



WATERLOO

BREWING

***CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)***

THIRD QUARTER FISCAL 2023

Quarter Ended October 30, 2022

STATEMENTS OF FINANCIAL POSITION

As at October 30, 2022 and January 31, 2022

(Not audited or reviewed by the Company's external auditor)

	Notes	October 30, 2022	January 31, 2022
ASSETS			
Current assets			
Accounts receivable and contract assets		\$ 19,164,840	\$ 15,526,799
Inventories		16,984,167	15,841,135
Prepaid expenses		1,017,760	754,088
		37,166,767	32,122,022
Non-current assets			
Property, plant and equipment	5	49,009,377	51,930,553
Right-of-use assets	6	31,293,999	32,067,772
Intangible assets		15,159,359	14,846,687
Construction deposits	5	61,266	466,818
		95,524,001	99,311,830
TOTAL ASSETS		132,690,768	131,433,852
LIABILITIES AND EQUITY			
Current liabilities			
Bank indebtedness	7, 11	14,868,607	16,861,218
Accounts payable and accrued liabilities		19,086,652	14,062,415
Dividends payable	8	1,091,871	-
Current portion of lease liabilities	9, 11	3,677,799	4,134,584
Current portion of long-term debt	11	6,386,223	5,327,821
		45,111,152	40,386,038
Non-current liabilities			
Provisions		1,267,804	1,211,324
Lease liabilities	9, 11	24,680,153	25,535,180
Long-term debt	11	21,598,485	21,751,775
Deferred income tax liability		5,799,146	5,825,398
		53,345,588	54,323,677
TOTAL LIABILITIES		98,456,740	94,709,715
Equity			
Share capital	10, 11	40,717,681	40,618,496
Share-based payments reserves	11	3,192,856	2,447,275
Deficit	11	(9,676,509)	(6,341,634)
TOTAL EQUITY		34,234,028	36,724,137
SUBSEQUENT EVENT	16		
TOTAL LIABILITIES AND EQUITY		\$ 132,690,768	\$ 131,433,852

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

"Peter J. Schwartz" Director "John H. Bowey" Director

STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended October 30, 2022 and October 31, 2021

(Not audited or reviewed by the Company's external auditor)

	Notes	Quarter ended		Fiscal year-to-date ended	
		October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Revenue	12	\$ 26,155,387	\$ 26,878,165	\$ 76,897,638	\$ 83,564,020
Cost of sales	13	20,797,437	20,918,137	60,745,309	61,448,475
Gross profit		5,357,950	5,960,028	16,152,329	22,115,545
Selling, marketing and administration expenses	13	3,193,144	3,363,501	10,748,676	11,897,668
Other expenses	13, 14	1,025,991	1,006,133	3,181,964	2,747,732
Finance costs		861,542	599,501	2,313,179	1,933,708
Gain on misappropriated funds, net		-	-	-	(899,646)
Gain on disposal of property, plant and equipment, and right-of-use assets		(1,500)	(14,902)	(4,967)	(37,388)
Income (loss) before tax		278,773	1,005,795	(86,524)	6,473,471
Income tax expense (recovery)		84,587	267,649	(26,250)	1,681,105
Net income (loss) and comprehensive income (loss)		\$ 194,186	\$ 738,146	\$ (60,274)	\$ 4,792,366
Basic earnings per share	15	\$ 0.01	\$ 0.02	\$ -	\$ 0.13
Diluted earnings per share	15	\$ 0.01	\$ 0.02	\$ -	\$ 0.13

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

As at October 30, 2022, January 31, 2022 and October 31, 2021

(Not audited or reviewed by the Company's external auditor)

