2004 Mr. Bowey was the Tax Practice Leader for South Western Ontario and from 2001 to 2006 he was also the Regional Managing Partner for South Western Ontario. Mr. Bowey was elected to the Deloitte Board of Directors in

2002, was appointed Chairman of the Board Governance Committee in 2004 and was elected by the partnership as Chairman of Deloitte in 2006. Mr. Bowey retired from Deloitte in May 2010. In 2006, he was recognized as a "fellow" of the Institute of Chartered Accountants of Ontario for his professional and community achievements. In 2008, he received his ICD.D designation from the Institute of Corporate Directors.

Edward Kernaghan has been a member of the Board since 2004. Mr. Kernaghan is President of Kernwood Ltd., an investment holding company. He is also a Senior Investment Advisor at Kernaghan & Partners Ltd., a type II introducing broker. Mr. Kernaghan has the Chartered Financial Planner designation granted by the Canadian Securities Institute. Mr. Kernaghan is also a director of Boralex Inc., Exco Technologies Limited, Obsidian Energy Ltd. and Black Diamond Group Limited.

David Shaw is the non-executive Chairman of LHH Knightsbridge and Chairman of Axsium Group. Mr. Shaw previously was the founder and Chief Executive Officer of Knightsbridge Human Capital Solutions. Prior to founding Knightsbridge, Mr. Shaw was the Chief Executive Officer of Pepsi Cola Canada Beverages. He is currently a Director of the publicly traded companies Fiera Capital Corporation and Sleep Country Canada Holdings Inc.

Reliance on Exemptions

The Company did not rely on any exemptions from the provisions of NI 52-110 during the year ended January 31, 2020.

Audit Committee Oversight

Since February 1, 2009, there has not been an instance where the Board did not adopt a recommendation by the Audit Committee to nominate or compensate an external auditor.

Pre-approval of Non-audit Services

The Audit Committee has adopted a pre-approval policy for services provided by its auditor ("Pre-approval Policy"). Pursuant to the Pre-approval Policy, subject to exception as described below, all services provided by the auditor to the Company must be pre-approved by the Audit Committee. There has not been an instance where non-audit services were not pre-approved by the Audit Committee.

The Audit Committee may pre-approve non-audit services that it believes would not impair the independence of the auditor. The Pre-approval Policy lists certain services that have already been pre-approved by the Audit Committee, including audit related services, tax services and other additional services. This list may be amended by the Audit Committee from time to time. Any service that is not listed in the Pre-approval Policy as a pre-approved service must be approved by the Audit Committee.

The Audit Committee may delegate its pre-approval authority to the Chair of the Audit Committee if the services are less than $10,000. The Chair is then required to report any pre-approval decisions that he makes to the Audit Committee at its next scheduled meeting.

The Pre-approval Policy lists the types of non-audit services that are deemed to be inconsistent with an auditor's independence ("Prohibited Services"). The Pre-approval Policy identifies ten types of Prohibited Services that the Auditor may not provide: bookkeeping or other services related to the accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services for financial reporting purposes, actuarial services for items recorded in the financial statements, internal audit outsourcing services, management functions, human resources, certain corporate finance and other services and certain expert services unrelated to the audit.

External Auditor Service Fees

The following table sets forth the fees paid to KPMG LLP, the Company's external auditor, for services rendered for the fiscal years 2020 and 2019:

	2020	2019
Audit fees	$ 133,177	$ 80,560
Audit-related fees	3,690	9,240
	$ 136,867	$ 89,800

Notes:

1. "Audit Fees" include the aggregate professional fees paid to KPMG LLP, for the audit of the annual financial statements and other regulatory audits and filings.
2. "Audit-related fees" include the aggregate fees paid to KPMG LLP, for the provision of technical, accounting and financial reporting advice services.