Notes	Share Capital		Share based payments reserve	Deficit	Total equity
	Number of Shares	Amount (\$)			
At January 31, 2021	35,417,686	\$ 39,546,216	\$ 2,245,415	\$ (8,097,270)	\$ 33,694,361
Comprehensive income for the period	-	-	-	4,792,366	4,792,366
Shares issued	22,388	115,943	-	-	115,943
Stock options exercised	364,274	637,908	(639,418)	-	(1,510)
Share-based payments	-	-	684,616	-	684,616
Dividends declared	-	-	-	(2,956,986)	(2,956,986)
At October 31, 2021	35,804,348	40,300,067	2,290,613	(6,261,890)	36,328,790
Comprehensive income for the remainder of the year	-	-	-	1,010,177	1,010,177
Shares issued	24,775	121,317	-	-	121,317
Stock options exercised	55,226	197,112	(77,361)	-	119,751
Share-based payments	-	-	234,023	-	234,023
Dividends declared	-	-	-	(1,089,921)	(1,089,921)
At January 31, 2022	35,884,349	40,618,496	2,447,275	(6,341,634)	36,724,137
Comprehensive loss for the period	-	-	-	(60,274)	(60,274)
Shares issued	6,608	34,932	-	-	34,932
Stock options exercised	20,515	64,253	(64,253)	-	-
Share-based payments	-	-	809,834	-	809,834
Dividends declared	10	-	-	(3,274,601)	(3,274,601)
At October 30, 2022	35,911,472	40,717,681	3,192,856	(9,676,509)	34,234,028

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the quarters ended October 30, 2022 and October 31, 2021

(Not audited or reviewed by the Company's external auditor)

Notes	Quarter ended		Fiscal year-to-date ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Operating activities				
Net income (loss)	\$ 194,186	\$ 738,146	\$ (60,274)	4,792,366
Adjustments for:				
Income tax expense (recovery)	84,587	267,649	(26,250)	1,681,105
Finance costs	861,542	599,501	2,313,179	1,933,708
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangibles	5, 6, 13, 14 2,914,397	2,490,806	8,882,083	7,475,000
Gain on disposal of property, plant and equipment and right-of-use assets	5, 6 (1,500)	(14,902)	(4,967)	(37,388)
Share-based payments	302,149	275,228	809,834	684,616
Change in non-cash working capital	(91,965)	(1,777,312)	(136,394)	(8,068,479)
Less:				
Interest paid	(828,815)	(577,315)	(2,186,945)	(1,897,011)
Cash provided by operating activities	3,434,581	2,001,801	9,590,266	6,563,917
Investing activities				
Purchase of property, plant and equipment	5 (134,026)	(2,056,111)	(2,123,746)	(9,943,507)
Construction deposit paid	5 -	(448,737)	-	(679,973)
Proceeds from sale of property, plant and equipment, and right-of-use assets, net	5, 6 1,500	15,090	6,084	38,989
Purchase of intangible assets	(3,372)	(1,313)	(486,312)	(46,777)
Cash used in investing activities	(135,898)	(2,491,071)	(2,603,974)	(10,631,268)
Financing activities				
Increase (decrease) in bank indebtedness	7 194,183	881,037	(1,992,611)	6,401,928
Issuance of long-term debt	-	-	5,000,000	4,536,234
Increase to obligation under finance lease	-	2,656,846	-	2,656,846
Repayment of long-term debt	(1,503,236)	(1,231,564)	(4,094,888)	(3,869,213)
Repayment of lease liabilities	(897,924)	(829,864)	(3,750,995)	(2,815,891)
Dividends paid	8 (1,091,706)	(987,186)	(2,182,730)	(2,956,986)
Issuance of shares, net of fees	-	-	34,932	115,943
Stock option costs	-	-	-	(10,809)
Proceeds from stock option exercise, net of costs	-	-	-	9,299
Cash generated from (used in) financing activities	(3,298,683)	489,270	(6,986,292)	4,067,351
Net increase in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -
Non-cash investing and financing activities:				
Acquisition of assets under lease	6 \$ 1,066,908	\$ 3,991,554	\$ 2,442,634	\$ 6,268,994

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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1. CORPORATE INFORMATION

Waterloo Brewing Ltd. (“Waterloo” or the “Company”) is a Canadian-owned and Canadian-based publicly held brewery incorporated in Canada. Waterloo’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “WBR”. Waterloo’s head office is located in Kitchener, Ontario at 400 Bingemans Centre Drive, N2B 3X9.

The Company’s primary business relates to the production and distribution of beer, cider and other alcohol-based products. The Company manufactures products under its own and licensed trademarks, as well as products for other customers under co-manufacturing arrangements. To this end, the Company operates an Ontario-based facility and serves primarily the Ontario market. Waterloo’s products are distributed to end consumers primarily through The Beer Store in Ontario and Provincial Liquor Boards across Canada.

2. DATE OF AUTHORIZATION FOR ISSUE

The unaudited condensed interim financial statements of the Company were authorized for issue on December 14, 2022, by the Company’s Board of Directors.

3. BASIS OF PRESENTATION

3.1. STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed interim financial statements do not include all the information required for full annual financial statements.

3.2. NEW STANDARDS AND INTERPRETATIONS ADOPTED

The accounting policies and methods of computation applied in these financial statements are consistent with those applied in the Company’s annual financial statements for the year ended January 31, 2022 except for the following:

Property, Plant and Equipment – Proceeds before Intended Use (Amendments of IAS 16)

On May 14, 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*. The amendments clarify that proceeds from selling items before the related item of Property, Plant and Equipment is available for use should be recognized in profit or loss, together with the cost of producing those items.

The amendments were adopted February 1, 2022. The adoption of these amendments did not have an impact on the financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*. This amendment clarifies which costs are included as a cost of fulfilling a contract when determining whether a contract is onerous.

The amendments were adopted February 1, 2022. The adoption of these amendments did not have an impact on the financial statements.

Annual Improvements to IFRS Standards 2018 - 2020

On May 14, 2020, the IASB issued *Annual Improvements to IFRS Standards 2018 – 2020*. The amendments were adopted February 1, 2022.

IFRS 9 Financial Instruments

Clarifies which fees are included for the purpose of performing the '10 percent test' for derecognition of financial liabilities.

IFRS 16 Leases

Removes the illustration of payments from the lessor relating to leasehold improvements.

The adoption of these amendments did not have an impact on the financial statements.

3.3 BASIS OF MEASUREMENT

Depending on the applicable International Financial Reporting Standards ("IFRS") requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statements of cash flows, are prepared using the accrual basis.

3.4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest dollar, unless otherwise stated.

3.5 SEASONALITY

The alcoholic beverage industry in Canada is seasonal in nature. Accordingly, the Company has historically experienced a seasonal pattern in its operating results and therefore, the results in any one quarter are not indicative of results in any other quarter, or for the year. The Company's co-manufacturing business varies quarter to quarter depending on demand from its customers.

4. USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and may result in a material adjustment to the related asset or liability.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments and estimates in applying accounting policies have the most significant effect on the accounting balances below. The sensitivity analyses below should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