FORWARD-LOOKING STATEMENTS

This annual information form contains certain forward-looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, strategies, expectations and intentions and include, for example, the statements concerning expected volumes, operating efficiencies, costs, expansion of its facilities, and plans to produce cannabis-infused beverages. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements, which are not guarantees, reflect the Company's views as of April 8, 2020 with respect to future events and are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The forward-looking statements, including the statements regarding expected volumes, operating efficiencies and costs are based on, among other things, the following material factors and assumptions: volumes in the fiscal year ending January 31, 2021 ("fiscal 2021") will increase, no material changes in consumer preferences, brewing, blending and packaging efficiencies will improve, input costs for brewing and blending materials will increase, competitive activity from other brewers will continue, no material change to the regulatory environment in which the Company operates and no material supply, cost or quality control issues with vendors. The statements regarding facility expansion plans are based on, among other things, the following material factors and assumptions: ability of subcontractors to complete the required work in a timely manner, and realization of expected savings, notably on labour, energy, and material efficiencies. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and, for more information regarding the risks, uncertainties and assumptions that could cause the Company's actual financial results to differ from the forward-looking statements, to also refer to the rest of the discussion in this annual information form, the Company's Management Discussion and Analysis and various other public filings. The forward-looking statements included in this annual information form are made only as of April 8, 2020 and, except as required by applicable securities laws, the Company does not undertake to publicly update such forward-looking statements to reflect new information, future events or otherwise.

MARKET INDUSTRY DATA

The market and industry data contained in this Annual Information Form is based upon information from independent industry and other publications and our knowledge of, and experience in, the industry in which we operate. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. We have not independently verified any of the data from third party sources referred to in this Annual Information Form or ascertained the underlying assumptions relied upon by such sources.

ADDITIONAL INFORMATION

Additional information concerning the Company, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's Management Information Circular for its annual meeting of shareholders to be held on July 21, 2020. Additional financial information is provided in the Company's comparative financial statements and management discussion and analysis for the year ended January 31, 2020. Copies of such documents and the AIF may be obtained upon request from the Secretary of the Company.

All requests for additional information should be made to the Secretary at the principal office of the Company at 400 Bingemans Centre Drive, Kitchener, Ontario N2B 3X9.

Additional information concerning the Company, including the materials listed in the preceding paragraphs, may be found on SEDAR at www.sedar.com.

APPENDIX A

AUDIT COMMITTEE MANDATE AND CHARTER

WATERLOO BREWING LTD.

I. The Board of Directors' Mandate for the Audit Committee

1. ***The Board of Directors*** ("Board") bears responsibility for the stewardship of Waterloo Brewing Ltd. (the "Corporation"). To discharge that responsibility, the Board is obligated by the Ontario *Business Corporations Act* to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Financial reporting and disclosure by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure (the "Financial Reporting Objective") is to gain reasonable assurance of the following:

a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;

b) that the accounting principles, significant judgments and disclosures which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;

c) that the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with International Financial Reporting Standards ("IFRS"); and

d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

The Board is of the view that the Financial Reporting Objective cannot be reliably met unless the following activities (the "Fundamental Activities") are conducted effectively:

a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;

b) the Corporation's internal financial controls are regularly assessed for effectiveness and efficiency;

c) the Corporation's quarterly and annual financial statements are properly prepared by management;

d) the Corporation's annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation; and

e) the financial components of the Corporation's Disclosure Policy are complied with by management and the Board.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "Committee"). The Committee shall develop and present to the Board for the Board's approval a Charter which, among other things, will describe the activities in which the Committee will engage for the purpose of gaining reasonable assurance that the Fundamental Activities are being conducted effectively and that the Financial Reporting Objective is being met.

2. Composition of Committee

a) The Committee shall be appointed annually by the Board and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be independent as required by applicable securities legislation and stock exchange regulations and free from any direct or indirect relationship that, in the opinion of the Board, could reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chairman of the Board, may not serve as members of the Audit Committee.

b) The Board shall appoint the Chairman of the Committee.

3. Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

a) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with IFRS; and

b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Limitations on Committee's Duties

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the Financial Reporting Objective is being met and to enable the Committee to report thereon to the Board.

II. Audit Committee Charter

The Audit Committee's Charter outlines how the Committee will satisfy the requirements as set forth by the Board in its mandate. This Charter comprises:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties

A. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

1) **Committee Values**

The Committee expects the management of the Corporation to operate in compliance with corporate policies; with laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

2) **Communications**

The Chairman (and others on the Committee) expects to have direct, open and frank communications throughout the year with management, other Board Committee Chairmen, the external auditors, and other Committee advisors as applicable.

3) **Financial Literacy**

All Committee Members shall be financially literate and sufficiently versed in financial matters to understand the Corporation's accounting practices and policies and the major judgments involved in preparing the financial statements.

4) **Annual Audit Committee Work Plan**

The Committee, in consultation with management and the external auditors, shall develop an annual Audit Committee Work Plan responsive to the Committee's responsibilities as set out in this Charter. In addition, the Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

5) **Meeting Agenda**

Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.

6) **Committee Expectations and Information Needs**

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at least three days in advance of meeting dates.