5. PROPERTY, PLANT & EQUIPMENT

	Leasehold improvements	Returnable containers	Machinery and equipment	Computer equipment	Furniture and fixtures	Vehicles	Major spare parts	Total property, plant and equipment
Cost or deemed cost								
Balance at February 1, 2021	\$ 12,901,317	\$ 10,628,395	\$ 54,143,879	\$ 2,929,287	\$ 790,703	\$ 555,852	\$ 211,146	\$ 82,160,579
Additions	2,356,804	308,963	8,193,994	778,139	170,239	-	160,474	11,968,613
Balance at January 31, 2022	15,258,121	10,937,358	62,337,873	3,707,426	960,942	555,852	371,620	94,129,192
Cumulative depreciation and impairment								
Balance at February 1, 2021	(2,963,320)	(8,399,043)	(20,599,547)	(2,375,879)	(501,538)	(531,411)	(159,734)	(35,530,472)
Depreciation charge for the year	(845,892)	(905,955)	(4,303,056)	(441,975)	(117,729)	(24,441)	(29,119)	(6,668,167)
Balance at January 31, 2022	(3,809,212)	(9,304,998)	(24,902,603)	(2,817,854)	(619,267)	(555,852)	(188,853)	(42,198,639)
Net book value as at January 31, 2022	\$ 11,448,909	\$ 1,632,360	\$ 37,435,270	\$ 889,572	\$ 341,675	\$ -	\$ 182,767	\$ 51,930,553
Cost or deemed cost								
Balance at February 1, 2022	\$ 15,258,121	\$ 10,937,358	\$ 62,337,873	\$ 3,707,426	\$ 960,942	\$ 555,852	\$ 371,620	\$ 94,129,192
Additions	533,631	14,761	1,816,002	175,874	23,659	-	11,486	2,575,413
Disposals	-	-	(107,594)	-	-	-	-	(107,594)
Balance at October 30, 2022	15,791,752	10,952,119	64,046,281	3,883,300	984,601	555,852	383,106	96,597,011
Cumulative depreciation and impairment								
Balance at February 1, 2022	(3,809,212)	(9,304,998)	(24,902,603)	(2,817,854)	(619,267)	(555,852)	(188,853)	(42,198,639)
Depreciation charge for the period	(729,253)	(555,805)	(3,597,925)	(471,256)	(100,259)	-	(42,091)	(5,496,589)
Depreciation on disposals	-	-	107,594	-	-	-	-	107,594
Balance at October 30, 2022	(4,538,465)	(9,860,803)	(28,392,934)	(3,289,110)	(719,526)	(555,852)	(230,944)	(47,587,634)
Net book value as at October 30, 2022	\$ 11,253,287	\$ 1,091,316	\$ 35,653,347	\$ 594,190	\$ 265,075	\$ -	\$ 152,162	\$ 49,009,377

5. PROPERTY, PLANT & EQUIPMENT (continued)

Cash used for purchases of property, plant and equipment consist of the following:

	Quarter ended		Year-to-date ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Change during the period	\$ (250,418)	\$ (600,735)	\$ 2,575,413	\$ 9,235,735
Construction deposits paid in a prior period	(1,673)	-	(405,552)	(1,949,074)
Prior period purchases paid (not yet paid)	386,117	2,656,846	(46,115)	2,656,846
	\$ 134,026	\$ 2,056,111	\$ 2,123,746	\$ 9,943,507

6. RIGHT-OF-USE ASSETS

	Equipment	Building	Vehicles	Total right-of-use assets
Cost or deemed cost				
Balance at February 1, 2021	\$ 12,335,431	\$ 18,517,423	\$ 472,789	\$ 31,325,643
Additions	6,233,907	2,380,200	98,872	8,712,979
Disposals	-	-	(127,262)	(127,262)
Balance at January 31, 2022	18,569,338	20,897,623	444,399	39,911,360
Cumulative depreciation and impairment				
Balance at February 1, 2021	(2,693,127)	(1,476,735)	(218,920)	(4,388,782)
Depreciation charge for the period	(1,514,485)	(1,883,636)	(131,826)	(3,529,947)
Depreciation on disposals	-	-	75,141	75,141
Balance at January 31, 2022	(4,207,612)	(3,360,371)	(275,605)	(7,843,588)
Net book value as at January 31, 2022	\$ 14,361,726	\$ 17,537,252	\$ 168,794	\$ 32,067,772
Cost or deemed cost				
Balance at February 1, 2022	\$ 18,569,338	\$ 20,897,623	\$ 444,399	\$ 39,911,360
Additions	2,000,000	266,000	176,634	2,442,634
Disposals	-	-	(127,990)	(127,990)
Balance at October 30, 2022	20,569,338	21,163,623	493,043	42,226,004
Cumulative depreciation and impairment				
Balance at February 1, 2022	(4,207,612)	(3,360,371)	(275,605)	(7,843,588)
Depreciation charge for the period	(1,604,657)	(1,517,347)	(89,834)	(3,211,838)
Depreciation on disposals	-	-	123,421	123,421
Balance at October 30, 2022	(5,812,269)	(4,877,718)	(242,018)	(10,932,005)
Net book value as at October 30, 2022	\$ 14,757,069	\$ 16,285,905	\$ 251,025	\$ 31,293,999

7. BANK INDEBTEDNESS

The Company has an operating line of credit from HSBC Bank Canada (“HSBC”) which increased on a temporary basis from \$20,000,000 to \$23,000,000 until January 31, 2023, and decreases to \$20,000,000 on February 1, 2023 and thereafter. The operating line of credit bears interest ranging from a rate of Canadian bank prime to Canadian bank prime plus 1.50% per annum depending on the Company’s leverage ratio.