7) **External Resources**

To assist the Committee in discharging its responsibilities, the Committee may in addition to the external auditors, at the expense of the Corporation, retain independent counsel and other advisors having special expertise as it deems necessary to carry out its duties. The Committee shall set and pay the compensation for any such advisors.

8) **In Camera Meetings**

At each meeting of the Committee, the members of the Committee shall meet in private session with the external auditors; or with management; or with the Committee members only.

9) **Reporting to the Board**

The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

10) **Committee Self Assessment**

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

11) **The External Auditors**

The Committee requires that, in discharging its responsibilities, the external auditors shall report directly to the Committee and be accountable to the Committee. The external auditors shall report all material issues or potentially material issues directly to the Committee.

B. Operating Procedures

1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the request of the Chairman, upon the request of two (2) members of the Committee or at the request of the external auditors.

2) A quorum shall be a majority of the members.

3) Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as Secretary of all meetings of the Committee.

4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.

5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

C. Specific Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Financial Reporting

1) Review the Corporation's annual and quarterly financial statements with management and the annual financial statements with the external auditors to gain reasonable assurance that the statements are accurate, complete, represent fairly the Corporation's financial position and performance and are in accordance with IFRS and report thereon to the Board before such financial statements are approved by the Board;

2) Receive from the external auditors reports on their audit of the annual financial statements;

3) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;

4) Review and, if appropriate, recommend approval to the Board of news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements and any financial information derived from such statements, including earnings; and

5) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents to be issued by the Corporation.

Accounting Policies

1) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgments, including changes or variations thereto and obtain reasonable assurance that they are in compliance with IFRS and report thereon to the Board; and

2) Review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and reserves.

Risk and Uncertainty

1) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:

   a) reviewing with management the Corporation's tolerance for financial risks;

   b) reviewing with management its assessment of the significant financial risks facing the Corporation;

   c) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and

   d) reviewing with management its plans, processes and programs to manage and control such risks;

2) Ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value and review such policies and procedures periodically;

3) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;

4) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;

5) Review the adequacy of insurance coverage’s maintained by the Corporation; and

6) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

Financial Controls and Control Deviations

1) Review the plans of management and the external auditors to gain reasonable assurance that the combined evaluation and testing of internal financial controls is comprehensive, coordinated and cost effective; and

2) Receive regular reports from management, the external auditors, or, if requested, the Corporation’s legal counsel on all significant deviations, or indications/detection of fraud and the corrective activity undertaken in respect thereto.

Compliance with Laws and Regulations

1) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:

   a) tax and financial reporting laws and regulations;

   b) legal withholding requirements;

   c) environmental protection laws and regulations; and

   d) other laws and regulations which expose directors to liability;

2) Review reports with respect to occupational health and safety matters having a potential significant financial impact and to gain reasonable assurance annually that the Corporation's reserves with respect to such matters are sufficient and appropriate; and

3) Review the status of the Corporation's tax returns and, if applicable, those of its subsidiaries.

Relationship with External Auditors

1) Recommend to the Board the nomination of the external auditors;

2) Recommend to the Board the remuneration of the external auditors and approve the terms of engagement of the external auditors as set forth in the auditors' engagement letter;

3) Be directly responsible for overseeing the work of the external auditors;

4) Review the performance of the external auditors annually or more frequently as required;

5) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;

6) Receive a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non audit services provided to the Corporation;

7) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with management's activities and the materiality levels which the external auditors propose to employ;

8) Meet regularly with the external auditors in the absence of management to determine that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;

9) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;

10) Resolve disagreements between management and the external auditors regarding financial reporting; and

11) Pre-approve all non-audit services to be provided to the Corporation by the external auditors and shall establish a pre-approval policy to do so.

Other Responsibilities

1) Periodically review the form, content and level of detail of financial reports to the Board;

2) Approve annually the reasonableness of the expenses of the Chairman of the Board and the President and Chief Executive Officer;

3) After consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;

4) Review in advance the appointment of the Corporation's senior financial executives;

5) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties; and

6) Perform such other functions as may from time to time be assigned to the Committee by the Board.

Accountability

1) Review and update this Charter on a regular basis for approval by the Board;

2) From time to time, as requested by the Board, disclose its Mandate and this Charter in the Corporation's statement of corporate governance practices;

3) Review the description of the Committee's activities as set forth in the Corporation's statement of corporate governance practices; and

4) Ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess those procedures.

Procedures

The Committee shall establish procedures for:

1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

2) the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or audit matters.

The Committee shall also review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.