The net balance drawn on the operating line of credit as of October 30, 2022 is \$14,860,603 (October 31, 2021 - \$10,667,602). Bank indebtedness includes outstanding cheques. Interest expense for the quarter ended October 30, 2022 was \$229,733 (October 31, 2021 - \$107,730). These charges have been included as part of finance costs in the Statements of Comprehensive Income.

The operating line is secured by a general security agreement over all assets other than real property, and a general assignment of book debts creating a first priority assignment.

The terms of the operating line of credit payable to HSBC require the Company to comply with certain financial covenants which include a Senior Funded Debt to EBITDA (Earnings before interest, income taxes, depreciation and amortization, gain or loss on disposal of property, plant, and equipment and right-of-use assets, share-based payments, and loss on misappropriated funds) ratio and Fixed Charge Coverage Ratios (pre-dividend and post-dividend). These covenants were amended during the quarter ended October 30, 2022 to temporarily increase the ratio of Senior Funded Debt to EBITDA until January 31, 2023. The Company is in compliance with the financial covenants required under the terms the operating facility as of October 30, 2022.

8. DIVIDENDS PAYABLE

On September 7, 2022, the Board of Directors of the Company approved a quarterly dividend of \$0.0304 per share, payable on November 2, 2022, to shareholders of record as of October 19, 2022. The aggregate dividend paid subsequent to the quarter amounted to \$1,091,871. The quarterly dividend declared on June 1, 2022, was paid on August 3, 2022, in the aggregate amount of \$1,091,709.

9. LEASE LIABILITIES

The Company entered into a finance lease agreement with HSBC for the acquisition and installation of manufacturing equipment in the aggregate amount of \$2,000,000. The Company’s obligation under the finance lease agreement is secured by the equipment under the lease agreement. During the third quarter of fiscal 2023, \$972,791, was received and a lease agreement was formalized, bearing interest at 6.50% per annum with monthly blended payments of \$14,367 until 2029. During the second quarter of fiscal 2023, \$1,027,209 was received. The remaining increase in lease liabilities during the third quarter of fiscal 2023 was for additional warehousing space leased, as well as the lease of vehicles.

10. SHARE CAPITAL

Preferred shares

The Company is authorized to issue an unlimited number of preferred shares with no par value. As at October 30, 2022, no preferred shares were issued and outstanding.

Common shares

The Company is authorized to issue an unlimited number of common shares with no par value. As at October 30, 2022, 35,911,472 (October 31, 2021 – 35,804,348) common shares were issued and outstanding.

11. CAPITAL STRUCTURE

The Company's capital structure consists of the following:

	Quarter Ended	
	October 30, 2022	January 31, 2022
Bank indebtedness	\$ 14,868,607	\$ 16,861,218
Lease liabilities and long-term debt	56,342,660	56,749,360
Total debt	71,211,267	73,610,578
Equity:		
Share capital	40,717,681	40,618,496
Share-based payments reserves	3,192,856	2,447,275
Deficit	(9,676,509)	(6,341,634)
Total Equity	34,234,028	36,724,137
Total capitalization (total debt plus total equity)	\$ 105,445,295	\$ 110,334,715

12. REVENUE

The Company's revenue consists of the following streams:

	Quarter ended		Fiscal year-to-date ended	
	October 30 2022	October 31, 2021	October 30 2022	October 31, 2021
		[recast]		[recast]
Revenue from the sale of goods:				
Gross revenue	\$ 27,377,026	\$ 27,069,167	\$ 81,042,474	\$ 82,201,657
Less: Production taxes and distribution fees	12,627,649	12,275,190	37,490,863	38,044,100
Revenue (net)	14,749,377	14,793,977	43,551,611	44,157,557
Revenue from the rendering of services:				
Gross revenue	11,406,010	12,084,188	33,346,027	39,406,463
Total revenue	\$ 26,155,387	\$ 26,878,165	\$ 76,897,638	\$ 83,564,020

Revenue from the rendering of services is comprised of revenue generated from contract manufacturing. The Company utilizes available equipment and resources to perform contract manufacturing services for customers.

The prior period comparative amounts have been adjusted to reflect a reclassification from production taxes and distribution fees to gross revenue from the sale of goods in the amount of \$5,154,897 and \$15,898,847 for the quarter ended and the fiscal year-to-date periods ended October 31, 2021, respectively.

13. EXPENSES BY NATURE

Expenses relating to depreciation, amortization, and personnel are included within the following line items on the statements of comprehensive income:

	Quarter ended		Fiscal year-to-date ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Depreciation of property, plant & equipment and right-of-use assets				
Cost of sales	\$ 1,950,730	\$ 1,539,180	\$ 5,800,493	\$ 4,886,183
Other expenses	905,070	899,789	2,907,934	2,432,149
Amortization of intangible assets				
Other expenses	58,597	51,837	173,656	156,668
Salaries, benefits and other personnel-related expenses				
Cost of sales	3,558,495	3,438,080	10,719,801	10,001,151
Selling, marketing and administrative expenses	1,152,592	1,411,270	3,500,927	5,189,830
Other expenses	18,070	22,509	72,277	28,539

14. OTHER EXPENSES

The Company's other expenses consist of the following amounts:

	Quarter ended		Fiscal year-to-date ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Depreciation of property, plant & equipment and right-of-use assets	\$ 905,070	\$ 899,789	\$ 2,907,934	\$ 2,432,149
Amortization of intangible assets	58,597	51,837	173,656	156,668
Other personnel-related expenses	18,070	22,509	72,277	28,539
Foreign exchange loss (gain)	44,254	54,671	(107,263)	179,374
Unrealized loss (gain) on foreign exchange contracts	-	(22,673)	135,360	(48,998)
	\$ 1,025,991	\$ 1,006,133	\$ 3,181,964	\$ 2,747,732

15. EARNINGS PER SHARE

The computations for basic and diluted earnings (loss) per share are as follows:

	Fiscal year-to-date ended	
	October 30, 2022	October 31, 2021
Net income (loss) for the period	\$ (60,274)	\$ 4,792,366
Average number of common shares outstanding	35,898,350	35,643,088
Effect of options	324,034	802,552
Average number of diluted common shares outstanding	36,222,384	36,445,640
Basic earnings per share	\$ -	\$ 0.13
Diluted earnings per share	\$ -	\$ 0.13

16. SUBSEQUENT EVENT

On December 14, 2022, the Company entered into a definitive arrangement agreement with Carlsberg Breweries A/S and Carlsberg Canada Inc. (“Carlsberg Canada”) (the “Arrangement Agreement”) pursuant to which Carlsberg Canada has agreed to acquire all of the issued and outstanding shares of the Company, by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario). Under the terms of the Arrangement Agreement, the Company’s shareholders will receive \$4.00 in cash for each Company share held. Each in-the-money option of the Company outstanding will be deemed to be vested and disposed of to the Company for an in-the-money cash payment, and all Company options issued and outstanding shall thereafter be immediately cancelled. Subject to the satisfaction of closing conditions, including obtaining the requisite Company shareholder and option holder approvals and approval from the Ontario Superior Court of Justice, the acquisition is expected to be completed in the first quarter of fiscal 2024.

INVESTOR & CONTACT INFORMATION

STOCK EXCHANGE AND LISTED SECURITIES

Waterloo Brewing Ltd. is listed on the Toronto Stock Exchange (TSX) under the ticker symbol WBR.

INVESTOR AND ANALYST INQUIRIES

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BOARD OF DIRECTORS

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David R. Shaw
Edward H. Kernaghan
George H. Croft
John H. Bowey
Stan G. Dunford

OFFICERS

George H. Croft, President, and Chief Executive Officer
Enida Zaimi, Chief Financial Officer
Russell N. Tabata, Chief Operating Officer